

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

NMOCD ACOI 179-B

IN THE MATTER OF SAHARA OPERATING COMPANY,

Respondent.

**AMENDED
INACTIVE WELL AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 3 of Inactive Well Agreed Compliance Order 179, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Inactive Well Agreed Compliance Order 179 ("ACOI 179" or "Order") required Sahara Operating Company ("Operator") to return to compliance with OCD Rule 201 at least four of the wells identified in the Order by July 1, 2008 and file a compliance report by that date.

2. ACOI 179 provided that if Operator returned to compliance with OCD Rule 201 at least four of the wells identified in the Order by July 1, 2008 and filed a timely compliance report, the OCD would issue an amendment extending the terms of ACOI 179 for a second six-month period, requiring Operator to return an additional four wells to compliance by that deadline.

3. Operator filed a timely compliance report, and the OCD verified that OCD records showed that Operator returned the following wells identified in the Order to compliance:

- | | |
|-------------------------------|--------------|
| • Conoco E Federal No. 001; | 30-025-31528 |
| • Russell 17 Federal No. 013; | 30-025-27937 |
| • North El Mar Unit No. 002; | 30-025-08269 |
| • North El Mar Unit No. 054; | 30-025-08318 |

4. Because Operator returned four wells to compliance for the first six month period, OCD amended the Order to extend its terms by six months, requiring Operator to bring four additional wells into compliance by January 1, 2009.

5. Operator has filed a timely compliance report for the second period, and OCD records indicate that Operator has returned the following wells identified in the Order to compliance.

Sahara Operating Company, OGRID 20077

ACOI 179-B

Page 1 of 2

- North El Mar Unit No. 046; 30-025-08311
- North El Mar Unit No. 050; 30-025-08305
- North El Mar Unit No. 053; 30-025-08317
- Thompson 19 Federal No. 003; 30-025-08267

6. ACOI 179 provides that if Operator returns to compliance with OCD Rule 201 at least four of the wells identified in the Order by January 1, 2009 and files a timely compliance report, the OCD shall issue an amendment extending the terms of ACOI 179 for a third six-month period, requiring Operator to return an additional four wells to compliance by that deadline.

CONCLUSIONS

1. Operator has met its goal of returning four of the wells identified in the Order to compliance by January 1, 2009.

2. The OCD should amend ACOI 179 to extend its terms through July 1, 2009 and require Operator to return to compliance by that date four additional wells identified in the Order.

ORDER

1. Operator shall return to compliance by July 1, 2009 four wells identified in the Order that are not identified in Findings Paragraph 3 and 5, above.

2. Operator shall file a written compliance report by July 1, 2009 identifying the wells returned to compliance in the third period, identifying each well returned to compliance, stating the date it was returned to compliance and describing how the well was returned to compliance (restored to production or other approved beneficial use, plugged wellbore, approved temporary abandonment status). The written compliance report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager (email: daniel.sanchez@state.nm.us) and Assistant General Counsel Sonny Swazo (email: sonny.swazo@state.nm.us) so that it is received by the compliance deadline of July 1, 2009.

3. The terms of ACOI 179 otherwise remain in effect.

Done at Santa Fe, New Mexico this 5th day of Jan, 2009

By: _____

Mark Fesmire, P.E.

Director, Oil Conservation Division

Sahara Operating Company, OGRID 20077

ACOI 179-B

Page 2 of 2