

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

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.

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CASE NO. 14074

JACKIE BREWER, D/B/A SANDLOTT ENERGY'S
PREHEARING STATEMENT

Pursuant to 19.15.14.1211(B) NMAC, Jackie Brewer, d/b/a Sandlott Energy ("Brewer"), submits his Prehearing Statement.

I. Parties

A. Oil Conservation Division

The Oil Conservation Division ("the Division"), through its Enforcement and Compliance Manager, filed the application in this case. The Division is represented by Sonny Swazo.

B. Brewer

Brewer is represented by the undersigned counsel, Gary W. Larson of the Santa Fe office of Hinkle, Hensley, Shanor & Martin, LLP.

II. Concise Statement of the Case

In its application, the Division seeks an order: (1) finding Brewer in violation of 19.15.3.116 NMAC for knowingly and intentionally (a) failing to provide notification of

releases from ten (10) wells operated by Brewer and located approximately 8 miles southwest of Loco Hills in Eddy County, and (b) failing to conduct remedial action at the ten (10) well sites; (2) requiring Brewer to inspect the subject well sites for contamination issues and, if contamination is found, file a remediation plan with the Division; (3) ordering Brewer to plug the wells if corrective action is not undertaken by a date certain; (4) authorizing the Division to plug the wells and forfeit Brewer's financial assurance in the event that Brewer does not timely undertake corrective action; and (5) assessing penalties against Brewer for his knowing and willful violation of 19.15.3.116 NMAC.

Brewer opposes the issuance of the order sought by the Division on the grounds that: (1) he did not knowingly and intentionally violate the release reporting requirements in 19.15.3.116 NMAC; (2) he did not knowingly and intentionally fail to conduct remediation at any of the well sites; (3) he has undertaken remedial actions at each of the well sites; (4) there is no legal or factual basis for the Commission to require Brewer to plug the subject wells; and (5) the imposition of a civil penalty is not warranted under the circumstances presented.

III. Brewer's Witness

Brewer will testify regarding the matters addressed in the Division's application. Al Nasser, who recently has conducted assessment work at the ten (10) well sites in conjunction with representations of the Division's District 2 office, may testify about the site assessment work.

IV. Brewer's Case Presentation

Brewer anticipates that it will take approximately one (1) hour to present his case.

V. Hearing Exhibits

Copies of the exhibits that Brewer intends to introduce as exhibits at the hearing are attached hereto.

VI. Unresolved Procedural Matters

On July 24, 2008, Brewer filed a motion to stay Division Order No. R-12961, which was issued in this case on June 16, 2008. The motion for a stay remains pending.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR & MARTIN, LLP

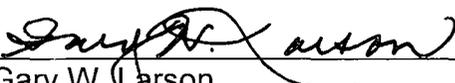


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **Jackie Brewer, d/b/a Sandlott Energy's Prehearing Statement** was emailed and mailed this 7th day of August, 2008, to:

Sonny Swazo, Esq.
Assistant General Counsel
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
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Gary W. Larson