

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST JACKIE BREWER D/B/A SANDLOTT ENERGY, FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED RULE 19.15.3.116 NMAC; ORDERING OPERATOR TO RETURN WELLS TO COMPLIANCE BY A DATE CERTAIN; ORDERING OPERATOR TO PLUG THE WELLS AND AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IF OPERATOR FAILS TO COMPLY WITH THE ORDER; ASSESSING PENALTIES; EDDY COUNTY, NEW MEXICO.

CASE NO. 14074

AFFIDAVIT OF NOTICE AND PUBLICATION

In accordance with Division Rule 1227.D [19.15.14.1227.D NMAC] and Rule 1210 [19.15.14.1210 NMAC] I hereby certify:

1. Notice of the February 7, 2008 hearing in the above-captioned case was mailed to the following by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

Jackie Brewer d/b/a Sandlott Energy
P.O. Box 711
Lovington, NM 88260
Certified Mail No.: 7099 3220 0009 7873 0196

RLI Insurance Company
Attn: Greg Chilsom
8 Greenway Plaza, Suite 400
Houston, Texas 77046
Certified Mail No.: 7099 3220 0009 7873 0202

2. Exhibit 1-A to this affidavit is a copy of the notice, with a copy of the certified mail return receipts for the notices mailed to the above identified parties. Jackie Brewer signed the receipt for Jackie Brewer d/b/a Sandlott Energy. The receipt for RLI Insurance Company is unsigned. Exhibit 1-B, which is from the United States Postal Service's Track and Confirm website for certified mail, shows that the notice for RLI Insurance Company was delivered on January 18, 2008, in Houston, Texas 77046.

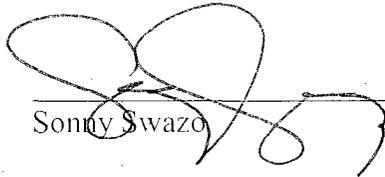
2008 APR 2 PM 3:28
RECEIVED

3. Exhibit 1-C is a copy of the facsimile transaction report and transmittal cover sheet for the notice that was faxed to RLI Insurance Company on January 15, 2008.

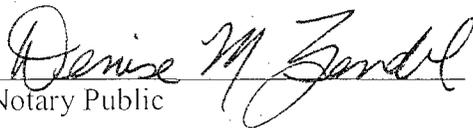
4. Exhibit 1-D is a copy of the email in which the notice was sent to Greg Chilsom of RLI Insurance Company. Exhibit 1-D indicates that the email system was not able to deliver the notice to the Greg Chilsom.

5. Notice of the February 7, 2008 hearing was published in The Artesia Daily Press, a newspaper of general circulation in Eddy County. The affidavit of publication from Artesia Daily Press is attached as Exhibit 1-E.

State of New Mexico
County of Santa Fe


Sonny Swazo

SUBSCRIBED AND SWORN to before me this 19th day of March 2008.


Notary Public

My Commission Expires:

01-09-2012



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

January 15, 2008

Jackie Brewer d/b/a Sandlott Energy
P.O. Box 711
Lovington, NM 88260

Certified Mail No.: 7099 3220 0009 7873 0196

RLI Insurance Company
Attn: Greg Chilsom
8 Greenway Plaza, Suite 400
Houston, Texas 77046
Email: greg.chilsom@rli.com
Fax: (713) 961-0285

Sent to RLI Insurance Company Via Email, Fax, and Certified Mail

Certified Mail No.: 7099 3220 0009 7873 0202

Re: Case No. 14074
Application for a Compliance Order Against Jackie Brewer d/b/a Sandlott Energy
OGRID No. 154329

Daugherty State No. 001;	30-015-02589;	4-4-18S-28E
Levers A State No. 002;	30-015-26895;	B-8-18S-28E
Levers State 7;	30-015-02575;	N-4-18S-28E
Resler Yates State No. 317;	30-015-10254;	F-21-18S-28E
Resler Yates State No. 322;	30-015-10285;	I-20-18S-28E
Resler Yates State No. 367;	30-015-20088;	F-32-18S-28E
Resler Yates State No. 370;	30-015-20094;	H-32-18S-28E
Resler Yates State No. 381;	30-015-26134;	G-32-18S-28E
Thomas State No. 001;	30-015-02672;	A-9-18S-28E
Welch Duke State No. 018;	30-015-06125;	C-28-18S-28E

Jackie Brewer D/B/A
Sandlott Energy
Case 14074
OCD Exhibit No. 1-A

Dear Operator:

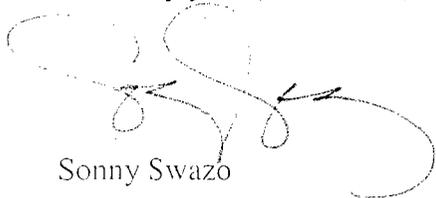
A hearing has been scheduled on the above application for **Thursday February 7, 2008, at 8:15 a.m., in the Oil Conservation Division Hearing Room (Porter Hall) at 1220 South St. Francis Drive, Santa Fe, New Mexico.**

In the application OCD is seeking an Order against Jackie Brewer d/b/a Sandlott Energy requiring operator to comply with OCD Rule 19.15.3.116 NMAC by a date certain; and in the event of operator's non-compliance, ordering the wells to be plugged and abandoned, and authorizing the forfeiture of operator's financial assurance for the wells. OCD is also seeking imposition of civil penalties for operator's knowing and willful violation of OCD Rule 19.15.3.116.

