

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, Ste 200, Houston, TX 77063	Telephone No.	713-984-9700
Facility Name	East Shugart Unit Well #75 <i>30-015-28204</i>	Facility Type	Injection Well
Surface Owner	BLM	Mineral Owner	BLM
		Lease No.	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	35	18S	31E	2,560	South	1,350	West	Eddy

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	Produced water with slight oil cut	Volume of Release	350 bbls.	Volume Recovered	200 bbls
Source of Release	Blown 'Y' strainer valve near injection wellhead	Date and Hour of Occurrence	12/14/2007 2:00 am	Date and Hour of Discovery	12/14/2007 12 noon
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Mike Bratcher		
By Whom?	Larry Wood	Date and Hour	12/14/2007 3:00 pm		
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.*

The drain/bleed valve and its nipple blew off the injection line 'Y' strainer. The valve and nipple have been replaced.

Describe Area Affected and Cleanup Action Taken.*

An approximate area of 75' by 400' was affected by the release. A vacuum truck was brought onsite to remove recoverable liquids. Soil will be cleaned 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.

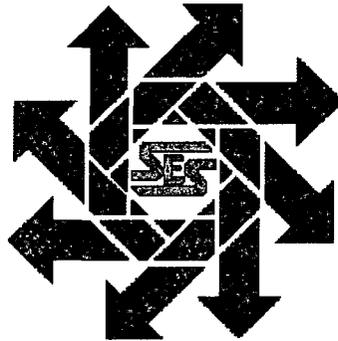
Signature:	OIL CONSERVATION DIVISION		
Printed Name: Jerri Lee	Approved by District Supervisor:	<i>TEunby JB</i>	
Title: Consultant	Approval Date: <i>08-08-08</i>	Expiration Date: <i>N/A</i>	
E-mail Address: office@sesi-nm.com	Conditions of Approval:	<i>N/A</i>	
Date: August 6, 2008 Phone: 575-397-0510	Attached <input type="checkbox"/>		<i>N/A</i>

* Attach Additional Sheets If Necessary

2RP-147

**Americo Energy Resources
East Shugart Unit #75
Closure Report
Unit A, Section 35, Township 18S, Range 31E
Eddy County, New Mexico**

August 6, 2008



Prepared for:

**Americo Energy Resources
7575 San Felipe, Ste 200
Houston, TX 77063**

By:

***Safety & Environmental Solutions, Inc.
703 E. Clinton
Hobbs, New Mexico 88240
(575) 397-0510***

2AP-147

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I. Company Contacts

NAME	Company	Telephone	E-mail
Oscar Nosrati	Americo Energy	713-984-9700	Oscar.nosrati@americoenergy.com
Brian Cuellar	SESI	505-390-7066	bcuellar@sesi-nm.com

II. Background

Safety and Environmental Solutions, Inc. (SESI) was engaged by Americo Energy Resources to perform cleanup services at the East Shugart Unit #75 spill site. This is an injection well located in Unit A, Section 35, Township 18S, range 31E. On December 14, 2007 the strainer valve near the wellhead failed causing a release of approximately 350 barrels of produced water. A vacuum truck was utilized to recover 200 barrels of fluid.

III. Surface and Ground Water

The closest groundwater of record is in Section 34 of the same Range and Township. The depth of water in this well was 261' in March of 1994.

IV. Work Performed

On June 2, 2008 SESI began remediation of the contaminated areas according to the approved workplan dated February 25, 2008. The entire spill area was excavated to a depth of 4'. Approximately 4,160 cubic yards of soil were transported to Lea Land, an NMOCD approved facility, for disposal. The bottom of the excavation was then lined with a 20-mil impervious liner to prevent and further migration of contamination left in place. The entire area was then backfilled using like soils and contoured to grade. Windrows were also installed to help with re-vegetation and the area was reseeded.

