

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.

### Affidavit of Dorothy Phillips

Dorothy Phillips, being first duly sworn on oath, states as follows:

3. I researched OCD's financial assurance records to determine if financial assurance documents were filed for the wells at issue in the above-captioned case:

- 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

***Jackie Brewer D/B/A  
Sandlott Energy  
Case 14074  
OCD Exhibit No. 2***

- 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

4. ONGARD (oil and natural gas administration and revenue data base) maintains data on the financial assurances posted by operators. Exhibit A to this affidavit consists of a printout of the ONGARD screen showing that Sandlott Energy d/b/a Jackie Brewer has posted the following financial assurance pursuant to NMSA 1978, Section 70-2-14:

- A \$50,000 blanket plugging bond.

5. Exhibit B to this affidavit is a copy of the \$50,000 blanket plugging bond.

FURTHER AFFIANT SAYETH NOT.

  
Dorothy Phillips

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

  
Notary Public

My Commission Expires:

March 24, 2010

CMD :  
OG6CBBD

ONGARD  
CAPTURE BLANKET BONDS

03/19/08 08:55:10  
OGODLP -TPWJ

OGRID Identifier : 154329 Bond Idn : 248170 Bond Status : A  
Operator Name, Address : SANDLOTT ENERGY (JACKIE BREWER DBA)  
PO BOX 711  
LOVINGTON, NM 88260

Bond Details- Type (Cash/Surety - C/S): S Bond Co Idn: 12 Amount: 50000.00  
Company OGRID Identifier: 26015  
Company Name, Address : UNDERWRITERS INDEMNITY CO  
8 GREENWAY PLAZA  
SUITE 400

Limited as to future Liability (Y/N) : N If Limited, End Date :

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999

Issuer Bond No : B05910

E0005: Enter data to modify or PF keys to scroll

|           |      |            |              |      |              |
|-----------|------|------------|--------------|------|--------------|
| PF01 HELP | PF02 | PF03 EXIT  | PF04 GoTo    | PF05 | PF06 CONFIRM |
| PF07      | PF08 | PF09 PRINT | PF10 NXTBOND | PF11 | PF12         |

**Jackie Brewer D/B/A**  
**Sandlott Energy**  
**Case 14074**  
**OCD Exhibit No. 2-A**

STATE OF NEW MEXICO

\$50,000 BLANKET PLUGGING BOND

BOND NO. B05910

File with Oil Conservation Division, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Jackie Brewer dba Sandlott Energy, (An individual) (a ~~partnership~~ ~~or~~ corporation organized in the State of New Mexico, with its principal office in the city of Lovington, State of New Mexico, and authorized to do business in the State of New Mexico), as PRINCIPAL, and Underwriters Indemnity Company, a corporation organized and existing under the laws of the State of Texas, and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of New Mexico pursuant to Section 70-2-12, New Mexico Statutes Annotated, 1978 Compilation, as amended, in the sum of Fifty Thousand Dollars (\$50,000) lawful money of the United States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO<sub>2</sub>) gas leases, or helium gas leases or brine mineral leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO<sub>2</sub>) gas leases, or helium gas leases or brine mineral leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of wells to prospect for and produce oil or gas, or carbon dioxide (CO<sub>2</sub>) gas or helium gas, or does own or may acquire, own or operate such well, or such wells started by others on land embraced in said State oil and gas leases or brine minerals, or carbon dioxide (CO<sub>2</sub>) gas leases, or helium gas leases or brine mineral leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being expressly waived by both principal and surety hereto.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug all of said wells when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Division of New Mexico in such way as to confine the oil, gas, brine and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Division of New Mexico of written notice of cancellation from the surety, the obligation of the surety hereunder shall terminate as to property or wells acquired, drilled, or started after said thirty (30) day period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore acquired, drilled or started.

**Jackie Brewer D/B/A  
Sandlott Energy  
Case 14074  
OCD Exhibit No. 2-B**

Jackie Brewer dba Sandlott Energy

PRINCIPAL  
P.O. Box 711  
Lovington, NM 88260

Address

By

Signature

Title

(Note: Principal, if corporation, affix corporate seal here.)

Underwriters Indemnity Company

SURETY  
8 Greenway Plaza, Suite 400  
Houston, Texas 77046

Address

Roy C. Die, Attorney-In-Fact

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 21<sup>st</sup> day of May, 1996, before me personally appeared Jackie Bee Brewer, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Rita Espino  
Notary Public

08-30-97  
My Commission Expires

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known who, being by me duly sworn, did say that he is \_\_\_\_\_ of \_\_\_\_\_ and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
My Commission Expires

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF Texas )  
COUNTY OF Harris ) ss.

On this 7th day of May, 1996, before me appeared Roy C. Die, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of Underwriters Indemnity Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

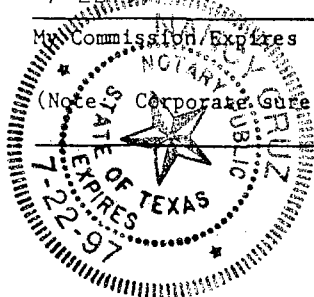
IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Nancy Cruz  
Notary Public

7-22-97

My Commission Expires

(Note: Corporate surety attach power of attorney.)



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By: \_\_\_\_\_

Date: \_\_\_\_\_

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

**ROY C. DIE**

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

\*\*\*\*\***FIFTY THOUSAND AND NO/100**\*\*\*\*\*

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY COMPANY** as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be cerified to and may be revoked, pursuant to and by authority of Article V, Section 6(C) of the By-Laws adopted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**, at a meeting called and held on the 23rd day of January 1985, of which the following is a true transcript of said Section 6(C):

"The President or any Vice President, Assistant Vice President, Secretary or Resident Secretary shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
- (2) to appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-laws of the Company, and
- (3) to remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given to him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 23rd day of January, 1985, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the third day of September, 1991.



*E.H. Frank III*

President

STATE OF TEXAS

COUNTY OF HARRIS

On this the 2nd day of June, 1995, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written.



*Mary Williams*

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 7th day of May, 19 96



*Greg E. Chilson*  
Greg E. Chilson

Assistant Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

**ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.**