At the hearing you will have an opportunity to show cause why an order should not be entered as requested in the application. **If you intend to present evidence at the hearing Oil Conservation Division Rule 19.15.14.1211.B NMAC requires you to file a pre-hearing statement at least four business days in advance of the hearing.** I have enclosed a copy of OCD Rule 19.15.14.1211 for your convenience. OCD Rule 19.15.14.1211 describes what information is required to be contained in a party's pre-hearing statement. Please consult OCD Rule 19.15.14.1211 as to what information you need to provide in your pre-hearing statement. I have also enclosed a copy of OCD Rule 19.15.14.1212, which addresses representation at administrative hearings before the Oil Conservation Division.

If you have any questions, please contact me at (505) 476-3463 or by email at sonny.swazo@nmsd.gov.

Sincerely yours,



Sonny Swazo

cc: Daniel Sanchez, OCD Enforcement and Compliance Manager
Tim Gum, OCD District II Supervisor

Enclosures: Application
OCD Rule 19.15.14.1211 NMAC
OCD Rule 19.15.14.1212 NMAC
OCD Notice of Hearing

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST JACKIE BREWER D/B/A SANDLOTT ENERGY, FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED RULE 19.15.3.116 NMAC; ORDERING OPERATOR TO RETURN WELLS TO COMPLIANCE BY A DATE CERTAIN; ORDERING OPERATOR TO PLUG THE WELLS AND AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FOREFIT THE APPLICABLE FINANCIAL ASSURANCE IF OPERATOR FAILS TO COMPLY WITH THE ORDER; ASSESSING PENALTIES; EDDY COUNTY, NEW MEXICO.

CASE NO. **14074**

APPLICATION FOR COMPLIANCE ORDER AGAINST JACKIE BREWER
D/B/A SANDLOTT ENERGY

1. Sandlott Energy d/b/a Jackie Brewer ("Operator") is a sole proprietorship operating wells in New Mexico under OGRID 154329.

2. Operator is the operator of record for the following subject wells:

- Daugherty State No. 001; API No. 30-015-02589; 4-4-18S-28E
- Levers A State No. 002 ; API No. 30-015-26895; B-8-18S-28E
- Levers State 7; API No. 30-015-02575; N-4-18S-28E
- Resler Yates State No. 317; API No. 30-015-10254; F-21-18S-28E
- Resler Yates State No. 322; API No. 30-015-10285; I-20-18S-28E
- Resler Yates State No. 367; API No. 30-015-20088; F-32-18S-28E
- Resler Yates State No. 370; API No. 30-015-20094; H-32-18S-28E
- Resler Yates State No. 381; API No. 30-015-26134; G-32-18S-28E
- Thomas State No. 001; API No. 30-015-02672; A-9-18S-28E
- Welch Duke State No. 018; API No. 30-015-06125; C-28-18S-28E

3. Pursuant to NMSA, 1978, Section 70-2-14, Operator has posted a fifty thousand dollars (\$50,000.00) blanket plugging bond (Bond No. BO5910) through

Underwriters Indemnity Company in Houston, Texas, to secure Operator's obligation to plug and abandon his wells in compliance with Oil Conservation Division ("OCD") rules. In 1999, RLI Insurance Company acquired Underwriters Indemnity Company, and now RLI Insurance Company is the surety in this case.

4. Section 70-2-14(B) states if any of the requirements of the Oil and Gas Act or the rules and regulations promulgated pursuant to that act have not been complied with, the OCD, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with OCD rules and regulations.

5. OCD Rule 19.15.3.116 NMAC ("Rule 116") requires OCD to be notified of any unauthorized release occurring during the drilling, producing, storing, disposing, injecting, transporting, servicing or processing of crude oil, natural gases, produced water, condensate or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixture thereof, in the State of New Mexico. OCD Rule 116 states the notification shall be made by the person operating or controlling either the release or the location of the release. OCD Rule 116 requires notification to be made within a certain number of days following the discovery of the release. Notification requirements include completing and filing a Form C-141. OCD Rule 116 requires the notification to be made to the division district office for the area within which the release takes place and to the division's environmental bureau chief.

6. OCD Rule 116 requires the responsible person to complete division approved corrective action for releases which endanger public health or the environment. Releases are addressed in accordance with a remediation plan submitted to and approved by OCD.

7. As of this date, Operator has not notified OCD of any of the unauthorized releases at the subject wells in accord with the notification requirements of OCD Rule 116. Nor has Operator provided OCD with a remediation plan for the unauthorized releases at the subject wells.

Daugherty State No. 001

8. During a site inspection on November 22, 2002, OCD Deputy Oil and Gas Inspector Mike Bratcher observed a minor release at the well head.

9. During a site inspection on January 26, 2004, OCD Deputy Oil and Gas Inspector Gerry Guye observed an active leak at the stuffing box.

10. During a site inspection on February 4, 2004, Deputy Inspector Guye observed contamination at the site. He noticed that the leak he had previously observed at the stuffing box leak had stopped.

11. During a site inspection on August 19, 2004, Deputy Inspector Guye observed an active leak at the well head. The well was pumping.

12. During a site inspection on August 30, 2005, Deputy Inspector Bratcher observed heavy contamination at the well head area that extended out on to the location. He also observed an active leak at the stuffing box.

13. During a site inspection on October 20, 2005, Deputy Inspector Bratcher observed contamination at the site.

14. During a site inspection on July 20, 2007, Deputy Inspector Bratcher observed contamination at the well head area and the tank battery north of the well site. The well was pumping.

Levers A State No. 002

15. During a site inspection on January 22, 2003, Deputy Inspector Bratcher observed a large area of contamination at the well head area caused by leaks and spills. There was standing oil at the well head.

16. During a site inspection on February 24, 2003, Deputy Inspector Guye observed area contamination at the site. It appeared to him that Operator had not taken any action to remedy the contamination violations.