V. Closure Plan

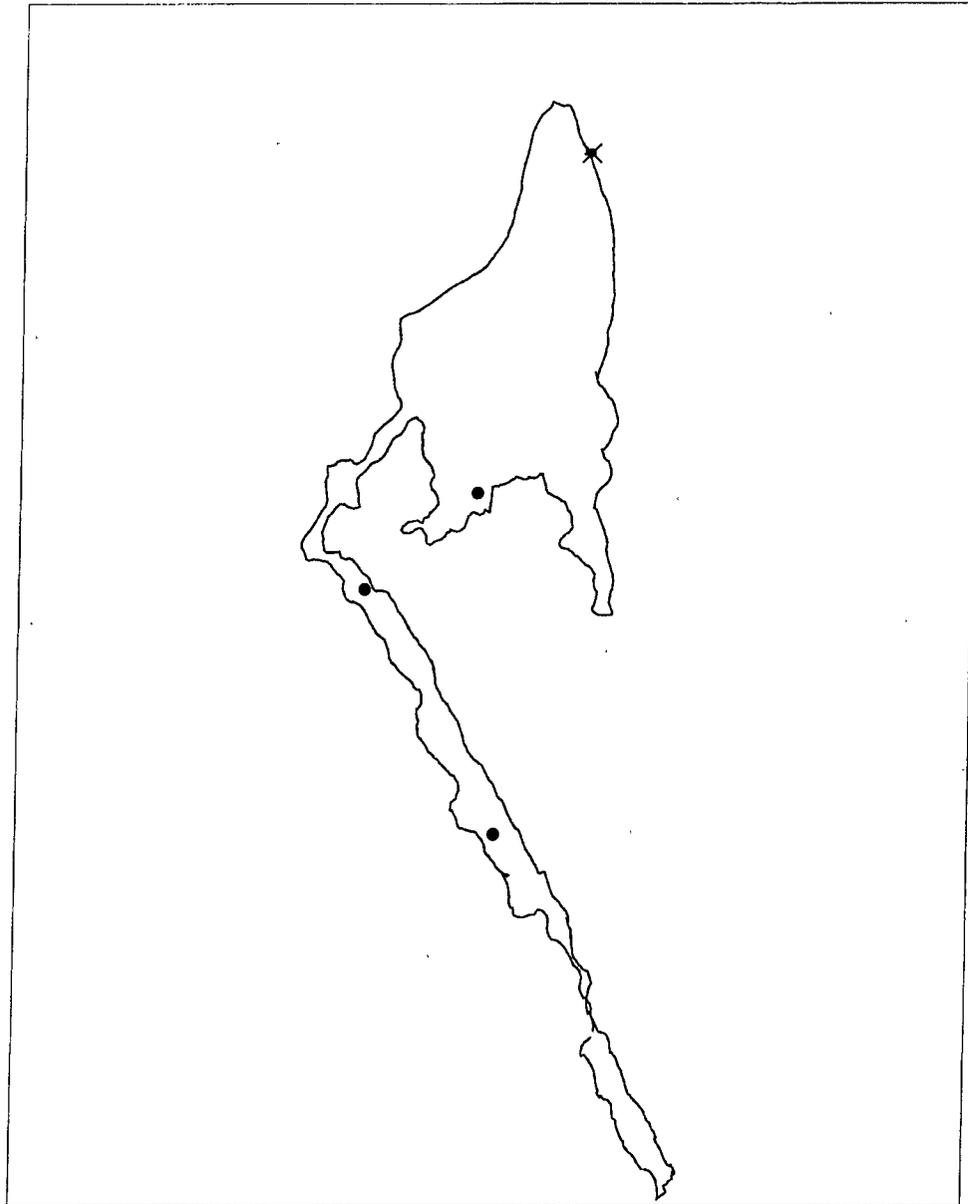
It is requested that the spill report will be closed with no further remediation required.

VI. Figures & Appendices

- Figure 1 – Vicinity Map
- Figure 2 – Site Plan
- Appendix A – C-141
- Appendix B – Site Photos

Figure 1
Vicinity Map

Figure 2
Site Plan



Americo East Shugart #75

Lat/Long
WGS 1984



Scale 1:1,500
0 175.0

Feet

Site Plan.ssf
1/30/2008
GPS Pathfinder[®]Office


Appendix A
C-141

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30-015-28204

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Signature: <i>Jeffrey Alan Keese</i>	OIL CONSERVATION DIVISION	
Printed Name: Jeffrey Alan Keese	Approved by District Supervisor: <i>[Signature]</i>	
Title: Senior Engineer	Approval Date: JAN 07 2008	Expiration Date:
E-mail Address: alan.keese@americoenrgy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 12/21/2007	Phone: 713-984-9700	

