

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

**ACO No. 243-A**

**IN THE MATTER OF KC RESOURCES, INC.,**

**Respondent.**

**AMENDED AGREED ORDER DIRECTING COMPLIANCE  
AND ASSESSING CIVIL PENALTY**

Pursuant to Ordering Paragraph 5 of Agreed Compliance Order No. 243, the Director of the Oil Conservation Division ("OCD") hereby amends that Order as follows:

**FINDINGS**

1. Ordering Paragraph 3 requires KC Resources, Inc. ("Operator") to return the Paul Terry Et Al Gas Com No. 002 well to production by August 1, 2008; if Operator does not return the Paul Terry Et Al Gas Com No. 002 well to production by August 1, 2008, then Operator must plug the well by September 1, 2008.
2. By letter dated July 8, 2008, Operator through counsel requested a one-month extension to September 1, 2008 in which to place the Paul Terry Et Al Gas Com No. 002 well back on production pursuant to Agreed Compliance Order No. 243. Operator represented that the reason for the request is due to difficulties encountered in negotiating a right of way for the gathering line. Operator stated that the additional month will allow adequate time to resolve the access issue in order to have the well in production by September 1, 2008.
3. Ordering Paragraph 5 provides that OCD may approve an Operator's request for an extension for "good cause."

**CONCLUSIONS**

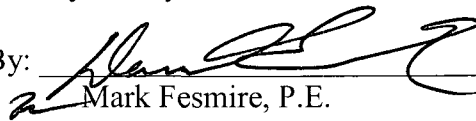
1. Operator has demonstrated sufficient good cause for the granting of the extension.
2. Ordering Paragraph 3 is hereby amended to require Operator to bring the Paul Terry Et Al Gas Com No. 002 well into production by September 1, 2008, and to plug the well by October 1, 2008 if the well is not returned to production by September 1, 2008.

**ORDER**

1. Operator shall bring the Paul Terry Et Al Gas Com No. 002 well into production by September 1, 2008. If Operator has not returned the Paul Terry Et Al Gas Com No. 002 well to production by September 1, 2008, Operator shall plug the well by October 1, 2008.

2. The terms of Agreed Compliance Order No. 243 otherwise remain in effect.

Done at Santa Fe, New Mexico this 16th day of July 2008.

By:   
Mark Fesmire, P.E.  
Director, Oil Conservation Division