

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

NMOCD ACOI 189-C

IN THE MATTER OF CROWNQUEST OPERATING, LLC,

Respondent.

**AMENDED
INACTIVE WELL AGREED COMPLIANCE ORDER**

Pursuant to Order Paragraph 15 of Agreed Compliance Order 189, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 189 ("ACOI 189" or "Order") required CrownQuest Operating, LLC ("Operator") to return to compliance with OCD Rule 201 at least three of the wells identified in the Order by September 30, 2008 and file a compliance report by that date.

2. ACOI 189 provided that if Operator returned to compliance with OCD Rule 201 at least three of the wells identified in the Order by September 30, 2008 and filed a timely compliance report, the OCD would issue an amendment extending the terms of ACOI 189 for a second six-month period, requiring Operator to return an additional three wells to compliance by that deadline. ACOI 189 provides the OCD shall continue to issue six-month amendments if the Operator continues to return at least three additional wells to compliance in each period, so long as the total length of the Order and any amendments does not exceed two years.

3. ACOI 189 further provides if, in any six-month period, Operator returns more wells to compliance than the number required under ACOI 189 for that six-month period, the wells in excess of the number required will count towards the Operator's requirements for the next six-month period.

4. Operator filed a timely compliance report for the first period, and the OCD verified that the following four wells identified in the Order were returned to compliance:

- | | |
|--------------------------------|--------------|
| • JM Huber State NCT 2 No. 001 | 30-025-29915 |
| • New Mexico AT State No. 009 | 30-025-28020 |
| • State 23 COM No. 001 | 30-025-22713 |
| • State 23 COM No. 002 | 30-025-28763 |

5. Because Operator met and exceed its compliance goal for the first six-month period by one well, OCD amended the Order to extend its terms by an additional six months, requiring Operator to bring two additional wells into compliance by March 30, 2009.

6. Operator filed a timely compliance report for the second period, and OCD records verified that Operator returned the following two wells identified in the Order to compliance.

- New Mexico AN State No. 008 30-025-01143
- State 27 No. 003 30-025-28613

7. Because Operator returned two wells to compliance for the second six-month period, OCD amended the Order to extend its terms by six months, requiring Operator to bring three additional wells into compliance by September 30, 2009.

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

- New Mexico AN State No. 003 30-025-01138
- State 26 COM No. 003 30-025-22856
- State 31 No. 001 30-025-22464

CONCLUSIONS

1. Operator has met its goal of returning three of the wells identified in the Order to compliance by September 30, 2009.

2. The OCD should amend ACOI 189 to extend its terms through March 30, 2010 and require Operator to return to compliance by that date three additional wells identified in ACOI 189 not identified in Findings Paragraph 4, 6 and 8, above.

ORDER

1. Operator shall return to compliance by March 30, 2010 three wells identified in the Order that are not identified in Findings Paragraph 4, 6 and 8, above.

2. Operator shall file a written compliance report by March 30, 2010 identifying the well(s) it returned to compliance in the fourth 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) and Assistant General Counsel (email: sonny.swazo@state.nm.us) so that it is received by compliance deadline March 30, 2010.

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3. The terms of ACOI 189 otherwise remain in effect.

Done at Santa Fe, New Mexico this 23rd day of September, 2009

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division