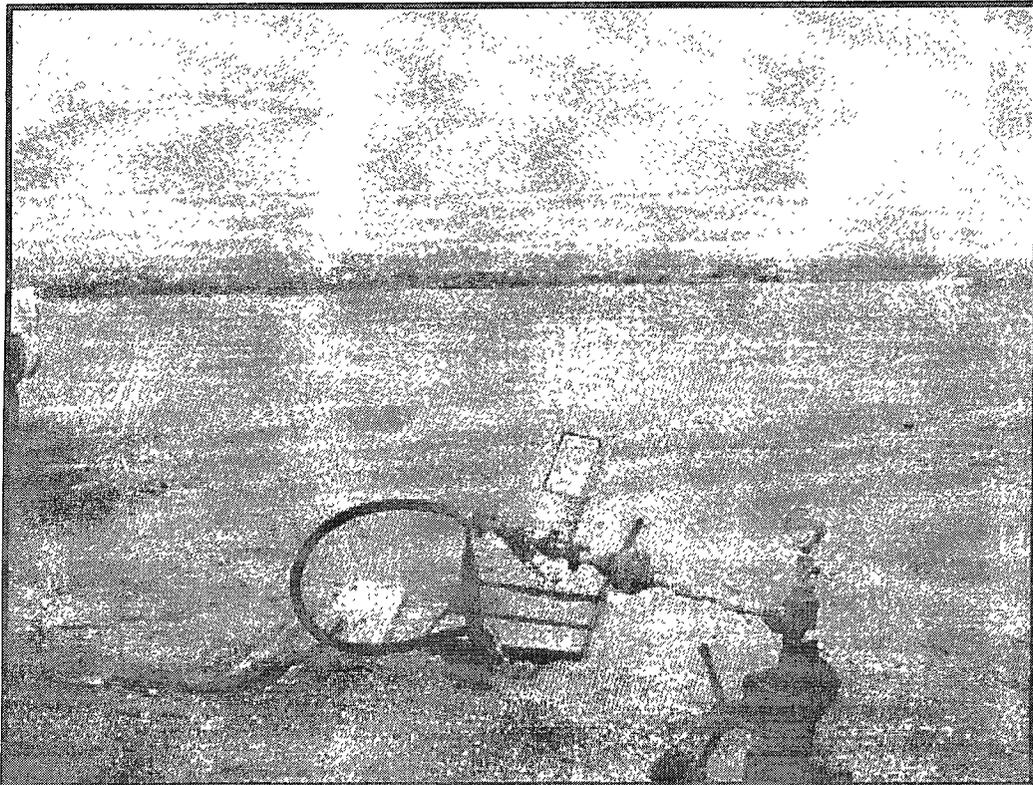
* Attach Additional Sheets If Necessary

Appendix B

Site Photos



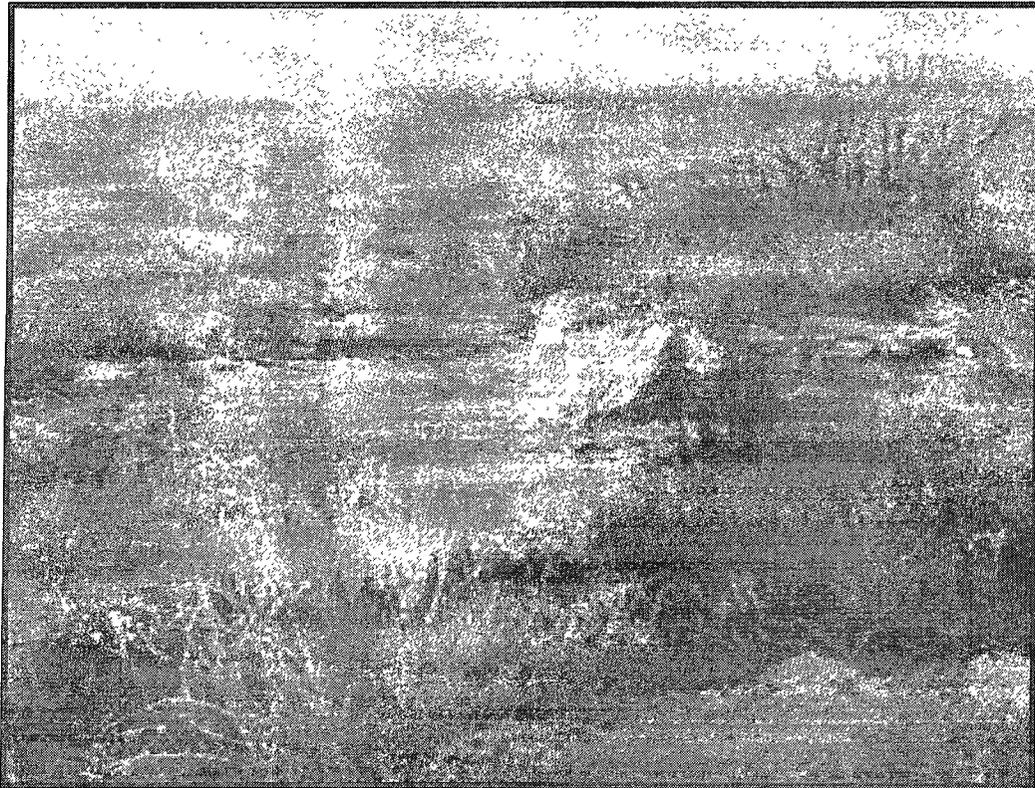
Well sign



