

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

☒ Initial Report

☒ Final Report

| | |
|---|--|
| Name of Company Americo Energy Resources, LLC | Contact Oscar Nosrati |
| Address 7575 San Felipe, #200, Houston, TX 77063 | Telephone No. 713-984-9700 |
| Facility Name State T Battery (near State T #5 well) | Facility Type Production and Water Storage Facility |
| Surface Owner State of New Mexico | Mineral Owner State of New Mexico |
| Lease No. B-9774 | |

LOCATION OF RELEASE (State T #5 Well Location)

| | | | | | | | | |
|-------------------------|---------------------|------------------------|---------------------|------------------------------|----------------------------------|------------------------------|-------------------------------|----------------------|
| Unit Letter K | Section 2 | Township 15S | Range 37E | Feet from the 2115 | North/South Line South | Feet from the 2046 | East/West Line West | County Lea |
|-------------------------|---------------------|------------------------|---------------------|------------------------------|----------------------------------|------------------------------|-------------------------------|----------------------|

Latitude _____ Longitude _____

NATURE OF RELEASE

| | | |
|--|--|--|
| Type of Release: Oil and produced water | Volume of Release 20 BO/30 BW | Volume Recovered 19BO & 29 BW |
| Source of Release: Fire tube at heater/treater | Date and Hour of Occurrence 9/10/06 -evening | Date and Hour of Discovery 9/11/06 evening |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Unknown person at OCD | |
| By Whom? Joe Whitman | Date and Hour: 9/11/06 evening | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | |

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

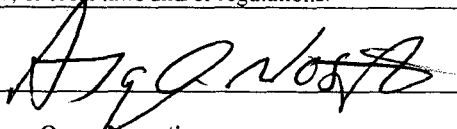
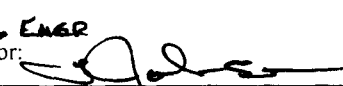
Leak occurred in the fire-tube at the heater/treater, releasing oil and produced saltwater. All of the release was contained within the facility firewall and was floating on one to two inches of rainwater that was also retained by the firewall during recent rains.

Production was re-routed through alternate heater/treater and fire-tube was repaired.

Describe Area Affected and Cleanup Action Taken.*

Area affected lies within the confines of the firewall around tank battery facility. Vacuum truck was contracted to remove oil, saltwater and most of rainwater. Remaining affected soil was mixed and tilled.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

| | | |
|--|--|-----------------------------------|
| Signature:  | OIL CONSERVATION DIVISION | |
| Printed Name: Oscar Nosrati | Approved by District Supervisor:  | |
| Title: Vice-President, Operations | Approval Date: 10-25-06 | Expiration Date: _____ |
| E-mail Address: oscar.nosrati@americoenergy.com | Conditions of Approval: _____ | Attached <input type="checkbox"/> |
| Date: _____ | Phone: 713-884-9700 | |

Attach Additional Sheets If Necessary

facility - PAC06317477800
incident - PAC0631747800

application - PAC0631748725 RP# 1117