

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

**NMOCD ACOI 179-C**

**IN THE MATTER OF SAHARA OPERATING COMPANY,**

**Respondent.**

**THIRD AMENDED  
INACTIVE WELL AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 4 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 OCD received a timely compliance report showing that Operator returned at least four wells to compliance and verified the accuracy of that report, OCD would issue an amendment to the Order extending its terms for a second six-month period, requiring Operator to return an additional four wells identified in the Order into compliance by that deadline.

3. Operator filed a timely compliance report for the first six-month period, and OCD records showed that Operator returned the following four 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 identified in the Order into compliance by January 1, 2009.

5. Operator filed a timely compliance report for the second six-month period, and OCD records showed that Operator returned the following four wells identified in the Order to compliance.

- 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 provided that if Operator returned at least four wells to compliance in the second six-month period and filed a timely compliance report, OCD would issue an amendment to the Order extending its terms for a third six-month period and requiring Operator to return four additional wells identified in the Order to compliance.

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

8. Operator has filed a timely compliance report for the third six-month period, and OCD records indicate that Operator has returned the following four wells identified in the Order to compliance.

- North El Mar Unit No. 019; 30-025-08432
- North El Mar Unit No. 040; 30-025-08439
- North El Mar Unit No. 058; 30-025-24908
- Russell 19 Federal No. 004; 30-025-08264

## CONCLUSIONS

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

2. The OCD should amend ACOI 179 to extend its terms through January 1, 2010 and require Operator to return to compliance by that date the remaining 3 wells identified in the Order.

## ORDER

1. Operator shall return to compliance by January 1, 2010 the remaining 3 wells identified in the Order that are not identified in Findings Paragraph 3, 5, and 8, above.

2. Operator shall file a written compliance report by January 1, 2010 identifying the wells returned to compliance in the fourth and final 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 Sahara Operating Company OGRID 20077

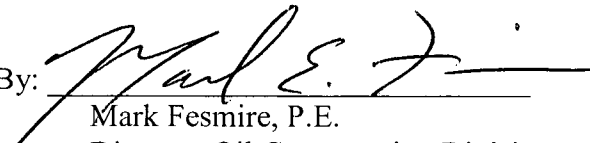
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and Compliance Manager (email: daniel.sanchez@state.nm.us) and Assistant General Counsel Sonny Swazo (email: sonny.swazo@state.nm.us) so that it is received by the compliance deadline of January 1, 2010.

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

Done at Santa Fe, New Mexico this 29<sup>th</sup> day of June, 2009

By: \_\_\_\_\_

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