Injector well facing South



Well pad facing Southeast



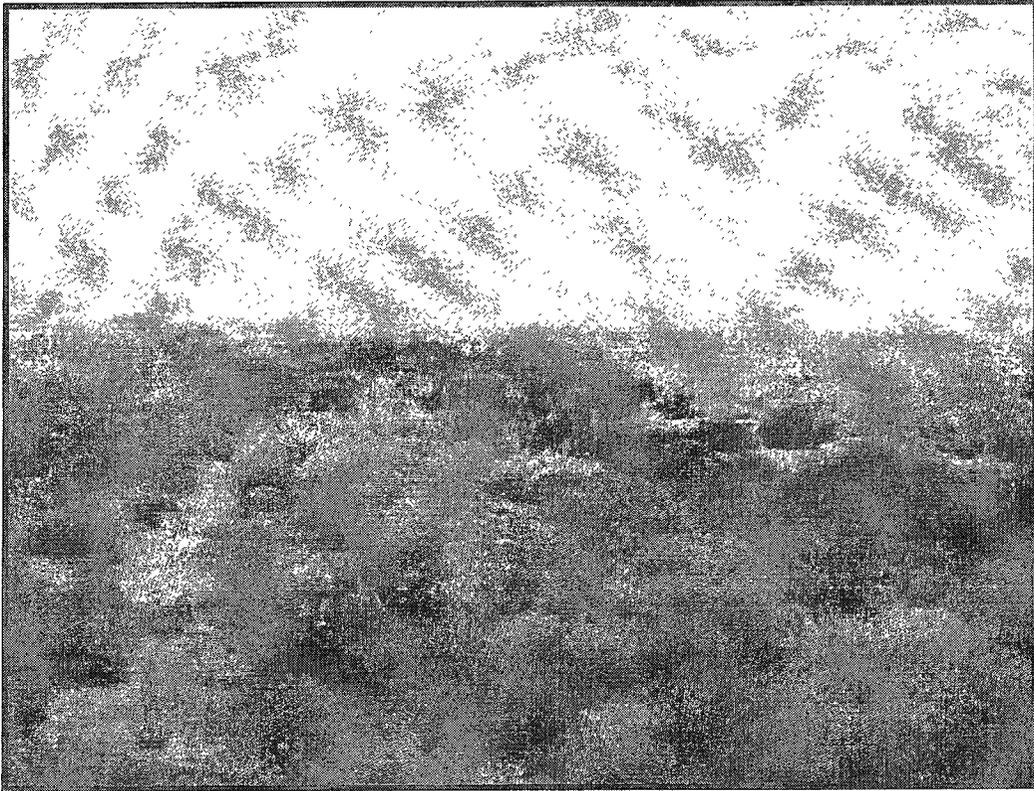
Area 1 facing East



Area 1 facing East



Area 2 facing South



