

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

**IN RE: NOTICE OF VIOLATION ISSUED TO CHESTNUT EXPLORATION AND
PRODUCTION INC.**

OGRID # 262294

CASE NO. 25930

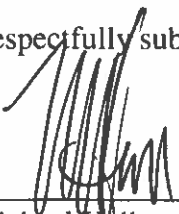
**OIL CONSERVATION DIVISION'S
DOCKETING NOTICE**

The New Mexico Oil Conservation Division ("OCD"), pursuant to 19.15.5.10(E)(2)(a) NMAC, gives notice that it has docketed the Notice of Violation ("NOV"), a true and correct copy of which is attached as **Exhibit A**, and states the following in support thereof:

1. On or about January 21, 2026 OCD issued an original NOV to Chestnut Exploration and Production Inc. ("Operator"), OGRID #262294.
2. Based upon information, custom, and belief, certified mail containing the NOV arrived or will soon arrive at Operator's address of record. Additionally, electronic mail was sent to Operator's known email addresses of record.
3. The NOV identifies the factual basis for the alleged violations, the compliance actions required to remedy the alleged violations, and the proposed sanctions.
4. The Original NOV stated that if Operator did not informally resolve the NOV within 30 days of receipt of service, then OCD would proceed to a hearing.
5. Unless this case is resolved prior, the period for informal resolution will have elapsed without coming to a resolution prior to March 5, 2026.
6. The NOV states that OCD will hold a hearing on March 5, 2026, should this case fail to be resolved prior to that date.

WHEREFORE, OCD requests that the NOV be docketed for hearing on March 5, 2026.

Respectfully submitted,



Michael Hall
Assistant General Counsel

New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Phone: (505) 479-1137
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EXHIBIT A

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Erin Taylor
Acting Cabinet Secretary

Ben Shelton
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



BY CERTIFIED MAIL AND ELECTRONIC MAIL

January 21, 2026

CHESTNUT EXPLORATION AND PRODUCTION, INC.
1900 Jay Ell Drive
Richardson, Texas 75081

Mark Plummer, Manager
mark@richmond.engineering

NOTICE OF VIOLATION

The Director of the Oil Conservation Division (“OCD”) issues this Notice of Violation (“NOV”) pursuant to 19.15.5.10 NMAC.

1. **Alleged Violator:** CHESTNUT EXPLORATION AND PRODUCTION, INC., OGRID # 262294 (“Operator”).
2. **Factual and Legal Basis for Alleged Violation(s):**

Operator is the registered operator of three (3) wells. The three (3) wells identified in **Exhibit A** have been continuously inactive since at least August 2017, and therefore out of compliance with 19.15.25.8 NMAC and are not already subject to an agreed compliance or final order.

These alleged facts constitute violations of the following:

19.15.25.8 NMAC:

- A. *The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.*
- B. *The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:*
 1. *a 60 day period following suspension of drilling operations;*

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2. *a determination that a well is no longer usable for beneficial purposes; or*
3. *a period of one year in which a well has been continuously inactive.*

19.15.5.9(A) NMAC:

An operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator...

4. *has no more than the following number of wells out of compliance with 19.15.25.8 NMAC that are not subject to an agreed compliance or final order setting a schedule for bringing the wells into compliance with 19.15.25.8 NMAC and imposing sanctions if the schedule is not met:*
 - (a) *two wells or fifty percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less;*
 - (b) *five wells if the operator operates between 101 and 500 wells;*
 - (c) *seven wells if the operator operates between 501 and 1000 wells;*
and
 - (d) *10 wells if the operator operates more than 1000 wells.*

3. **Compliance:** No later than thirty (30) days after receipt of this NOV, Operator shall:

- a. plug and abandon the three (3) wells listed in **Exhibit A**.

4. **Sanction(s):** OCD may impose one or more of the following sanctions:

- a. civil penalty;
- b. modification, suspension, cancellation, or termination of a permit or authorization;
- c. plugging and abandonment of well(s);
- d. remediation and restoration of well location(s) and associated facilities, including the removal of surface and subsurface equipment and other materials;
- e. remediation and restoration of location(s) affected by a spill or release;
- f. forfeiture of financial assurance;
- g. shutting in well(s); and
- h. any other remedy authorized by law.

For the alleged violations described above, OCD proposes the following sanctions:

- a. **Plug and Abandon Wells:** OCD will request an order requiring Operator to plug and abandon wells listed in **Exhibit A**, and/or an order authorizing OCD to plug and abandon those wells.
- b. **Termination of Authorization to Transport:** OCD will request an order terminating Operator's authority to transport from all wells listed in **Exhibit A**.
- c. **Civil Penalties:** OCD proposes to assess civil penalties as specified below. The civil penalty calculations are attached. OCD has taken into consideration the alleged violator's good faith effort (or lack thereof) to comply with the applicable requirements. Copies of the civil penalty calculations are attached as **Exhibit B**.

Civil Penalty: \$1,350.00

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5. **Informal resolution**: A process is available to informally discuss and resolve the NOV. This process will run for 30 days from the date of your receipt of this letter. To initiate this process, contact the OCD employee identified at the end of this letter.

6. **Hearing**: OCD will docket this matter for March 5, 2026, at which time this case will move forward to a formal hearing should informal resolution be unsuccessful. Please see 19.15.5.10 NMAC for more information regarding the hearing.

For more information regarding this NOV, contact Michael Hall at (505) 479-1137
or Michael.Hall@emnrd.nm.gov

Regards,



Albert C.S. Chang
Director, Oil Conservation Division

cc: Office of General Counsel, EMNRD

EXHIBIT A

Inactive Well List

Total Well Count: 3 Inactive Well Count: 3

Printed On: Monday, December 29 2025

District	API	Well	UL STR	OCD Unit	Ogrid	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-02448	D AND E FEDERAL #001	N-22-20S-34E	N	262294	CHESTNUT EXPLORATION AND PRODUCTION, INC.	F	P	S	02/2016	7RIVERS REPAIR OR PA BY 10/13/10		
1	30-025-08460	D AND E FEDERAL #002	B-27-20S-34E	B	262294	CHESTNUT EXPLORATION AND PRODUCTION, INC.	F	P	O	08/2017	YTS 7 RVRS INT ADD PERFS 02/19/13		
1	30-025-02449	R AND B FEDERAL #001	O-22-20S-34E	O	262294	CHESTNUT EXPLORATION AND PRODUCTION, INC.	F	P	O	08/2017	YTS 7 RVRS		

EXHIBIT B



Alleged Violator	CHESTNUT EXPLORATION AND PRODUCTION, INC.	
Alleged Violator OGRID	262294	
History of Non-Compliance	No history less than 50 wells or gross sales less than \$500,000	0
Economic Impact		0
Total Penalty	\$	1,350

API # or Facility ID	Violation Citation	Type of Violation	Description	MinPA(\$)	Multi Day / Single Day	Days in violation	Days Penalized	Penalty Subtotal	Effort to Comply		Negligence and Willfulness		Factor Subtotal	Outstanding Conditions		TOTAL	Comments
30-025-02448	5.9(A)(4)(a)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	Negligence	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450	
30-025-08460	5.9(A)(4)(a)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	Negligence	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450	
30-025-02449	5.9(A)(4)(a)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	Negligence	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450	