

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

IN RE RILEY PERMIAN OPERATING COMPANY, LLC

NMOCD-ACOI-201968

AGREED COMPLIANCE ORDER FOR INACTIVE WELLS

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and Riley Operating Company, LLC ("Operator") enter into this Agreed Compliance Order for Inactive Wells ("ACOI").

1. OCD is charged with the administration and enforcement of the Oil and Gas Act and its rules and has jurisdiction over Operator and its wells in the state of New Mexico.
2. Operator requests transfer of operatorship of eighty (80) wells from Redwood Operating LLC ("Redwood"), all of which are currently in unapproved temporary abandonment pursuant to 19.15.25.8 NMAC or are in pending plugged status.
3. Redwood operates under OGRID 330211
4. Operator operates under OGRID 372290.
5. OCD is authorized to impose sanctions for violations of the Oil and Gas Act and its rules, including denial or revocation of registrations, applications, permits, authorizations and transfers, and the assessment of civil penalties. See 19.15.5.10 NMAC.
6. Operator requests this ACOI to avoid sanctions for violating the Oil and Gas Act, 19.15.8.9 NMAC, and 19.15.25 NMAC with respect to the Wells.
7. Operator admits the findings of fact and waives any right to appeal from this ACOI.
8. Operator accepts and acknowledges responsibility for any and all costs associated with plugging and abandonment and remediation of the Wells. Specifically, Operator assumes responsibility for any remediation required under 19.15.29 NMAC.
9. Operator must file Change of Operator forms (C-145) for all wells identified in **Exhibit A** within 45 days of execution of this Order.
10. No later than the dates listed in **Exhibit A**, Operator shall take one of the following actions for each well:
 - a. restore the Well to production and file a C-115;

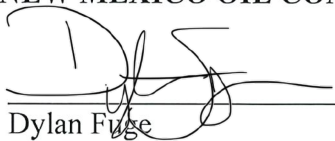
- b. place the Well on approved temporary abandonment status in accordance with 19.15.25 NMAC; or
 - c. plug the Well in accordance with 19.15.25 NMAC and file a C-105.
11. If Operator determines that any well currently identified in **Exhibit A** as being returned to production is unable to return to production, Operator must notify OCD that the well must be plugged and abandoned on or before the production deadline in **Exhibit A**. Operator must plug and abandon any such well within six months of the production deadline, except as approved by OCD for good cause shown.
 12. No later than the 15th day of each month following the entry of this ACOI, Operator shall file a report describing the action taken for each Well, and such other information as OCD may request from time to time. The report shall be sent by electronic mail to OCD's Administrative and Compliance Bureau, at OCDAdminComp@state.nm.us.
 13. Operator must provide sufficient blanket financial assurance for the Wells under 19.15.8.9(C) NMAC prior to OCD's approval of any well transfer, including proof of any financial assurance as required by BLM.
 14. Operator agrees that any lapse in financial assurance, regardless of cause, is a violation of OCD rules and the terms of this Order and is subject to daily stipulated penalties.
 15. Operator is not required to provide additional inactive well financial assurance under 19.15.8.9(D) NMAC at this time so long as Operator is compliant with all deadlines established in this Order and **Exhibit A**. Should Operator fail to meet any deadline in **Exhibit A**, Operator shall provide adequate additional inactive well financial assurance for all qualifying wells within 30 days of the lapse of any applicable deadline.
 16. If Operator fails to comply with a requirement of this ACOI for a Well, the Well shall be deemed to be out of compliance with the Oil and Gas Act and rules.
 17. If Operator fails to comply with a requirement of this ACOI, no later than thirty (30) days after receipt of a written demand from OCD, in addition to any other sanction imposed by OCD pursuant to the Oil and Gas Act and the rules adopted thereunder, Operator shall pay a stipulated penalty of \$250.00 for each day until it complies with each applicable requirement ("Stipulated Penalty"). Operator acknowledges that each failure to comply with a requirement of this ACOI shall be subject to a separate Stipulated Penalty.
 18. If Operator fails to pay the Stipulated Penalty or portion thereof within thirty (30) days after receipt of a written demand from OCD, it shall pay interest on the Stipulated Penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent annual interest.
 19. Operator shall not transfer a Well to another operator without the prior approval of the OCD.
 20. If Operator fails to plug a Well as required herein, OCD retains the right, to which Operator agrees, to plug such well itself with prior written notice to the Operator of its failure to plug consistent with

the requirements of this Agreement. OCD also retains the right to pursue recovery of any such costs from the Operator under the Act or other applicable law.

21. Notwithstanding the foregoing provisions,

- a. OCD reserves the right to apply for authorization to plug a Well and to forfeit the financial assurance at an early date then specified herein if the Well poses an imminent threat to the public health or environment.
- b. OCD reserve the right to sanction Operator for any alleged violation not addressed in this Order.