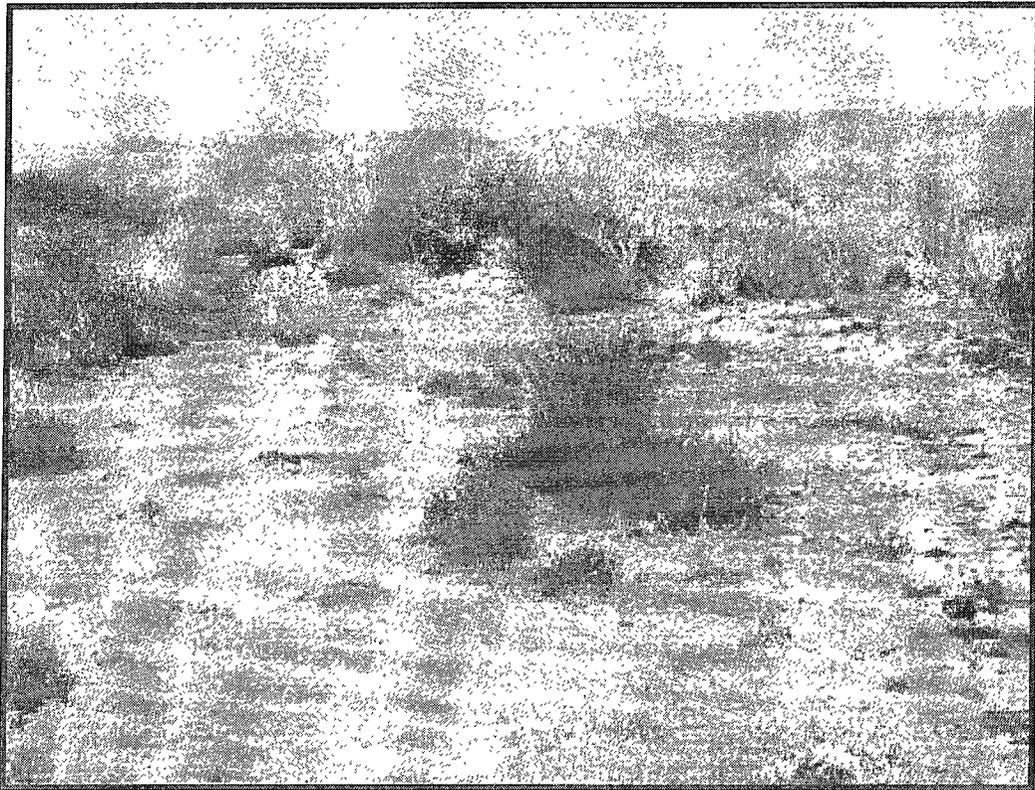
Area 2 facing East



Area 2 facing East



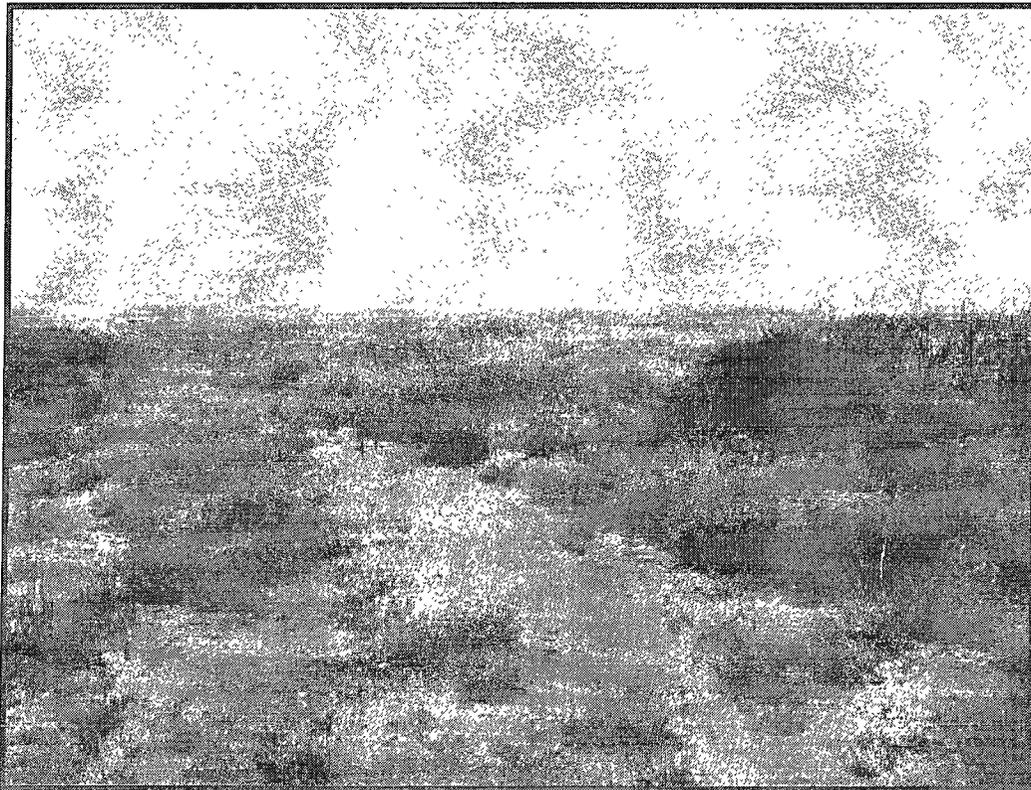
Area 2 facing East



Area 2 facing Southeast



