

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

NMOCD ACOI 185-B

IN THE MATTER OF CIMAREX ENERGY CO. OF COLORADO,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 5 of Agreed Compliance Order 185, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 185 ("ACOI 185" or "Order") required Cimarex Energy Co. of Colorado ("Operator") to return to compliance with OCD Rule 201 the Skelly Penrose A Unit No. 30 (30-025-10614), the Skelly Penrose A Unit No. 59 (30-025-10679), and three of the wells identified in the Order by September 1, 2008, and file a compliance report by that date.

2. ACOI 185 provided that if Operator returned to compliance with OCD Rule 201 the Skelly Penrose A Unit No. 30, the Skelly Penrose A Unit No. 59, and three of the wells identified in the Order by September 1, 2008 and filed a timely compliance report, the OCD would issue an amendment extending the terms of ACOI 185 for a second six-month period, requiring Operator to return an additional six wells identified in the Order to compliance by that deadline.

3. Operator filed a timely compliance report, and the OCD verified that the following wells identified in the Order were returned to compliance by September 1, 2008:

- | | |
|--------------------------------|--------------|
| • Hodge No. 003 | 30-025-11059 |
| • Mallon 34 Federal No. 007 | 30-025-32782 |
| • Mallon 34 Federal No. 010 | 30-025-32785 |
| • Skelly Penrose A Unit No. 30 | 30-025-10614 |
| • Skelly Penrose A Unit No. 59 | 30-025-10679 |

4. Because Operator returned the Skelly Penrose A Unit No. 30, the Skelly Penrose A Unit No. 59, and three of the wells identified in the Order to compliance with OCD Rule 201 by September 1, 2008, OCD amended the Order extending its terms by an additional six months, requiring Operator to return to six additional wells identified in

ACOI 185 to compliance with OCD 201 by March 2, 2009, and file a compliance report by that date.

5. ACOI 185 provides that if Operator returns to compliance with OCD Rule 201 at least six of the wells identified in the Order by March 2, 2009, and files a timely compliance report, the OCD shall issue an amendment extending the terms of ACOI 185 for an additional six-month period, requiring Operator to return to compliance by that date six additional wells identified in the Order.

6. ACOI 185 provides that if Operator fails to bring the number of wells into compliance required in a period covered by the Order or amendments issued to the Order, Operator is subject to a penalty. Once Operator pays the penalty or applies for waiver or reduction of the penalty, the OCD may, in its discretion, amend the ACOI extending its terms for an additional six-month period.

7. Operator filed a timely compliance report, and the OCD has verified that OCD records indicate that Operator has returned the following wells identified in the ACOI 185 to compliance by March 2, 2009:

- Monterey State No. 001 30-015-05659
- Monterey B State No. 003 30-015-05664
- Rhodes Federal Unit No. 211 30-025-12031
- Wadi 9 Federal No. 002 30-015-29818
- Wadi 15 Federal No. 001 30-015-29764

CONCLUSIONS

1. Operator failed to meet its goal of returning six of the wells identified in the Order to compliance by March 2, 2009, falling short by one well.

2. Operator has paid a \$1,000 penalty for its failure to met its six-well compliance goal by one well. OCD has decided to exercise its discretion and amend ACOI 185 to extend its terms through September 2, 2009, requiring Operator to return to compliance by that date six additional wells identified in ACOI 185.

ORDER

1. Operator shall return to compliance by September 2, 2009 six wells identified in ACOI 185 that are not identified in Findings Paragraph 3 or 7, above.

2. Operator shall file a written compliance report by September 2, 2009 identifying the well(s) it returned to compliance in the third period, stating the date the well(s) were returned to compliance, and stating how the well(s) were returned to compliance (returned to production or other beneficial use; wellbore plugged; or placed on approved temporary abandonment status). The report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager (email: daniel.sanchez@state.nm.us)

Cimarex Energy Co. of Colorado OGRID 162683

ACOI 185-B

Page 2 of 3

and Assistant General Counsel (email: sonny.swazo@state.nm.us) so that it is received by compliance deadline September 2, 2009.

3. The terms of ACOI 185 otherwise remain in effect.

Done at Santa Fe, New Mexico this 26th day of March, 2009

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division