NEW MEXICO OIL CONSERVATION DIVISION



Dylan Fuge
Director

8/24/2023

Date



Spence Laird
Manager of EHSR

8/21/23

Date

ACOI Approval Date:						
Total Number of Non-Compliant Wells:		65				
Number of Wells per month brought into production or plugged:		4				
ACOI # : (Assigned by OCD)		201968				
ACOI Deadline date:		12/31/2024				
List of Noncompliant Wells						
API	Well Name/Number	Plug or Produce?	Date of plugging or production	Date of Last Production	Financial Assurance Single well or Blanket bond?	Amount of Financial Assurance
30-015-33832	EAGLE 33 O FEDERAL	Evaluating	Oct-23	8/1/2020	Blanket Bond	\$1,000,000.00
30-015-33829	EAGLE 33 P FEDERAL #01	Evaluating	Oct-23	2/1/2021	Blanket Bond	\$1,000,000.00
30-015-41216	EAGLE 34 D FEDERAL #01	Plug	Dec-23	3/1/2021	Blanket Bond	\$1,000,000.00
30-015-40488	EVEREST 14 N #008	Plug	Dec-23	11/1/2020	Blanket Bond	\$1,000,000.00
30-015-41255	FALCON 3 C FEDERAL	Evaluating	Oct-23	8/1/2020	Blanket Bond	\$1,000,000.00
30-015-40796	KAISER 18 A #015	Plug	Dec-23	8/1/2020	Blanket Bond	\$1,000,000.00
30-015-39541	KAISER B 18 G #012	Evaluating	Oct-23	8/1/2020	Blanket Bond	\$1,000,000.00
30-015-40806	LOGAN 35 M FEDERAL #01	Evaluating	Oct-23	11/1/2020	Blanket Bond	\$1,000,000.00
30-015-40807	LOGAN B 35 N FEDERAL	Evaluating	Oct-23	11/1/2020	Blanket Bond	\$1,000,000.00
30-015-30442	MANN 3 FEDERAL #003	Evaluating	Oct-23	8/1/2020	Blanket Bond	\$1,000,000.00
30-015-36260	RED RAIDERS FEDERAL #01	Plug	Dec-23	11/1/2020	Blanket Bond	\$1,000,000.00
30-015-39454	STIRLING 6 M #002	Evaluating	Oct-23	7/1/2021	Blanket Bond	\$1,000,000.00
30-015-41069	STIRLING 6 M #004	Evaluating	Oct-23	8/1/2020	Blanket Bond	\$1,000,000.00
30-015-34838	STIRLING 7 C #004	Evaluating	Oct-23	8/1/2020	Blanket Bond	\$1,000,000.00
30-015-34176	Kaiser B18 F 7	Evaluating	Jan-24	4/15/2022	Blanket Bond	\$1,000,000.00
30-015-39807	Hawk 8 L Fed 15	Evaluating	Jan-24	8/2/2022	Blanket Bond	\$1,000,000.00
30-015-41217	Eagle 34 E Fed 70	Evaluating	Jan-24	2/19/2023	Blanket Bond	\$1,000,000.00
30-015-35238	Kaiser B 18 B 11	Evaluating	Jan-24	11/24/2021	Blanket Bond	\$1,000,000.00
30-015-30127	Kaiser B 1	Evaluating	Jan-24	4/25/2022	Blanket Bond	\$1,000,000.00