17. During a site inspection on April 16, 2003, Deputy Inspector Bratcher observed contamination at the site. It appeared to him that Operator had not taken any action to remedy the contamination violations.

18. During a site inspection on October 9, 2003, Deputy Inspector Bratcher observed contamination at the site. It appeared to him that Operator had not taken any action to remedy the contamination violations.

19. During a site inspection on April 8, 2004, Deputy Inspector Bratcher observed the well head area to be heavily contaminated. Deputy Inspector Bratcher sent Operator a letter that day which informed Operator of the contamination at the well. He asked Operator to remedy the release violations by July 12, 2004.

20. On August 19, 2004, Deputy Inspector Guye inspected the well site. It appeared to him that Operator had not taken any action to remedy the contamination violations.

21. During a site inspection on May 9, 2005, Deputy Inspector Bratcher observed heavy contamination at the tank battery located south of the well. The site

contained collapsed tanks and overturned vessels. The storage tank on the west end was actively leaking produced water.

22. On May 12, 2005, Deputy Inspector Bratcher sent Operator a letter informing Operator of the contamination at the well. He informed Operator that the tank battery located to the south of the well was heavily contaminated. He informed Operator that there were collapsed tanks and overturned vessels at the site. He informed Operator that the storage tank on the west end was actively leaking produced water. He informed Operator that the chloride impacted soils had to be properly remediated and hauled to a disposal facility. He asked Operator to remedy the release violations by June 10, 2005.

23. During a site inspection on July 22, 2005, OCD Deputy Oil and Gas Inspector Chris Beadle observed pools of oil and produced liquids around the tank battery. The oil and produced liquids had traveled approximately 100 yards towards the well head. There was heavy chloride staining on the road west of the tank battery.

24. During a site inspection on August 29, 2005, Deputy Inspector Bratcher observed contamination at the well head area. He saw no indication of any recent activity at the well site. The tank battery south of the well had collapsed tanks that had released produced fluids.

25. During a site inspection on October 20, 2005, Deputy Inspector Bratcher observed contamination at the site. One of the tanks had been moved and was lying on the southeast side of location between roads to the well area.

26. During a site inspection on July 20, 2007, Deputy Inspector Bratcher observed contamination at the well head area. He saw no indication of any recent activity

at the well site. The power switch was turned off. There was a collapsed tank at the tank battery located south of the well.

27. During a site inspection on October 3, 2007, Deputy Inspector Bratcher observed an increased oil release at the base of the separator and the east tank, and a small on-going produced water release at the west tank. The well was pumping.

Levers State No. 007

28. During a site inspection on August 30, 2005, Deputy Inspector Bratcher observed contamination at the tank battery. He saw no indication of any recent activity at the well site.

29. During a site inspection on October 20, 2005, Deputy Inspector Bratcher observed contamination at the site. There was a nearly full tank across the road ready to overflow into a pasture. The tank had a very heavy layer of oil on top.

30. During a site inspection on July 3, 2006, OCD Deputy Oil and Gas Inspector Phil Hawkins observed heavy contamination around the tanks and the separator. There was a release that had traveled approximately thirty feet from the tanks. The tanks and separators had active leaks.

31. During a site inspection on July 20, 2007, Deputy Inspector Bratcher observed heavy contamination around the storage tanks. The south tank had an active leak. He saw no indication of any recent activity at the well site.

Resler Yates State No. 317

32. During a site inspection on August 30, 2005, Deputy Inspector Bratcher observed heavy contamination at the well head area with oil pooled at the well head.

33. During a site inspection on July 25, 2007, Deputy Inspector Bratcher observed heavy contamination at the well head area. The well was pumping.

Resler Yates State No. 322

34. During a site inspection on August 20, 2004, Deputy Inspector Guye observed area contamination. The electricity was off. The well's last date of reported production was January 2004.

35. During a site inspection on August 30, 2005, Deputy Inspector Bratcher observed heavy contamination at the well head area and out onto the location. He saw no indication of any recent activity at the well site.

36. During a site inspection on July 25, 2007, Deputy Inspector Bratcher observed heavy contamination at the well head area and out onto the location. The well was pumping.

Resler Yates State No. 367

37. During a site inspection on August 20, 2004, Deputy Inspector Guye observed area contamination. The well had no pumping unit. The well's last date of reported production was April 2003.

38. During a site inspection on August 30, 2005, Deputy Inspector Bratcher observed contamination along the flow line on west side of location. The well had no pumping unit or production equipment.

39. During a site inspection on July 5, 2006, Deputy Inspector Hawkins observed contamination at the flow line on the west side of the location. There was contamination around the well and casing head. No electrical power was connected to the motor on the pumping unit.

40. During a site inspection on July 16, 2007, Deputy Inspector Bratcher observed contamination at the well head area and west of the pumping unit. The power was turned off. There were several repair patches on the metal flow line. It appeared to him that there had been no change in condition since the 2006 inspection. The well had a pumping jack.

Resler Yates State No. 370

41. During a site inspection on July 5, 2006, Deputy Inspector Hawkins observed contamination around the well head. There were no belts on the pumping unit motor and no electrical hook up.

42. During a site inspection on July 24, 2007, Deputy Inspector Bratcher observed contamination and standing oil around the pumping unit. He saw no indication of any recent activity at the well site. The electric meter had been pulled at the well site but an electric line had been laid to a power meter near the Resler Yates No. 381 well site.

Resler Yates State No. 381

43. During a site inspection on September 11, 2001, OCD Deputy Oil and Gas Inspector Mike Stubblefield observed an unreported oil spill at the tank battery.

44. On September 18, 2001, Deputy Inspector Stubblefield re-inspected the well site to check on the status of the spill remediation. Inspector Stubblefield noted that Operator had picked up the standing oil from the spill west of tank battery, and had back dragged the area. Inspector Stubblefield noted that additional work around the stock tanks needed to be done.

