

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

IN RE CFM OIL, LLC

CASE NO. ACOI-201946

STIPULATED FINAL ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(C) NMAC, the Director of the Oil Conservation Division ("OCD") and CFM Oil, LLC, OGRID #280554 ("CFM") enter into this Stipulated Final Order ("Order") to resolve the above-referenced matter.

1. OCD is charged with the administration and enforcement of the Act and the implementing rules, and has jurisdiction to regulate CFM's wells in the state of New Mexico.
2. CFM is the operator of record for the wells identified in Exhibit A.
3. On March 25, 2021, OCD issued a Notice of Violation ("NOV") to CFM alleging:
 - (a) CFM exceeded the number of inactive wells allowed by 19.15.5.9(A)(4)(b) NMAC;
 - (b) CFM failed to provide financial assurance in the required amount required by 19.15.8.9(C) NMAC; and
 - (c) CFM failed to provide financial assurance in the required amount required by 19.15.8.9(D) NMAC.
4. OCD subsequently identified additional inactive wells, which CFM agreed to address as part of this Order.
5. On April 23, 2021, CFM requested informal resolution of the NOV.
6. CFM admitted the alleged violations.
7. CFM resolved the alleged violation of 19.15.8.9(C) NMAC by providing the

required financial assurance.

8. To resolve the remaining alleged violations, CFM agrees that:

(a) No later than the specified date, unless extended upon request of CFM for good cause shown, CFM shall return to production each well identified in the column “Return to Production By” in Exhibit A and give OCD and SLO written notice by electronic mail.

(b) No later than the specified date, unless extended upon request of CFM for good cause shown, CFM shall submit to OCD Permitting an approvable C-103Q for each well identified in the column “P&A and Release By” in Exhibit A, which shall be reviewed in accordance with OCD’s rules and for which approval shall not be unreasonably withheld, and give OCD and SLO written notice by electronic mail.

9. Written notice required by paragraph 8 shall be given to OCD at the following electronic mail address: Rob.Jackson@state.nm.us, and to SLO at the following electronic mail address: ABiernoff@slo.state.nm.us.

10. If CFM complies with this Stipulated Final Order, OCD shall abate all of the civil penalties.

11. If CFM fails to complete an action specified in paragraph 8, then CFM shall pay a stipulated penalty of \$100.00 for each day until it completes the action.

12. If CFM fails to pay the stipulated penalty or portion thereof no later than 30 days after service of OCD’s written demand, it shall pay interest on the stipulated penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent as provided in NMSA 1978, § 56-8-4(A).

13. OCD reserves the right to revoke the authorization to transport and require a well to be plugged and abandoned if CFM fails to complete an action specified in paragraph 8 more

than 90 days after the specified date in Exhibit A or, for the Maljamar wells, after the date as extended by OCD for good cause shown.

14. CFM admit OCD's jurisdiction to file the NOV, consent to the relief specified herein, and waive the right of review by the Oil Conservation Commission.

15. The persons executing this Order represent that they have the requisite authority to bind their respective parties and such representation shall be legally sufficient evidence of their actual or apparent authority.

OIL CONSERVATION DIVISION

Adrienne Sandoval
Director

Date: _____

CFM OIL, LLC

Louis F. Fulton

Date: _____

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OIL CONSERVATION DIVISION



Adrienne Sandoval
Director

Date: 1/27/2022

CFM OIL, LLC



Louis F. Fulton

Date: 1/27/2022