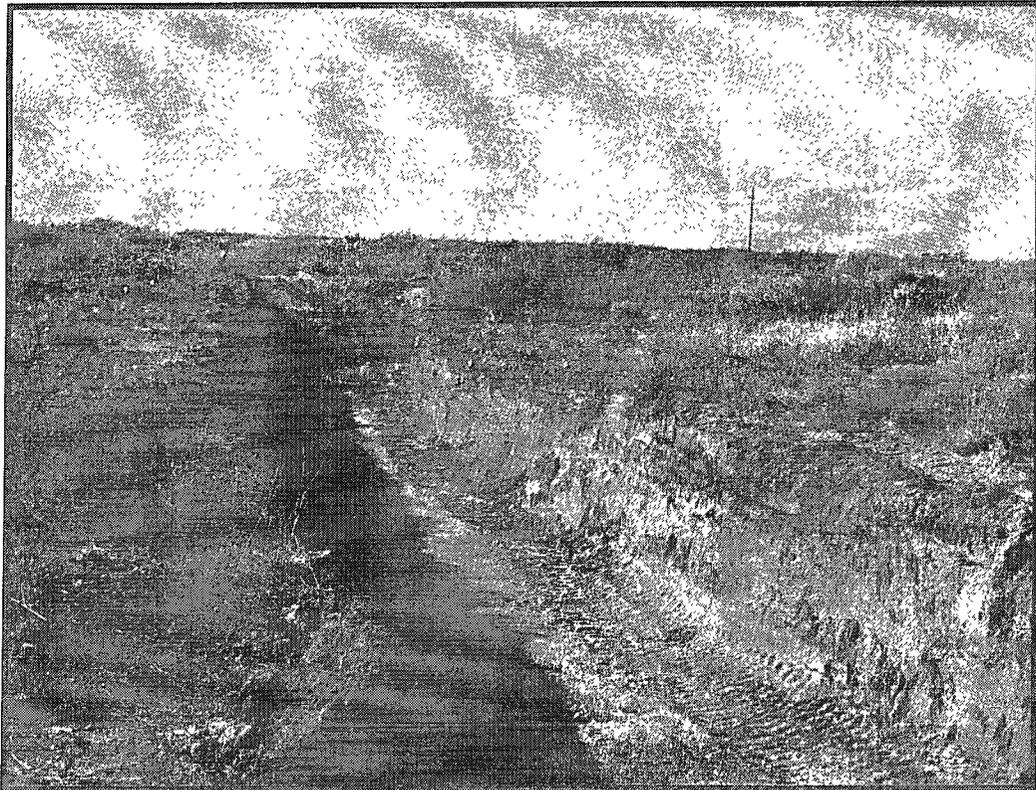
Area 2 facing West



Area 2 facing West



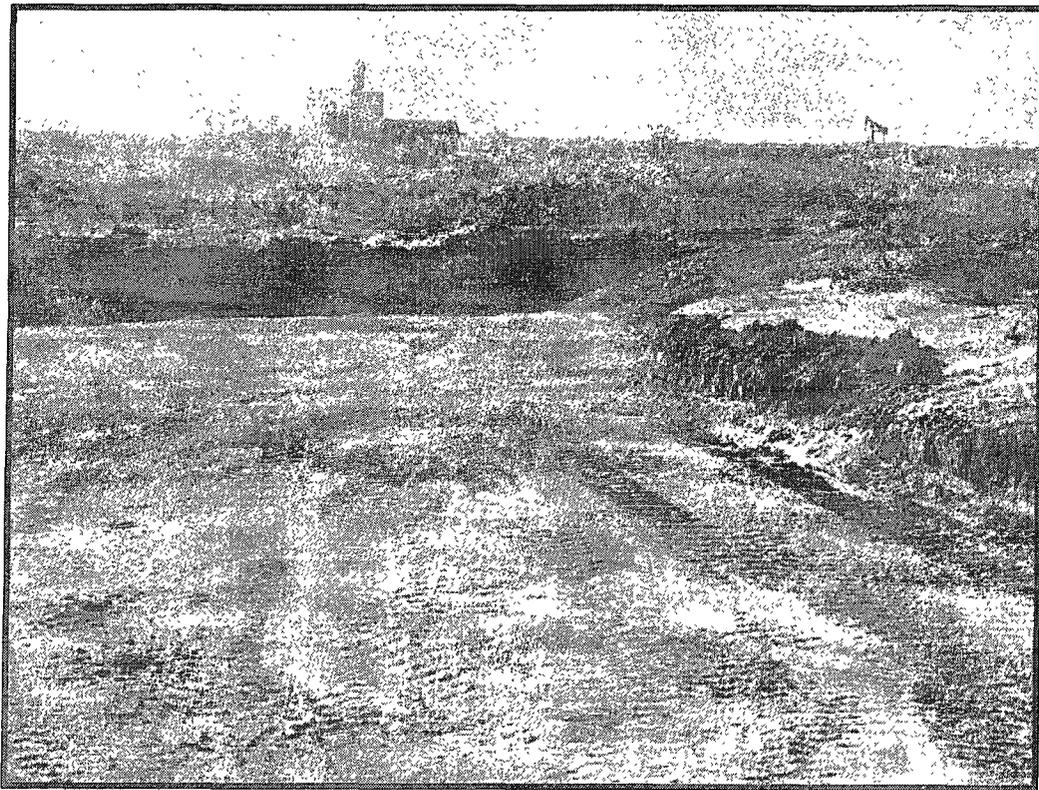
Area 2 excavated facing east



