

# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Jon Goldstein**  
Cabinet Secretary

**Jim Noel**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



May 13, 2010

Mr. Andy Chalker  
Operations Manager, Permian Basin  
EOR Operating Company  
200 N. Loraine, Suite 1440  
Midland, TX 79701

**RECEIVED**

JUN 03 2010

**HOBBSOCD**

30-025-03629  
#101

e-mail: andy.chalker @att.net

Re: EOR Operating Company, OGRID 25742  
Agreed Compliance Order 265

Dear Mr. Chalker,

Thank you for signing and returning the draft Agreed Compliance Order for EOR Operating Company (EOR). The OCD has executed the order. A copy is enclosed for your records.

Under the terms of the draft order, EOR agrees to return a total of four inactive wells by November 30, 2010. One of those four wells must be the Milnesand Unit #114 well- a well that has been inactive since 1974. EOR must also file a compliance report with the OCD so that it is received by November 30, 2010, identifying the wells returned to compliance and describing what was done to return the wells to compliance. Please e-mail the report to me at [gail.macquesten@state.nm.us](mailto:gail.macquesten@state.nm.us) and to Compliance and Enforcement Manager Daniel Sanchez at [Daniel.sanchez@state.nm.us](mailto:Daniel.sanchez@state.nm.us). If you prefer, you may mail hard copies of the report to our attention at the address listed below. However, it is up to EOR to ensure that they are received by the due date.

During the time period the order is in effect, the inactive wells identified in the order will not count against EOR when determining whether EOR is in compliance with Part 5.9 for purposes of applying for injection permits for the two identified wells, and for applications for permits to drill infill wells in the Milnesand Unit. The inactive wells will not be removed from the inactive well list, however. EOR should provide a copy of the order with its application for injection permit or application for permit to drill, so the person evaluating the permit application will know



May 17, 2010

Page 2

not to count the covered wells when determining Part 5.9 compliance. Please note that the order does not affect EOR's standing under Part 5.9 for other issues. In particular, the order does not remove the inactive wells from consideration when determining whether to grant requests for allowables and authorization to transport.

The order will expire on December 1, 2010.

Sincerely,

Gail MacQuesten  
OCD Attorney

Ec, w/o attachment:

Daniel Sanchez, Compliance and Enforcement Manager  
Sonny Swazo, OCD Attorney  
Buddy Hill, Supervisor, OCD District 1  
E.L. Gonzalez, Inspection Supervisor, OCD District 1  
Barry Lasker, CEO Enhanced Oil Resources, Inc. and President, Ridgeway  
Arizona Oil Corp.