45. During a site inspection on September 17, 2002, Deputy Inspector Stubblefield observed a spill on the injection line running north of tank battery. Inspector Stubblefield sent Operator a letter informing Operator of the spill and asking Operator to submit a C-141.

46. During a site inspection on August 20, 2004, Deputy Inspector Guye observed area contamination. The well had no motor on the pumping unit.

47. During a site inspection on August 30, 2005, Deputy Inspector Bratcher observed heavy contamination at the tank battery. There was no motor on the pumping unit. He saw no indication of any recent activity at the well site. The ground around two storage vessels was saturated with oil, indicating a possible leak. One tank was collapsed.

48. During a site inspection on October 20, 2005, Deputy Inspector Bratcher observed contamination at the site.

49. During a site inspection on July 5, 2006, Deputy Inspector Hawkins observed contamination around the well head and the tanks. There was no motor on the pumping unit.

50. During a site inspection on July 24, 2007, Deputy Inspector Bratcher observed contamination and standing oil around the tanks at the tank battery on the west side of the well site. The well was inoperable as the pumping unit did not have any belts or sheaves.

Thomas State No. 1

51. During a site inspection on August 29, 2005, Deputy Inspector Bratcher observed various areas of contamination at the well site. The tank battery located west of

well was leaking produced water. The leak was in the bottom of the tank. The leak was a slow leak. He saw no indication of any recent activity at the well site. The electric meter had been pulled at the pole.

52. During a site inspection on October 20, 2005, Deputy Inspector Bratcher observed contamination at the site. The separator had been moved and was lying on its side approximately 50 feet south of the original location.

53. During a site inspection on July 3, 2006, Deputy Inspector Hawkins observed a large area of release and contamination at the well head, the flow line, around the tanks, the separators, and the pumps. The tanks had an active leak. There was no electric meter or power to the pumping unit.

54. During a site inspection on July 25, 2007, Deputy Inspector Bratcher observed heavy contamination at the well head area. The well had no pumping unit. There were numerous areas of contamination at tank battery located west of well.

Welch Duke State No. 018

55. During a site inspection on August 20, 2004, Deputy Inspector Guye observed area-wide contamination.

56. During a site inspection on October 15, 2004, Deputy Inspector Guye observed historical contamination at the well site.

57. During a site inspection on August 30, 2005, Deputy Inspector Bratcher observed historical contamination at the well head area and out onto the location. He saw no indication of any recent activity at the well site.

58. During a site inspection on July 3, 2006, Deputy Inspector Hawkins observed historical contamination at the well head area and out onto the location.

59. During a site inspection on July 25, 2007, Deputy Inspector Bratcher observed contamination at the well head area and out onto location. He saw no indication of any recent activity at the well site.

60. After Operator failed to comply with OCD's verbal and written requests to bring his wells into compliance with OCD rules and remedy the contamination violations, OCD District II Supervisor Tim Gum met with Operator in person on January 10, 2005, to discuss Operator's non-complainant wells and the environmental issues resulting from the leaks and spills at his wells. District II Supervisor Gum told Operator that OCD would give him until September 30, 2005 to remedy all of his outstanding violations at all of his wells. District II Supervisor Gum told Operator that if he failed to remedy all of the violations by September 30, 2005, OCD would pursue enforcement action against him. District II Supervisor Gum presented this agreement to Operator in writing. District II Supervisor Gum allowed Operator to take the written agreement home to review and to think about. Operator signed the agreement on January 19, 2005.

61. NMSA 1978, Section 70-2-31(A) provides that any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars for each violation, and that in the case of a continuing violation, each day of violation shall constitute a separate violation.

62. NMSA 1978, Section 70-2-33(A) defines "person" to mean "any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity."

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an order:

A. Determining that Operator violated OCD Rule 19.15.3.116 by not notifying OCD of the releases in accord with the rule and by not cleaning up the releases:

i. Determining that Operator knowingly and willfully violated OCD Rule 19.15.3.116;

ii. Assessing penalties for Operator's knowing and willful violation of OCD Rule 19.15.3.116;

B. Ordering Operator to remediate the contamination at the subject well sites by a date certain;

C. Ordering Operator to inspect all of his wells for contamination issues;

i. If contamination is found, ordering Operator to file a remediation plan with the appropriate OCD district office and environmental bureau chief;

D. If Operator fails to remediate the contamination at the subject wells by the date set in the Order, ordering Operator to plug his wells pursuant to Section 70-2-14(B) by a date certain;

E. If Operator fails to plug the subject wells by the date set in the Order, authorizing the OCD to plug his wells and forfeit the applicable financial assurance;

F. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 11 day of November 2007 by

Sonny Swazo
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463
sonny.swazo@state.nm.us

Attorney for the New Mexico Oil
Conservation Division

- Case No. 14074. Application of the New Mexico Oil Conservation Division for a Compliance Order against Jackie Brewer d/b/a Sandlott Energy. The Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; ordering operator to plug the wells and authorizing the division to plug the wells and forfeit the applicable financial assurance in event of non-compliance with order; and assessing penalties. The affected wells are:

- Daugherty State No. 001; API No. 30-015-02589; 4-4-18S-28E
- Levers A State No. 002; API No. 30-015-26895; B-8-18S-28E
- Levers State 7; API No. 30-015-02575; N-4-18S-28E
- Resler Yates State No. 317; API No. 30-015-10254; F-21-18S-28E
- Resler Yates State No. 322; API No. 30-015-10285; I-20-18S-28E
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- Resler Yates State No. 381; API No. 30-015-26134; G-32-18S-28E
- Thomas State No. 001; API No. 30-015-02672; A-9-18S-28E
- Welch Duke State No. 018; API No. 30-015-06125; C-28-18S-28E

The wells are located approximately 8 miles southwest of Loco Hills, in Eddy County, New Mexico.