30-015-35814	State H 2	Evaluating	Jan-24	8/13/2021	Blanket Bond	\$1,000,000.00
30-015-35271	Sterling 7 F 6	Evaluating	Jan-24	5/12/2023	Blanket Bond	\$1,000,000.00
30-015-30735	Logan 35 Fed 13	Evaluating	Jan-24	9/2/2022	Blanket Bond	\$1,000,000.00
30-015-41721	Matthews 25 Fed 2	Evaluating	Jan-24	10/29/2022	Blanket Bond	\$1,000,000.00
30-015-32978	Eagle 35 H Fed 15	Evaluating	Jan-24	9/2/2022	Blanket Bond	\$1,000,000.00
30-015-34008	Eagle 33 H Fed 23	Evaluating	Apr-24	6/9/2023	Blanket Bond	\$1,000,000.00
30-015-33263	Eagle 34 E Fed 56	Evaluating	Apr-24	10/3/2022	Blanket Bond	\$1,000,000.00
30-015-29595	Eagle 33 G Fed 6	Evaluating	Apr-24	9/17/2022	Blanket Bond	\$1,000,000.00
30-015-43765	Hawk 9 A Fed 22	Evaluating	Apr-24	10/11/2022	Blanket Bond	\$1,000,000.00
30-015-29483	Hawk 9 J Fed 16	Evaluating	Apr-24	7/14/2022	Blanket Bond	\$1,000,000.00
30-015-29093	Hawk 9 F Fed 8	Evaluating	Apr-24	8/11/2022	Blanket Bond	\$1,000,000.00
30-015-30474	Windfohr 4 Fed 4	Evaluating	Apr-24	9/2/2022	Blanket Bond	\$1,000,000.00
30-015-29643	Eagle 34 L Fed 24	Evaluating	Apr-24	2/8/2022	Blanket Bond	\$1,000,000.00
30-015-40494	Waldrop 13 O 2	Evaluating	Apr-24	5/2/2023	Blanket Bond	\$1,000,000.00
30-015-41435	Logan 35 O Fed 10	Evaluating	Apr-24	4/24/2023	Blanket Bond	\$1,000,000.00
30-015-33355	Falcon 3 C Fed 24	Evaluating	Jul-24	2/23/2023	Blanket Bond	\$1,000,000.00
30-015-30750	Logan 35 Fed 12	Evaluating	Jul-24	6/5/2023	Blanket Bond	\$1,000,000.00
30-015-21707	Higgins Trust 1	Evaluating	Jul-24	12/21/2020	Blanket Bond	\$1,000,000.00
30-015-29726	Hawk 17 C Fed 2	Evaluating	Jul-24	6/22/2023	Blanket Bond	\$1,000,000.00
30-015-29515	Hawk 9 I Fed 13	Evaluating	Jul-24	8/17/2022	Blanket Bond	\$1,000,000.00
30-015-34964	Hawk 8 N Fed 21	Evaluating	Jul-24	5/24/2022	Blanket Bond	\$1,000,000.00
30-015-29574	Falcon 3 K Fed 16	Evaluating	Jul-24	2/23/2022	Blanket Bond	\$1,000,000.00
30-015-30132	Kaiser B6	Evaluating	Jul-24	4/15/2021	Blanket Bond	\$1,000,000.00
30-015-35829	Condor 8 Fed 1H	Evaluating	Jul-24		Blanket Bond	\$1,000,000.00
30-015-40484	Fanning 13 J 1	Evaluating	Jul-24		Blanket Bond	\$1,000,000.00
30-015-30749	Logan 35 Fed 11	Evaluating	Oct-24		Blanket Bond	\$1,000,000.00
30-015-33427	Eagle 35 A Fed 19	Evaluating	Oct-24		Blanket Bond	\$1,000,000.00
30-015-41446	Eagle 34 J Fed 63	Evaluating	Oct-24		Blanket Bond	\$1,000,000.00
30-015-41640	Simon A 5 M Fed 2	Evaluating	Oct-24		Blanket Bond	\$1,000,000.00
30-015-29110	Eagle 34 H Fed 15	Evaluating	Oct-24		Blanket Bond	\$1,000,000.00
30-025-03555	Fox A State 002	Evaluating	Oct-24		Blanket Bond	\$1,000,000.00
30-025-31343	Fox A State 005	Evaluating	Oct-24		Blanket Bond	\$1,000,000.00
30-015-42550	Windfohr 4 J Fed 9	Evaluating	Oct-24	5/20/2023	Blanket Bond	\$1,000,000.00
30-015-44495	Terry 14 G 7	Evaluating	Oct-24	4/29/2023	Blanket Bond	\$1,000,000.00

30-015-43278	Hawk 9 B Fed 18	Evaluating	Oct-24		Blanket Bond	\$1,000,000.00
30-015-41119	Logan 2 C State 5	Evaluating	Dec-24	6/5/2023	Blanket Bond	\$1,000,000.00
30-015-43951	Hawk 8 K Fed 51	Evaluating	Dec-24	4/24/2023	Blanket Bond	\$1,000,000.00
30-015-43180	Eagle 35 A Fed 30	Evaluating	Dec-24	5/3/2023	Blanket Bond	\$1,000,000.00
30-015-40805	Vandagriff 8 D Fed 4	Evaluating	Dec-24	4/13/2023	Blanket Bond	\$1,000,000.00
30-015-41015	Everest 14 O 7	Evaluating	Dec-24	5/23/2023	Blanket Bond	\$1,000,000.00
30-015-43216	Hawk 9 G Fed 19	Evaluating	Dec-24	10/27/2022	Blanket Bond	\$1,000,000.00
30-015-41697	Eagle 35 H Fed 25	Evaluating	Dec-24	9/25/2022	Blanket Bond	\$1,000,000.00
30-015-41751	Eagle 35 F Fed 24	Evaluating	Dec-24	5/2/2023	Blanket Bond	\$1,000,000.00
30-015-42052	Windfohr 4 Fed 10	Evaluating	Dec-24	6/6/2023	Blanket Bond	\$1,000,000.00
30-015-36970	Condor 7 Federal Com 3	ugged (paperwork submitted by Redwood Operatin			Blanket Bond	\$1,000,000.00
30-015-39459	Eagle 33 O Federal 019	ugged (paperwork submitted by Redwood Operatin			Blanket Bond	\$1,000,000.00