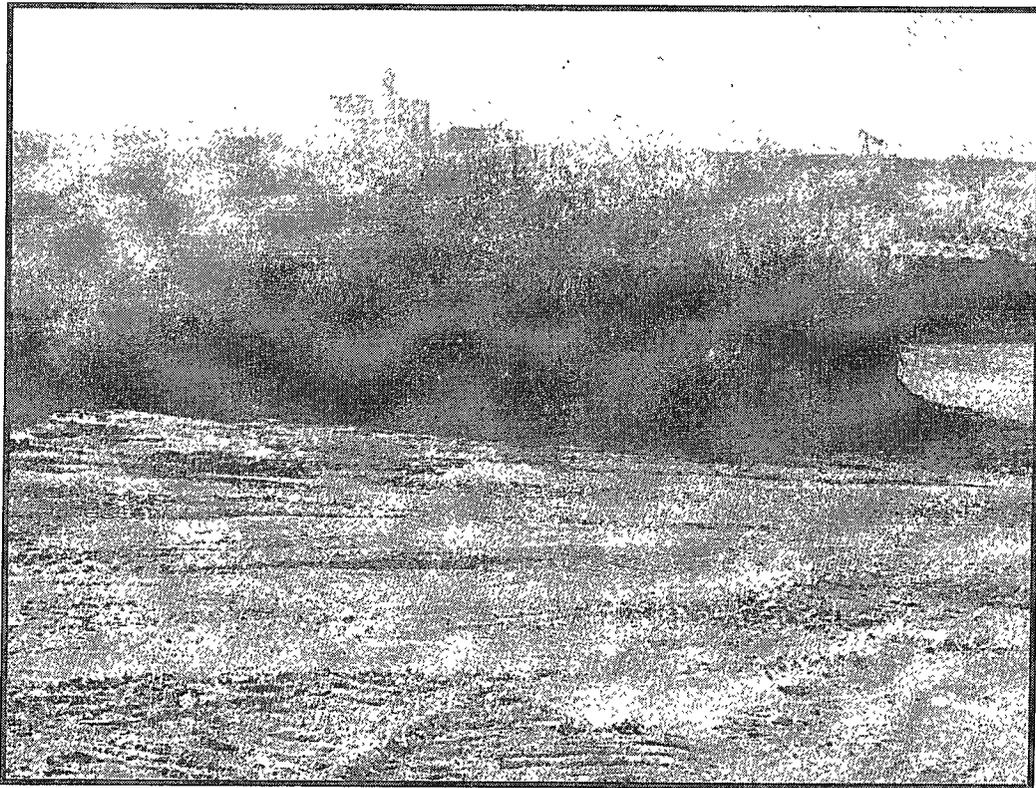
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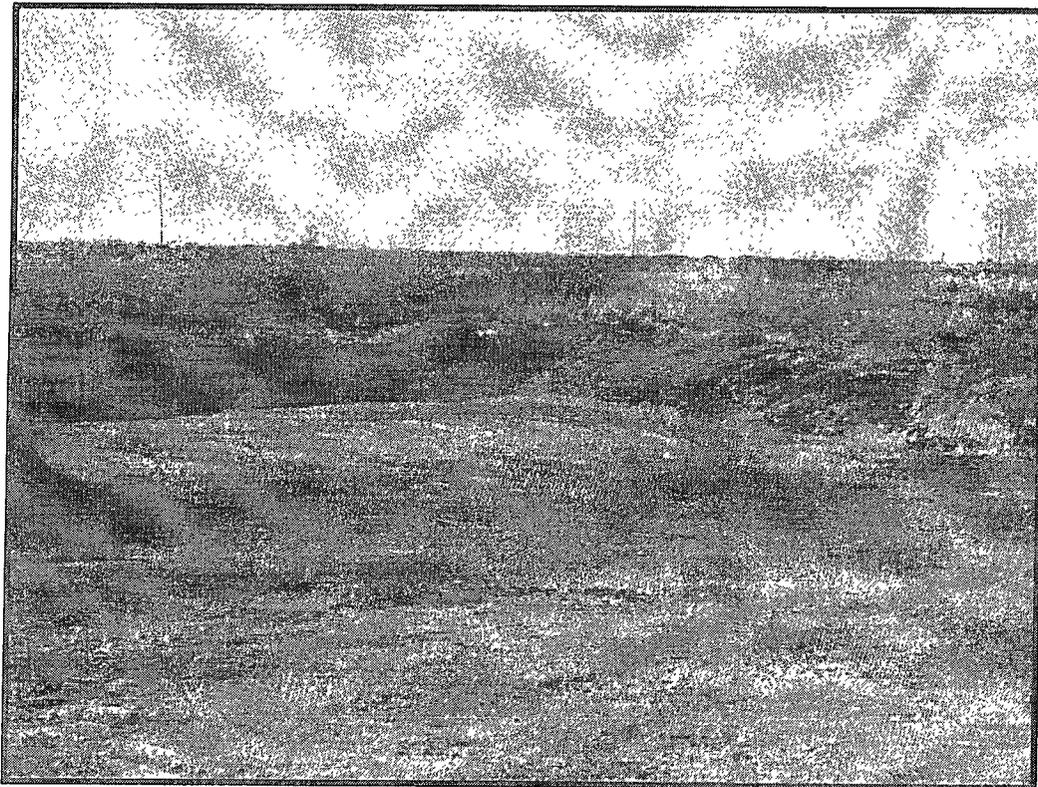
Area 1 excavated facing east