19.15.14.1211 PLEADINGS, COPIES, PRE-HEARING STATEMENTS, EXHIBITS AND MOTIONS FOR CONTINUANCE:

A. Pleadings. Applicants shall file two sets of pleadings and correspondence in cases pending before a division examiner with the division clerk and six sets of pleadings and correspondence in cases pending before the commission with the commission clerk. For cases pending before the commission, the commission clerk shall disseminate copies of pleadings and correspondence to the commission members. The party filing the pleading or correspondence shall at the same time serve a copy of the pleading or correspondence upon each party who has entered an appearance in the case on or prior to the business day immediately preceding the date when the party files the pleading or correspondence with the division or the commission clerk, as applicable. Parties shall accomplish service by hand delivery or transmission by facsimile or electronic mail to any party who has entered an appearance or, if the party is represented, the party's attorney of record. Service upon a party who has not filed a pleading containing a facsimile number or e-mail address may be made by ordinary first class mail. Parties shall be deemed to have made an appearance when they have either sent a letter regarding the case to the division or commission clerk or made an in person appearance at any hearing before the commission or before a division examiner. A written appearance, however, shall not be complete until the appearing party has provided notice to other parties of record. Any initial pleading or written entry of appearance a party other than the applicant files shall include the party's address or the address of the party's attorney and an e-mail and facsimile number if available.

B. Pre-hearing statements.

(1) Any party to an adjudicatory proceeding who intends to present evidence at the hearing shall file a pre-hearing statement, and serve copies on other parties or, for parties that are represented, their attorneys in the manner Subsection A of 19.15.14.1211 NMAC provides, at least four business days in advance of a scheduled hearing before the division or the commission, but in no event later than 5:00 pm mountain time, on the Thursday preceding the scheduled hearing date. The statement shall include:

- (a) the names of the party and the party's attorney;
- (b) a concise statement of the case;
- (c) the names of witnesses the party will call to testify at the hearing, and in the case of expert witnesses, their fields of expertise;
- (d) the approximate time the party will need to present its case; and
- (e) identification of any procedural matters that are to be resolved prior to the hearing.

(2) Any party other than the applicant shall include in its pre-hearing statement a statement of the extent to which the party supports or opposes the issuance of the order the applicant seeks and the reasons for such support or opposition. In cases to be heard by the commission, each party shall include copies of all exhibits that it proposes to offer in evidence at the hearing with the pre-hearing statement. The commission may exclude witnesses the party did not identify in the pre-hearing statement, or exhibits the party did not file and serve with the pre-hearing statement, unless the party offers such evidence solely for rebuttal or makes a satisfactory showing of good cause for failure to disclose the witness or exhibit.

(3) A pre-hearing statement filed by a corporation or other entity not represented by an attorney shall identify the person who will conduct the party's presentation at the hearing and include a sworn and notarized statement attesting that the corporation's or entity's governing body or chief executive officer authorizes the person to present the corporation or entity in the matter.

(4) For cases pending before the commission, the commission clerk shall disseminate copies of pre-hearing statements and exhibits to the commission members.

C. Motions for continuance. Parties shall file and serve motions for continuance no later than 48 hours prior to time the hearing is set to begin, unless the reasons for requesting a continuance arise after the deadline, in which case the party shall file the motion as expeditiously as possible after becoming aware of the need for a continuance.

[19.15.14.1211 NMAC - Rp, 19.15.14.1208 NMAC, 09/30/05]

19.15.14.1212 CONDUCT OF ADJUDICATORY HEARINGS:

A. Testimony. Hearings before the commission or a division examiner shall be conducted without rigid formality. The division or commission shall take or have someone take a transcript of testimony and preserve the transcript as a part of the division's permanent records. Any person testifying shall do so under oath. The division examiner or commission shall designate whether or not an interested party's un-sworn comments and observations are relevant and, if relevant, include the comments and observations in the record.

B. Pre-filed testimony. The division director may order the parties to file prepared written testimony in advance of the hearing for cases pending before the commission. The witness shall be present at the hearing and shall adopt, under oath, the prepared written testimony, subject to cross-examination and motions to strike unless the witness' presence at hearing is waived upon notice to other parties and without their objection. The parties shall number pages of the prepared written testimony, which shall contain line numbers on the left-hand side.

C. Appearances pro se or through an attorney. Parties may appear and participate in hearings either pro se (on their own behalf) or through an attorney. Corporations, partnerships, governmental entities, political subdivisions, unincorporated associations and other collective entities may appear only through an attorney or through a duly authorized officer or member. Participation in adjudicatory hearings shall be limited to parties, as defined in 19.15.14.1208 NMAC, except that a representative of a federal, state or tribal governmental agency or political subdivision may make a statement on the agency's or political subdivision's behalf. The commission or division examiner shall have the discretion to allow any other person present at the hearing to make a relevant statement, but not to present evidence or cross-examine witnesses. Any person making a statement at an adjudicatory hearing shall be subject to cross-examination by the parties or their attorneys.

