

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

SEP 04 2018 PM 04:36

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE
ORDER AGAINST COULTHURST MANAGEMENT AND INVESTMENTS,
INC., FOR WELLS OPERATED IN SANDOVAL COUNTY, NEW MEXICO.**

CASE NO. 16445

APPLICATION

The Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD" or "Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Coulthurst Management and Investments, Inc., ("Operator") is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within forty-five (45) days, and requiring producing wells shut-in until compliance is achieved; and (3) in the event of non-compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification and costs as permitted by NMSA 1978, § 70-2-14(E). This application deals specifically with Operator's violations of 19.15.5.9(A)(4) and 19.15.25.8 NMAC and does not include all violations that may exist. The OCD retains its right to bring a compliance action for any other existing and future violations. In support of this application, the Bureau states:

1. Operator is a Foreign profit corporation that operates 3 wells in Sandoval County, New Mexico, under OGRID No. 5337.

2. Operator's address of record with OCD is: 1 East Liberty Street, Suite 411, Box # 12, Reno, NV 89504.

3. The New Mexico Secretary of State has Operator registered under entity number 2326023 and identifies John Coulthurst, President, Secretary and Treasurer, as officer of record.

4. 19.15.5.9(A) NMAC states that an operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator:

(1) currently meets the financial assurance requirements of 19.15.8 NMAC;

(2) is not subject to a division or commission order, issued after notice and hearing, finding the operator to be in violation of an order requiring corrective action;

(3) does not have a penalty assessment that is unpaid more than 70 days after issuance of the order assessing the penalty; and

(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 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 50 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.

5. 19.15.25.8 NMAC requires an operator to plug and abandon or temporarily abandon a well within 90 days after: (1) a 60 day period following the suspension of drilling operations; (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.

6. The Operator currently has 2 wells out of a total of 3 wells out of compliance with 19.15.25.8 NMAC, exceeding the amount allowed under 19.15.5.9(A)(4) NMAC. See *Exhibit 1: Inactive Well List*.

7. On June 29, 2016, the Bureau sent the Operator notice via first class mail that it was out of compliance with 19.15.5.9 NMAC and that the Bureau would seek formal compliance proceedings if no action was taken by the Operator to return to compliance within 60 days as required by 19.15.5.9(B) NMAC.

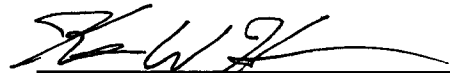
8. The Operator has not contacted the Bureau to resolve the outstanding compliance issues.

WHEREFORE, the Bureau, by and through its compliance and enforcement manager, hereby applies to the Director to enter an Order:

- A. determining that the Operator is in violation of 19.15.5.9(A)(4), and 19.15.25.8 NMAC;
- B. requiring the Operator to return the subject wells to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within forty-five (45) days;

- C. requiring producing wells to be shut-in pursuant to 19.15.5.10(B) NMAC until compliance with the order is achieved;
- D. in the event of non-compliance with the sought Division order by the dates established by the OCD, finding the Operator in violation of a Division order, declaring the violating wells abandoned and authorizing the Division to plug the subject wells in accordance with a Division-approved plugging program and restore and remediate the location, and recover costs from the Operator's financial assurance as required by 19.15.8.13 NMAC and seek indemnification and costs as permitted by NMSA 1978, § 70-2-14(E);
- E. upon a finding of non-compliance with the issued Division order, requiring producing wells shut-it pursuant to 19.15.5.10(B) NMAC;
- F. for such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 4th day of September, 2018 by



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Energy, Minerals and Natural
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New Mexico
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Attorney for the Compliance and
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Case No. 16445 **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Coulthurst Management and Investments, Inc., for Wells Operated in Sandoval County, New Mexico.** The Oil Conservation Division Compliance and Enforcement Bureau (“Bureau”), through its undersigned attorney, hereby files this application with the Oil Conservation Division (“OCD” or “Division”) pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Coulthurst Management and Investments, Inc., (“Operator”) is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within 45 days and requiring producing wells shut-in until compliance is achieved; and (3) in the event of non-compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator’s financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

Inactive Well List

Total Well Count: 3 Inactive Well Count: 2
Printed On: Tuesday, September 04 2018

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
3	30-043-20862	ERIN #002	C-33-18N-03W	C	5337	COULTHURST MGT & INV INC	F	O	01/2015	INT TO CONVERT TO POW/BLM 10-19-12		
3	30-043-20868	ERIN #003	F-33-18N-03W	F	5337	COULTHURST MGT & INV INC	F	O	01/2015	S SAN LUIS MV	T	5/3/2004

WHERE Operator:5337, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Exhibit 1: Inactive Well List