

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

IN RE: NOTICE OF VIOLATION ISSUED TO CHESNUT EXPLORATION AND PRODUCTION, INC.

FINAL ORDER

CASE NO.: 25930

ORDER NO.: 24269

This matter came before the NM Oil Conservation Division for a scheduled hearing at 9 a.m. on March 12, 2026, at Santa Fe, New Mexico, before a duly appointed Hearing Officer.

NOW, the Division Director, having considered the record in this matter and the failure of the Respondent to appear, issues the following Order pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Section 70-2-1 et seq., and 19.15.5.10 NMAC.

FINDINGS OF FACT

1. The OCD has jurisdiction over the parties and the subject matter in this proceeding.
2. The OCD duly filed a Notice of Violation ("NOV") and a Docketing Notice in this matter and properly served these documents on the Respondent, Chestnut Exploration and Production, Inc. via electronic mail and certified mail to their designated addresses on or about January 23, 2026. *Prehearing Statement Exhibit 3, Exhibit 4.*
3. The NOV specified that a hearing would be held on March 5, 2026, and that a process for informal resolution was available for 30 days from receipt of the NOV *Prehearing Statement, Exhibit 3.* The case was continued until March 12, 2026, of which setting Respondent was duly notified.
4. The Respondent failed to avail itself of the informal resolution period, failed to respond to notices from the OCD, and did not correct its continued non-compliance. *Prehearing Statement, p. 2.*
5. The Respondent, Chestnut Exploration and Production, Inc., OGRID # 262294, failed to appear at the scheduled hearing on March 12, 2026.
6. The Respondent is the registered operator of three (3) wells in New Mexico, of which all three (3) are and remain inactive and out of compliance with OCD regulations 19.15.25.8 and 19.15.5.9 NMAC. *Prehearing Statement, Exhibit 3.*

7. The proposed civil penalty for these violations, as outlined in the NOV and supporting documents amounts to \$1,350.00. *Prehearing Statement, Exhibit 3.*
8. The evidence admitted into the hearing record consisted of the following exhibits attached to the Pre-Hearing Statement and offered without objection by the Oil Conservation Division (OCD):
 - a) Exhibit 1: Affidavit of Rob Jackson. *Prehearing Statement, Exhibit 1.*
 - b) Exhibit 2: Resume of Rob Jackson. *Prehearing Statement, Exhibit 2.*
 - c) Exhibit 3: NOV (Notice of Violation) against Chestnut Exploration and Production, Inc., dated January 21, 2026 (with attached exhibits). *Prehearing Statement, Exhibit 3.*
 - d) Exhibit 4: Affidavit of Sara Griego. *Prehearing Statement, Exhibit 4.*
9. Multiple Methods of Notice. Evidence admitted without objection—including the Affidavit of Sara Griego (Exhibit 4) and the Pre-Hearing Statement—demonstrates that the Division provided notice of the NOV and hearing through both electronic and physical channels.
10. Electronic Service. On January 23, 2026, the Division sent the Docketing Notice and NOV to mark@richmond.engineering (sic.), the email address the Respondent provided to OCD Permitting for official communication.
11. Service by Certified Mail. On the same day, January 23, 2026, the Division also sent the documents via USPS Certified Mail to the Respondent’s address of record: 1900 Jay Ell Drive, Richardson, Texas 75081.
12. Verified Delivery. USPS records confirm that the certified mail was successfully delivered to the Respondent’s Richardson, Texas address on January 30, 2026.
13. Sufficiency of Notice. The Division’s use of redundant notification methods provided notice reasonably calculated to apprise the Respondent of the action and satisfies all requirements of due process.

CONCLUSIONS OF LAW

1. The Respondent's failure to appear at the duly noticed hearing constitutes a default.

2. Pursuant to 19.15.5.10 NMAC, the OCD may impose sanctions, including civil penalties, termination of authorization to transport, and plugging and abandonment of wells, for violations of Division rules. *Prehearing Statement, Exhibit 3.*
3. The evidence presented by the OCD staff in the pre-hearing statement and supporting affidavits is sufficient to establish the alleged violations. *See Prehearing Statement, Exhibit 1, 2, 3, and 4.*

ORDER

IT IS THEREFORE ORDERED THAT:

1. The Respondent, Chestnut Exploration and Production, Inc., is found to be in default for its failure to appear at the hearing on March 12, 2026.
2. The Respondent is in violation of 19.15.5.9, 19.15.7.24, 19.15.25.8 NMAC. *Prehearing Statement, Exhibit 3.*
3. A civil penalty in the amount of \$1,350.00 is hereby assessed against Respondent. *Id.*
4. The civil penalty shall be paid to the "New Mexico Oil Conservation Division" within thirty (30) days from the date of this Order.
5. The OCD is authorized to proceed with the remedies sought in its Pre-Hearing Statement and NOV, including directing the Respondent to plug and abandon the non-compliant wells, terminating the Respondent's authorization to transport from all wells, and seeking indemnification for costs incurred by the OCD *Prehearing Statement p.2; Prehearing Statement, Exhibit 3.*
6. Jurisdiction of this matter is retained for the entry of such further orders as the Division may deem necessary.



Albert C.S. Chang
Director, Oil Conservation Division

3/25/2026

DATE