[19.15.14.1212 NMAC - Rp. 19.15.14.1210 NMAC, 09/30/05]

NOTICE OF HEARING

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **February 7, 2008**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **January 28, 2008**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

**All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 14074: Application of the New Mexico Oil Conservation Division for a Compliance Order against Jackie Brewer d/b/a Sandlott Energy. Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; ordering operator to plug the wells and authorizing the division to plug the wells and forfeit the applicable financial assurance in event of non-compliance with order; and assessing penalties. The affected wells are:

- | | | |
|-------------------------------|-----------------------|--------------|
| • Daugherty State No. 001; | API No. 30-015-02589; | 4-4-18S-28E |
| • Levers A State No. 002 ; | API No. 30-015-26895; | B-8-18S-28E |
| • Levers State 7; | API No. 30-015-02575; | N-4-18S-28E |
| • Resler Yates State No. 317; | API No. 30-015-10254; | F-21-18S-28E |
| • Resler Yates State No. 322; | API No. 30-015-10285; | I-20-18S-28E |
| • Resler Yates State No. 367; | API No. 30-015-20088; | F-32-18S-28E |
| • Resler Yates State No. 370; | API No. 30-015-20094; | H-32-18S-28E |
| • Resler Yates State No. 381; | API No. 30-015-26134; | G-32-18S-28E |
| • Thomas State No. 001; | API No. 30-015-02672; | A-9-18S-28E |
| • Welch Duke State No. 018; | API No. 30-015-06125; | C-28-18S-28E |

The wells are located approximately 8 miles southwest of Loco Hills, in Eddy County, New Mexico.

CASE 14075: Application of the New Mexico Oil Conservation Division for a Compliance Order against Buddy Delong d/b/a Ready Oil and Gas. The Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to two wells, requiring Operator to bring the two wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the

SENDER: COMPLETE THIS SECTION

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1. Article Addressed to:

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 Attn: Greg Chilsom
 8 Greenway Plaza, Suite 400
 Houston, TX 77046

2. Article Number (Copy from service label)

7099 3220 0009 7873 0202

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

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C. Signature

Agent
 Addressee

D. Is delivery address different from item 1? Yes
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3. Service Type

Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Jackie Brewer
 D/B/A Sandlott Energy
 P.O. Box 711
 Lovington, NM 88260

2. Article Number (Copy from service label) 7099 3220 0009 7873 0196

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

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A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

Agent
 Addressee

D. Is delivery address different from item 1? Yes
 if YES, enter delivery address below: No

3. Service Type

Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes



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**Jackie Brewer D/B/A
Sandlott Energy
Case 14074
OCD Exhibit No. 1-B**

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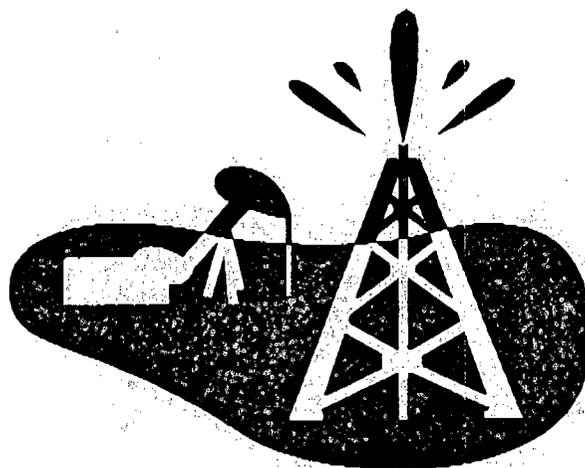
P.01

JAN-15-2008 TUE 01:11 PM

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DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
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TOTAL : 2M 23S PAGES: 20



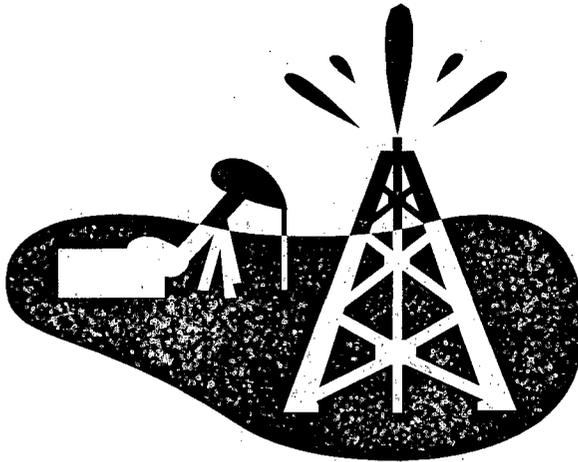
TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
 1220 S. ST. FRANCIS DRIVE
 SANTA FE, NM 87505
 (505) 476-3440
 (505)476-3462 (Fax)

PLEASE DELIVER THIS FAX: 713-961-0285

TO: RHI Insurance Company Attn: Greg Chilson

Jackie Brewer D/B/A
 Sandlott Energy
 Case 14074
 OCD Exhibit No. 1-C



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505)476-3462 (Fax)

PLEASE DELIVER THIS FAX: 713-961-0285

TO: RLI Insurance Company Attn: Greg Chilsom

FROM: NM OIL Conservation Division
Sonny Swazo

DATE: 1/15/08

PAGES: 20 including Cover pg.

SUBJECT: Case No. 14074

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE NUMBER ABOVE.

Swazo, Sonny, EMNRD

From: Swazo, Sonny, EMNRD
Sent: Wednesday, January 16, 2008 11:40 AM
To: Sanchez, Daniel J., EMNRD; Gum, Tim, EMNRD; 'greg.chilsom@rlicorp.com'
Subject: Case 14074
Attachments: hearing notice.doc; 2007 Application.doc

**Jackie Brewer D/B/A
Sandlott Energy
Case 14074
OCD Exhibit No. 1-D**

Swazo, Sonny, EMNRD

From: System Administrator
To: greg.chilsom@rlicorp.com
Sent: Wednesday, January 16, 2008 11:38 AM
Subject: Undeliverable:Case 14074

Your message did not reach some or all of the intended recipients.

