

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

NMOCD - ACOI 133-C

IN THE MATTER OF FINLEY RESOURCES INC.,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 4 of Agreed Compliance Order 133, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. ACOI 133 required Finley Resources Inc. ("Operator") to return at least eight of the wells identified in the Order to compliance with OCD Rule 201 by December 15, 2006 (the first period). Operator returned the following eight wells identified in the Order to compliance in the first period:

• LW White #001	30-025-04393
• State E 28 #002	30-025-04360
• Magruder #002	30-025-04364
• Magruder #004	30-025-04366
• Federal D #002	30-025-04337
• LC Fopeano Federal AC 1 #004	30-025-04348
• Warrior State AK #003	30-025-03404
• State E-33 #002	30-025-04380

2. Because Operator met its eight-well goal for the first 6-month period, the OCD amended the Order to extend its terms by 6 months, and required Operator to return eight additional wells identified in the Order to compliance by June 15, 2007 to meet its goal for the second period.

3. Operator returned the following ten wells identified in the Order to compliance in the second period:

• Federal D #004	30-025-04338
• Federal D #006	30-025-04340
• Federal D #007	30-025-04341
• LW White A #001	30-025-25380
• State W E E #001	30-025-03463

- State Web Battery 3 #005 30-025-03488
- Warrior State #001 30-025-23943
- Warrior State #002 30-025-24164
- Warrior State AK #002 30-025-03403
- Warrior State AK #004 30-025-03405

4. Because Operator exceeded its eight-well goal for the second 6-month period, the OCD amended the Order to extend its terms by 6 months, and required Operator to return the remaining 5 wells identified in the Order to compliance by December 15, 2007 to meet its goal for the third period.

5. Operator returned the following wells identified in the Order to compliance in the third period:

- Aztec 27 State #001 30-025-26734
- Seale Federal #002 30-025-04395
- State E 28 #004 30-025-04362
- State W E D #001 30-025-04353

6. The following well identified in the Order is still operated by Operator and remains out of compliance:

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- Federal D #003 30-025-04352

7. In Operator's compliance report, it stated that it attempted to return the Federal D #003 to production, but determined that it needs to plug the well. It has obtained federal approval for the plugging, but is waiting for equipment.

CONCLUSIONS

1. Operator has failed to meet its goal of returning all five of the remaining wells to compliance in the third period, falling short by one well.

2. Operator has demonstrated good faith in its attempts to meet its compliance goals.

3. The OCD should waive the applicable \$1,000 penalty, amend ACOI 117 to extend its terms through June 15, 2008 and require Operator to return to compliance by that date the Federal D #003.

ORDER

1. Operator shall return the Federal D #003 to compliance by June 15, 2008.

2. Operator shall file a written compliance report by June 15, 2008 to inform the OCD whether it was able to return the Federal D #003 to compliance. The report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager so that it is received by June 15, 2008.

3. The terms of ACOI 117 otherwise remain in effect.

Done at Santa Fe, New Mexico this 20th day of Dec, 2007

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division