

District II  
1301 W. Grand Ave., Artesia, NM 88210  
Phone: (505) 746-1285 Fax: (505) 746-9720

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

Form C-145  
Permit 83283

### Change of Operator

#### Previous Operator Information

OGRID: 3714  
Name: CARL SCHILLINGER  
Address: PO BOX 447  
Address:  
City, State, Zip: ROSWELL, NM 88201

#### New Operator Information

Effective Date: Effective on the date of approval by the OCS  
OGRID: 3322  
Name: CFM OIL, CO DRA LOUIS AND JUDY  
FULTON  
Address: PO BOX 1176  
Address:  
City, State, Zip: ARTESIA, NM 88210

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

#### Previous Operator

Signature: [Signature]  
Printed Name: CARL A. SCHILLINGER  
Title: OPERATOR  
Date: 12/17/09 Phone: 575-623-2528

#### New Operator

Signature: [Signature]  
Printed Name: LOUIS F. FULTON  
Title: OWNER  
Date: 12-17-09 Phone: 575-746-4787

#### NMOCD Approval

Electronic Signature: Jane Prouty, District 2  
Date: June 22, 2010  
<http://www.emnrd.state.nm.us/ocd/OCDPermitting/Report/C104A/C104A...> 12/17/2009

FAXED  
12-17-09  
to Artesia ocd  
Louise Montague

CFM OIL CO DBA LOUIS AND JUDY FULTON certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells are in compliance with 19.15.17 NMAC, have been closed pursuant to 19.15.17.13 NMAC, or have been retrofitted to comply with Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC.

CFM OIL CO DBA LOUIS AND JUDY FULTON understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.


As the operator of record of wells in New Mexico, CFM OIL CO DBA LOUIS AND JUDY FULTON agrees to the following statements:

1. I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See 19.15.9.9.B NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See 19.15.9.9.C(2) NMAC.
3. I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See 19.15.7.24.C NMAC.
4. I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed on approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance, even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See 19.15.8.9.C NMAC. I understand that I can check my compliance with the single-well financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. I am responsible for reporting releases as defined by 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record.
7. I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits. See 19.15.26.8 NMAC.
8. For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand

that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.

9. I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See 19.15.9.8.C NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."

10. If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See 19.15.9.9.B NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.



## ChangeOp Comments

OGRID: [3714] CARL SCHELLINGER  
 Permit Number: 83283  
 Permit Type: ChangeOp

Created By	Comment	Comment Date
DPHILLIPS	I cannot approve the change of operator as the Gulf State No. 1 30-015-23319 requires bonding as the well has not produced since 1/08. The amount of bonding required is \$7,543 dollars. You can view this by going to your permit and click on VIEW wells affected by change and it will show you the wells you selected. It will show you the well requiring bonding. I also show that on your financial assurance report you have 7 wells requiring additional bonding. Please go to our web site at <a href="http://www.emnrd.state.nm.us/ood">www.emnrd.state.nm.us/ood</a> and click OCD Online and then EPERMITTING then click on FINANCIAL ASSURANCE and pu	5/1/2009
DPHILLIPS	I cannot approve the change of operator as you have several wells on you financial assurance report requiring bonding and you are in violation of Rule 40. Please call me at 505-476-3461.	5/11/2009
DPHILLIPS	I show that your are in violation of Rule 5.9 and also you have three wells requiring additional bonding on yur financial assurance report. Please go to our website and click on OCD Online and then EPERMITTING, click on FINANCIAL ASSURANCE and get report. This brings up all the wells you own and off to the far right on the last column every well that has a Y needs bonding Questnos? Call me at 505-476-3461.	12/21/2009
JProuty	The scanned C-145 only shows the first page. Please re-scan it with all three pages. Also, please do not include the list of wells being transferred. Thank you. Jane Prouty 505/476-3475	5/26/2010
JProuty	This was re-submitted, so perhaps you sent the OCD in Artesia the three-page C-145, but it has not been scanned in. If you don't have the three page C-145, please go to View Forms, print it, sign it and fax all three pages to the OCD, or scan them in yourself to attach them to the permit. Please call me if you have any questions. Jane Prouty 505/476-3475	6/11/2010
JProuty	the three page C-145 has not yet been scanned in by the Artesia district office. 3:55 PM. I'll check tomorrow. Jane Prouty 505-476-3475	6/17/2010
JProuty	6/22: The three page change of operator form has still not been scanned in. You can scan it in yourself or send it to Linda Bratcher at the Artesia offio-fax number on the form. When you do send it in, please put in a comment that you did so.	6/22/2010