Subject: Case 14074
Sent: 1/16/2008 11:40 AM

The following recipient(s) could not be reached:

greg.chilsom@rlicorp.com on 1/16/2008 11:38 AM

The e-mail system was unable to deliver the message, but did not report a specific reason. Check the address and try again. If it still fails, contact your system administrator.

< mail1.rlicorp.com #5.0.0 smtp; 5.1.0 - Unknown address error 550-'greg.chilsom@rlicorp.com... No such user' (delivery attempts: 0)>

Affidavit of Publication

Copy of Publication:

NO. 20027

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT being duly

sworn, says: That he is the PUBLISHER of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

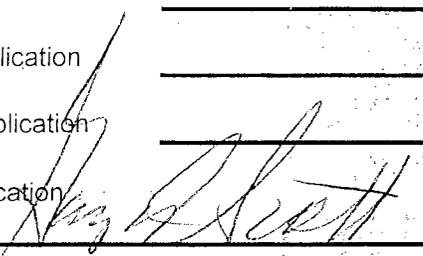
First Publication January 15, 2008

Second Publication _____

Third Publication _____

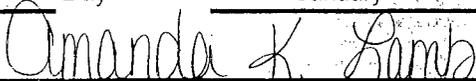
Fourth Publication _____

Fifth Publication _____



Subscribed and sworn to before me this

30th Day January 2008



Notary Public, Eddy County, New Mexico

My Commission expires April 5, 2011

**Jackie Brewer D/B/A
Sandlott Energy
Case 14074
OCD Exhibit No. 1-E**

**NOTICE OF HEARING
STATE OF NEW MEXICO
ENERGY, MINERALS AND
NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **February 7, 2008**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **January 29, 2008**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 14074: Application of the New Mexico Oil Conservation Division for a Compliance Order against Jackie Brewer d/b/a Sandlott Energy. Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; ordering operator to plug the wells and authorizing the division to plug the wells and forfeit the applicable financial assurance in event of non-compliance with order; and assessing penalties. The affected wells are:
•Daugherty State No. 001; API No. 30-015-02589; 4-4-18S-28E
•Levers A State No. 002; API No. 30-015-26895; B-8-18S-28E
•Levers State 7; API No. 30-015-02575; N-4-18S-28E
•Resler Yates State No. 317; API No. 30-015-10254; F-21-18S-28E
•Resler Yates State No. 322; API No. 30-015-10285; I-20-18S-28E
•Resler Yates State No. 367; API No. 30-015-20088; F-32-18S-28E
•Resler Yates State No. 370; API No. 30-015-20094; H-32-18S-28E
•Resler Yates State No. 381; API No. 30-015-26134; G-32-18S-28E
•Thomas State No. 001; API No. 30-015-02672; A-9-18S-28E
•Welch Duke State No. 018; API No. 30-015-06125; C-28-18S-28E
The wells are located approximately 8 miles southwest of Loco Hills, in Eddy County, New Mexico.

CASE 14075: Application of the New Mexico Oil Conservation Division for a Compliance Order against Buddy Delong d/b/a Ready Oil and Gas. The Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to two wells, requiring Operator to bring the two wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to plug said wells in the event of Operator's non-compliance with the Order. The affected wells are:
•Keohane B Federal No. 002; C-28-18S-31E; 30-015-05624
•Keohane B Federal No. 003; F-28-18S-31E; 30-015-05625
The wells are located approximately 7 miles southeast of Loco Hills, in Eddy County, New Mexico.

CASE 14076: Application of the New Mexico Oil Conservation Division for a Compliance Order against Tom R. Cone. Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to four wells, requiring Operator to bring the four wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to plug said wells in the event of Operator's non-compliance with the Order. The affected wells are:
•Donnelly, Pan American No. 001Y; 30-015-05739; G-5-19S-31E
•Federal 18 No. 002; 30-015-10228; K-18-19S-31E
•Federal 18 No. 004; 30-015-20226; G-18-19S-31E
•North Shugart Queen Unit No. 011; 30-015-05600; N-21-18S-31E

The Donnelly Pan American No. 001Y, the Federal 18 No. 002, and the Federal 18 No. 004, are located approximately 13 miles southeast of Loco Hills, in Eddy County, New Mexico.
The North Shugart Queen Unit No. 011 is located approximately 9 miles southeast of Loco Hills, in Eddy County, New Mexico.

CASE 14077: Application of the New Mexico Oil Conservation Division for a Compliance Order against Southwest Royalties, Inc. Applicant seeks an Order finding that operator is in violation of 19.15.4.201 NMAC as to eleven wells, requiring operator to bring the wells into compliance by a date certain, and authorizing the Division to forfeit the applicable financial assurance and plug the wells in the event of operator's non-compliance. The affected wells are:
•Barr H State No. 001; 30-025-29825; I-7-16S-33E
•Bell Ramsay NCT D No. 001; 30-025-06214; G-35-20S-37E
•Eagle No. 001; 30-025-27568; J-36-25S-36E
•Humphreys No. 001; 30-025-09815; N-25-25S-36E
•Maralo Sholes B No. 002; 30-025-09806; P-25-25S-36E
•McMillan No. 001; 30-025-05511; N-29-18S-37E
•Parke Federal No. 001; 30-015-20597; O-10-17S-30E
•Parke Federal No. 003; 30-015-20612; I-10-17S-30E
•Sholes A No. 003; 30-025-09796; I-24-25S-36E
•Sholes B 25 No. 002; 30-025-09808; B-25-25S-36E
•Wright Federal Com No. 001; 30-015-21878; N-29-18S-29E

The Barr H State No. 001 is located approximately 8 miles northeast of Maljamar, in Lea County, New Mexico.
The Bell Ramsay NCT D No. 001 is located approximately 9 miles

The Eagle No. 001 is located approximately 3 miles west of Jal, in Lea County, New Mexico.
The Humphreys No. 001 is located approximately 4 miles southwest of Jal, in Lea County, New Mexico.

