

NMOCD - ACO- 266

IN THE MATTER OF MAS OPERATING CO.,
Respondent.

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act") and OCD Rule 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and MAS Operating Co. ("MAS") enter into this Agreed Compliance Order ("Order" or "ACO").

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act, and rules and orders adopted pursuant to the Act.
2. MAS is a foreign profit corporation registered to operate wells in New Mexico under OGRID 267077. MAS has posted \$50,000 blanket letter of credit 07-2009.
3. MAS seeks to become operator of record of the following wells ("identified wells"):


Cooper #001, 30-025-28166
O A Woody #001, 30-025-26361
Rose Eaves #002, 30-025-07291
4. The current operator of record of the identified wells is Platinum Exploration inc., OGRID 227103 ("Platinum").
5. The identified wells are the subject of R-13190, a compliance order issued to Platinum and Devonian Partners, LLC ("Devonian") requiring the respondents to return the wells to compliance or plug the wells by May 1, 2010. The violations at issue for the wells MAS seeks to acquire are 19.15.25.8 NMAC (the inactive well rule) and 19.15.8.9 NMAC (the financial assurance rule).
6. Once wells are subject to an order requiring compliance with the inactive well rule, the OCD may deny a change of operator unless the new operator enters into an agreed compliance order setting a schedule for compliance with the existing order. 19.15.9.9.C NMAC.

AGREEMENT

7. The OCD and MAS agree that MAS will:
 - Maintain its \$50,000 blanket financial assurance. While this agreement is in effect the blanket financial assurance must be in the form of a letter of credit or a cash bond.

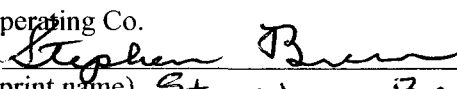
- Post a single-well financial assurance in the form of a cash bond or a letter of credit in the amount required under 19.15.8.9 NMAC for each of the wells MAS acquires from Platinum. That financial assurance shall remain in place until MAS completes one of the following actions: plugs and abandons the well and obtains its release pursuant to 19.15.25.10 and 19.15.25.11 NMAC; returns the well to production or injection and reports that production or injection on a C-115; or transfers the well to another operator.
 - Install well signs for all wells acquired from Platinum in accordance with 19.15.16.8 NMAC.
 - Return each well to compliance with 19.15.25.8 NMAC by May 1, 2011 by taking one of the following actions: plugging and abandoning the well and obtaining its release pursuant to 19.15.25.10 and 19.15.25.11 NMAC; returning the well to production or injection and reporting that production or injection on a C-115, or placing the well on approved temporary abandonment pursuant to 19.15.25.13 NMAC.
8. If any of the wells MAS acquires from Platinum remains out of compliance with **any** provision of this order on May 2, 2011, MAS agrees that the OCD may plug and abandon the non-compliant well(s) and forfeit the applicable financial assurances. **MAS further agrees that it waives any right to notice and hearing prior to that plugging and forfeiture.**
10. MAS may seek an extension of the terms of this order if it demonstrates to the OCD that it has acted in good faith to return the wells to compliance. It will be exclusively within the discretion of the OCD whether to grant the requested extension.

Done at Santa Fe, New Mexico this 30th day of June 2010

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

ACCEPTANCE

MAS Operating Co. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

MAS Operating Co.
 By: 
 (Please print name) Stephen Brown
 Title: Pres
 Date: 6-4-10