

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**NMOCD - ACOI 136-D**

**IN THE MATTER OF CBS OPERATING CORP.,**

**Respondent.**

**AMENDED  
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraphs 7 and 12 of Agreed Compliance Order 136 as amended by Orders 136-A, 136-B and 136-C ("Order"), the Director of the Oil Conservation Division ("OCD") hereby amends that Order as follows:

**FINDINGS**

1. The Order requires CBS Operating Corp. (Operator) to return to compliance with OCD rules a certain number of wells identified in the Order in each six-month period covered by the order, and to file a timely compliance report at the end of each six-month period. If Operator files a timely compliance report and meets its compliance goal for the period, the OCD will issue an amendment extending the terms of the Order for a new six-month period. If the Operator fails to meet its compliance goal, Operator is subject to a penalty of \$1,000 for each well it failed to return to compliance under the agreed schedule, and the OCD has discretion whether to amend the Order for an additional period. Operator may seek a reduction or waiver of applicable penalties.

2. The Order required Operator to return eight wells identified in Findings Paragraph 4 to compliance with OCD Rule 701 in the first six-month period, which ended December 1, 2006.

3. Operator filed a timely compliance report for the first period, and the OCD verified that OCD records indicate that Operator returned the following six wells identified in Findings Paragraph 4 to compliance:

30-015-03293	H G Watson #007
30-015-04049	Burnham Grayburg San Andres Unit #001C
30-015-04066	Federal KK #003
30-015-20315	Federal KK #001
30-015-20536	Loco Hills A Federal #002
30-015-20537	Loco Hills B Federal #001

4. Operator filed paperwork after the December 1, 2006 deadline indicating that it had plugged the wellbores of the following wells:

30-015-05034      Featherstone #005  
30-015-04406      Federal L #002

5. The OCD waived the \$2,000 penalty that would otherwise apply under the Order, and issued an amendment extending the Order for a second six-month period, requiring Operator to return all the wells identified in Findings Paragraph 4 to compliance by June 1, 2007, and file a compliance report by that date.

6. Operator filed a timely compliance report for the second six-month period. Operator reported that it had repaired two of the wells and expected to return them to injection in May 2007, and that it would commence plugging operations on the other six wells in May 2007. Paperwork showing injection and plugging, however, would not be filed until after the June 1, 2007 deadline.

7. The OCD waived the \$8,000 penalty that would otherwise apply under the Order, and issued an amendment extending the Order for a third six-month period, requiring Operator to return all the wells identified in Findings Paragraph 4 to compliance and return six of the wells identified in Findings Paragraph 11 to compliance by December 1, 2007, and file a compliance report by that date.

8. Operator filed a timely compliance report for the third six-month period.

9. The OCD verified that Operator returned the following wells from Findings Paragraph 4 to compliance:

30-015-04044	Burnham 5-1
30-015-04071	Fed Q-4
30-015-04068	Fed Q-1
30-015-04949	NSLU 127
30-015-20610	Loco Hills A-5

10. In addition, Operator has provided a copy of a federal form 316-05 subsequent report, indicating that the sole remaining well identified in Findings Paragraph 4 – the Loco Hills B-5, 30-015-20672 – was plugged and abandoned in mid-November, 2007. Operator has also provided a copy of an invoice for the plugging, with a daily cost sheet reflecting the work done on the well.

11. The OCD conducted a file review and determined that its records indicate that the following wells identified in Findings Paragraph 11 are in compliance:

30-015-04058	Burnham Grayburg San Andres
30-015-20737	Federal JJ #003
30-015-04411	Federal L #004
30-015-20695	Federal R #007
30-015-20312	HG Watson #006
30-015-03362	JL Langford #006

30-0145-10611	Loco Hills A Federal #006
30-015-20615	Loco Hills A Federal #007
30-015-25110	Loco Hills B Federal #009
30-015-03925	North Square Lake Unit #069
30-015-04031	North Square Lake Unit #096
30-015-04978	North Square Lake Unit #132
30-015-04905	North Square Lake Unit #022
30-015-20580	Loco Hills A Federal #004
30-015-20479	Loco Hills Federal A #001

### CONCLUSIONS

1. Operator met its goal of returning all the remaining wells identified in Findings Paragraph 4 to compliance by December 1, 2007 and returning at least 6 of the wells identified in Findings Paragraph 11 to compliance by December 1, 2007, exceeding that goal by 9 wells.

2. The OCD should extend the terms of the Order for a fourth and final six-month period. Because Operator has met, and exceeded, its 6-well goal for the fourth period, it is not required to return any additional wells to compliance to satisfy the terms of this order, and it does not need to file a compliance report at the end of the fourth period.

### ORDER

1. The terms of the Order are extended for a fourth and final six-month period until June 1, 2008.

2. Because Operator has met, and exceeded, its 6-well goal for the fourth period, it is not required to return any additional wells to compliance to satisfy the terms of this order, and it does not need to file a compliance report at the end of the fourth period.

Done at Santa Fe, New Mexico this 4<sup>th</sup> day of December, 2007

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division