The Maralo Sholes B No. 002 is located approximately 2 miles southwest of Jal, in Lea County, New Mexico.
The McMillan No. 001 is located approximately 8 miles west of Hobbs, in Lea County, New Mexico.

The Parke Federal No. 001 and Parke Federal No. 003 are located approximately 4 miles southeast of Loco Hills, in Eddy County, New Mexico.

The Sholes A No. 003 is located approximately 1 mile west of Jal, in Lea County, New Mexico.
The Sholes B 25 No. 002 is located approximately 3 miles Northwest of Jal, in Lea County, New Mexico.

The Wright Federal Com No. 001 is located approximately 8 miles southwest of Loco Hills, in Eddy County, New Mexico.

CASE 14078: Application of the New Mexico Oil Conservation Division for a Compliance Order against ERS Resources, LLC. Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to thirty-two wells, requiring Operator to bring the wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to forfeit the financial assurance and plug the wells in the event of Operator's non-compliance with the Order. The affected wells are:

•Artesia Metex Unit No. 005; 30-015-00945; L-24-18S-27E
•Artesia Metex Unit No. 006; 30-015-00941; K-24-18S-27E
•Artesia Metex Unit No. 008; 30-015-00944; I-24-18S-28E
•Artesia Metex Unit No. 011; 30-015-01940; 3-19-18S-28E
•Artesia Metex Unit No. 012; 30-015-01964; K-19-18S-28E
•Artesia Metex Unit No. 013; 30-015-01951; J-19-18S-28E
•Artesia Metex Unit No. 014; 30-015-01947; J-19-18S-28E
•Artesia Metex Unit No. 016; 30-015-00942; M-24-18S-27E
•Artesia Metex Unit No. 020; 30-015-01196; P-24-18S-27E
•Artesia Metex Unit No. 021; 30-015-01942; 4-19-18S-28E
•Artesia Metex Unit No. 022; 30-015-01965; N-19-18S-28E
•Artesia Metex Unit No. 023; 30-015-01941; N-19-18S-28E
•Artesia Metex Unit No. 024; 30-015-01949; O-19-18S-28E
•Artesia Metex Unit No. 026; 30-015-00962; A-26-18S-27E
•Artesia Metex Unit No. 027; 30-015-00951; D-25-18S-27E
•Artesia Metex Unit No. 029; 30-015-01194; B-25-18S-27E
•Artesia Metex Unit No. 031; 30-015-02139; I-30-18S-28E
•Artesia Metex Unit No. 032; 30-015-02140; C-30-18S-28E
•Artesia Metex Unit No. 035; 30-015-00983; H-26-18S-27E
•Artesia Metex Unit No. 036; 30-015-00952; E-25-18S-27E
•Artesia Metex Unit No. 039; 30-015-00948; G-25-18S-27E
•Artesia Metex Unit No. 040; 30-015-00954; H-25-18S-27E
•Artesia Metex Unit No. 041; 30-015-02136; 2-30-18S-28E
•Artesia Metex Unit No. 042; 30-015-02138; F-30-18S-28E
•Artesia Metex Unit No. 044; 30-015-01190; I-26-18S-27E
•Artesia Metex Unit No. 045; 30-015-00959; L-25-18S-27E
•Artesia Metex Unit No. 049; 30-015-02141; K-30-18S-28E
•Artesia Metex Unit No. 051;

•Artesia Metex Unit No. 054; 30-015-00956; O-25-18S-27E
•Artesia Metex Unit No. 056; 30-015-00987; A-35-18S-27E
•Artesia Metex Unit No. 058; 30-015-00991; C-36-18S-27E
The Artesia Metex Unit No. 027, Artesia Metex Unit No. 036, and Artesia Metex Unit No. 058, are located approximately 8 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 005 and Artesia Metex Unit No. 006 are located approximately 9 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 016, Artesia Metex Unit No. 026, Artesia Metex Unit No. 029, Artesia Metex Unit No. 035, Artesia Metex Unit No. 045, Artesia Metex Unit No. 052, and Artesia Metex Unit No. 058, are located approximately 10 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 040 is located approximately 11 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 020, Artesia Metex Unit No. 032, Artesia Metex Unit No. 039, Artesia Metex Unit No. 042, Artesia Metex Unit No. 044, Artesia Metex Unit No. 051, and Artesia Metex Unit No. 054, are located approximately 12 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 011, Artesia Metex Unit No. 012, Artesia Metex Unit No. 013, Artesia Metex Unit No. 014, Artesia Metex Unit No. 017, Artesia Metex Unit No. 031, and Artesia Metex Unit No. 041, are located approximately 13 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 022, Artesia Metex Unit No. 023, and Artesia Metex Unit No. 049, are located approximately 14 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 008 and Artesia Metex Unit No. 024 are located approximately 16 miles southeast of Artesia, in Eddy County, New Mexico.

CASE 14079: Application of the New Mexico Oil Conservation Division for a Compliance Order against America Energy Resources, LLC. Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC as to two wells; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; and assessing penalties. The affected wells are:
•East Shugart Unit No. 015; API No. 30-015-05687; F-34-18S-31E
•East Shugart Unit No. 042; API No. 30-015-27670; A-34-18S-31E

The East Shugart Unit No. 015 well is located approximately 9 miles southwest of Maljamar, in Eddy County, New Mexico.
The East Shugart Unit No. 042 well is located approximately 7 miles southwest of Maljamar, in Eddy County, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 11th day of January, 2008.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Mark E. Fesmire, P. E.
Division Director
S. E. A. L.
Published in the Artesia Daily Press, Artesia, N.M. January 15, 2008.