

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

**NMOCD – ACO- 268**

**IN THE MATTER OF ENDURANCE RESOURCES LLC,**

**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 Endurance Resources LLC ("Endurance" or "Operator") enter into this Agreed Compliance Order ("Order" or "ACO") under which Operator agrees to plug, place on approved temporary abandonment status or restore to production or other beneficial use one well pursuant to the Act and OCD Rule 19.15.25.8 NMAC in accordance with the following agreed schedule and procedures.

**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. Operator is a limited liability company operating wells in the state of New Mexico under OGRID 270329.
3. Operator is seeking an injection permit for the following two wells, which it will return to immediate compliance with 19.15.25.8 NMAC:
  - Marshall #002 30-025-08359
  - New Mexico DL State #006 30-025-28659
4. If an operator is out of compliance with 19.15.5.9 NMAC, the OCD must deny applications for permits to inject. See 19.15.26.8 NMAC.
5. Operator is currently out of compliance with 19.15.5.9.A(4) NMAC because it has too many wells out of compliance with 19.15.25.8 NMAC (the inactive well rule) that are not subject to an agreed compliance order setting a schedule for bringing the wells into compliance with the inactive well rule and imposing sanctions if the schedule is not met. See 19.15.5.9(A)(4) NMAC.
6. As an operator of 213 wells, to be in compliance with 19.15.5.9.A(4) NMAC, Operator may have no more than 5 wells out of compliance with the inactive well rule. According to the inactive well list kept pursuant to 19.15.5.9(F) NMAC,

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Operator has 9 wells out of compliance with the inactive well rule. A copy of Operator's inactive well list as of August 5, 2010 is attached as Exhibit "A."

7. Operator has represented to the OCD that the following three wells are being brought into immediate compliance with 19.15.25.8 NMAC, and therefore, **shall not be considered towards the one well that Operator is required to bring to compliance under the terms of this Order:**

- |                   |              |
|-------------------|--------------|
| • Back Basin #001 | 30-025-27051 |
| • Fields #004     | 30-025-25348 |
| • Marshall #001   | 30-025-08358 |

### **CONCLUSIONS**

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. The wells identified in Exhibit "A" are out of compliance with OCD Rule 19.15.25.8 NMAC.
3. As operator of the wells identified in Exhibit "A," Operator is responsible for bringing those wells into compliance with OCD Rule 19.15.25.8 NMAC.
4. The OCD and the Operator enter into this Order so that Operator may obtain injection permits for the two wells identified in Findings Paragraph No. 3 without being barred by 19.15.5.9 NMAC.

### **ORDER**

1. Operator agrees to bring one well identified in Exhibit "A," that is not identified in Findings Paragraph No. 7, into compliance with OCD Rule 19.15.25.8 NMAC by **February 19, 2011** by
  - (a) restoring the well to oil or gas production or other OCD-approved beneficial use **and filing a C-115 documenting such production or use;**
  - (b) causing the wellbore to be plugged in accordance with OCD Rule 19.15.25.10(B) NMAC **and filing a C-103 describing the completed work;** or
  - (c) placing the well on approved temporary abandonment status in accordance with OCD Rule 19.15.25.12 NMAC through 19.15.25.14 NMAC.
2. Swabbing is not "production" or "beneficial use" for purposes of this Order.
3. Operator shall file a compliance report identifying the one 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, or approved temporary abandonment status).

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The written compliance report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager and to the OCD attorney in charge of inactive well agreed compliance orders so that it is **received by** the compliance deadline of **February 19, 2011**.

4. This Order shall be considered an "Inactive Well Agreed Compliance Order" under 19.15.5.9(F)(1)(c) NMAC for the limited purpose of removing the wells identified in Exhibit "A" from consideration in determining compliance with 19.15.5.9(A)(4) NMAC for:
  - Applications for permits to inject into:
    - Marshall #002 (30-025-08359)
    - New Mexico DL State #006 (30-025-28659)
5. This Order shall not be considered an "Inactive Well Agreed Compliance Order" under 19.15.5.9(F)(1)(c) NMAC for any other purpose, and the wells identified in Exhibit "A" shall not be removed from the inactive well list kept pursuant to 19.15.5.9(F) NMAC.
6. This Order shall expire February 20, 2011.
7. Operator understands that if it fails to meet the terms of this Order it is unlikely that the OCD will enter into further agreed compliance orders with Operator for inactive wells.
8. By signing this Order, Operator expressly:
  - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - (b) agrees that by February 19, 2011, it will
    - Return one well identified in Exhibit "A," that is not identified in Findings Paragraph No. 7, to compliance as defined in this Order;
    - File the appropriate paperwork to document the compliance; and
    - Submit a written compliance report; and
  - (c) waives any right, pursuant to the Oil and Gas Act or otherwise, to an appeal from this Order, or to a hearing either prior to or subsequent to the entry of this Order.
11. The OCD reserves the right to file an application for hearing to obtain authority to plug any well identified in Exhibit "A" and forfeit the applicable financial assurance if the well poses an immediate environmental threat.

Done at Santa Fe, New Mexico this 8<sup>th</sup> day of Aug 2010

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division

ACCEPTANCE

Endurance Resources LLC hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

Endurance Resources LLC

By: 

(Please print name) Donald G. Ritter

Title: President and CEO

Date: Aug 16, 2010

**Exhibit A to Agreed Compliance Order for Endurance Resources LLC**

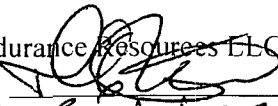
**Inactive Well List**

**Total Well Count: 213 Inactive Well Count: 9 Since: 5/12/2009**

**Printed On: Thursday, August 05 2010**

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-27051	BACK BASIN #001	I-20-23S-34E	I	270329	ENDURANCE RESOURCES LLC	F	G	08/2006	ATOKA 07/13/10 DIRECTIONAL DRILL	T	11/1/2008
1	30-025-25348	FIELDS #004	A-25-23S-32E	A	270329	ENDURANCE RESOURCES LLC	F	O	12/2001			
1	30-025-08358	MARSHALL #001	4-19-23S-33E	M	270329	ENDURANCE RESOURCES LLC	F	O	02/1990	INT TO PRODUCE OR CONVERT APP 10-30-01	T	12/7/2005
1	30-025-08359	MARSHALL #002	K-19-23S-33E	K	270329	ENDURANCE RESOURCES LLC	F	S	11/2007			
1	30-025-25000	MARSHALL #005	F-19-23S-33E	F	270329	ENDURANCE RESOURCES LLC	F	O	04/1998	INT TO DEEPEN/RC APP 10-30-01		
1	30-025-25151	MARSHALL #006	B-19-23S-33E	B	270329	ENDURANCE RESOURCES LLC	F	O	02/1996		T	12/7/2005
1	30-025-25201	MARSHALL #007	C-19-23S-33E	C	270329	ENDURANCE RESOURCES LLC	F	O	12/2001			
1	30-025-25642	MARSHALL #008	3-19-23S-33E	L	270329	ENDURANCE RESOURCES LLC	F	O	02/1996			
1	30-025-28659	NEW MEXICO DL STATE #006	P-18-23S-33E	P	270329	ENDURANCE RESOURCES LLC	S	O	10/1989	INT TO RET TO PROD APPVD 10-26-01		

WHERE Ogrid:270329, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Endurance Resources LLC  
By:   
Title: Resident & CEO