Area 1 excavated facing southeast



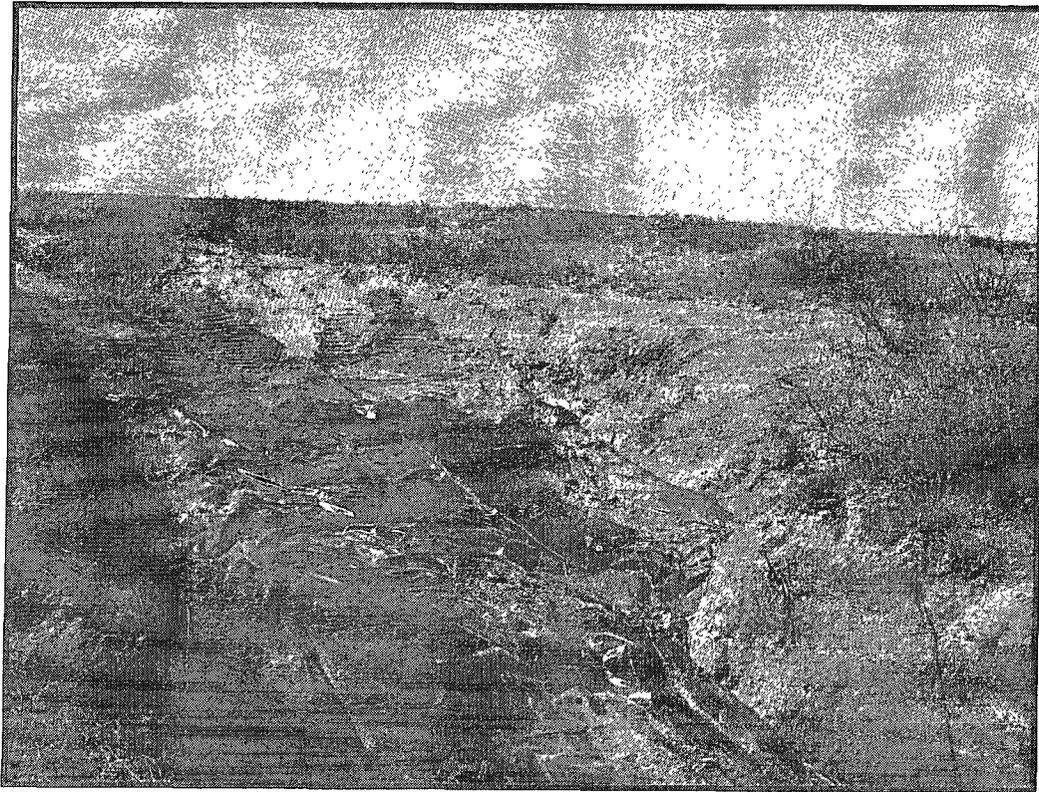
Area 1 excavated facing east



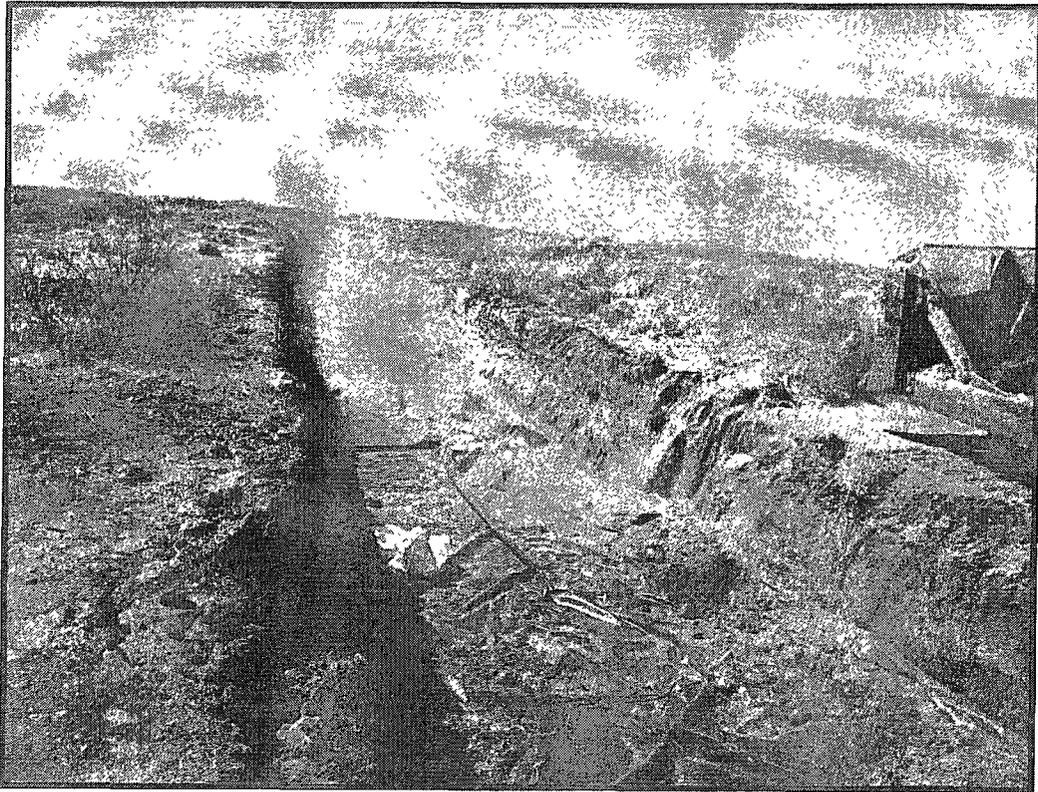
Area 1 excavated facing southeast



Area 2 lined facing west



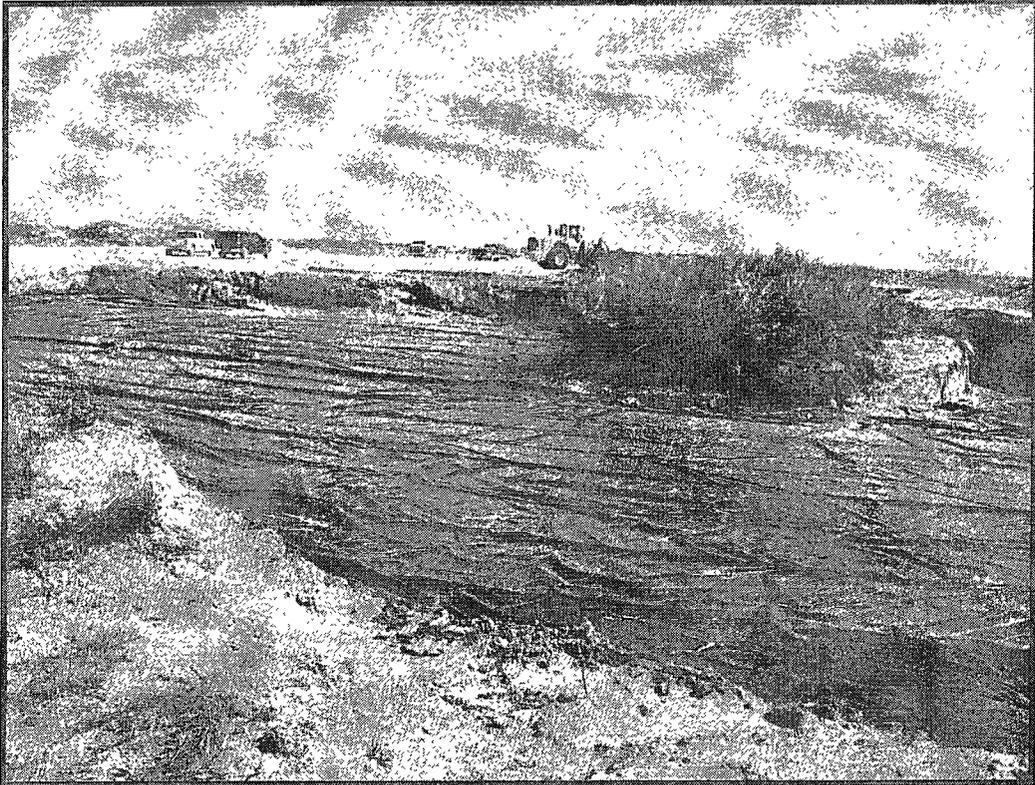
Area 2 lined facing south



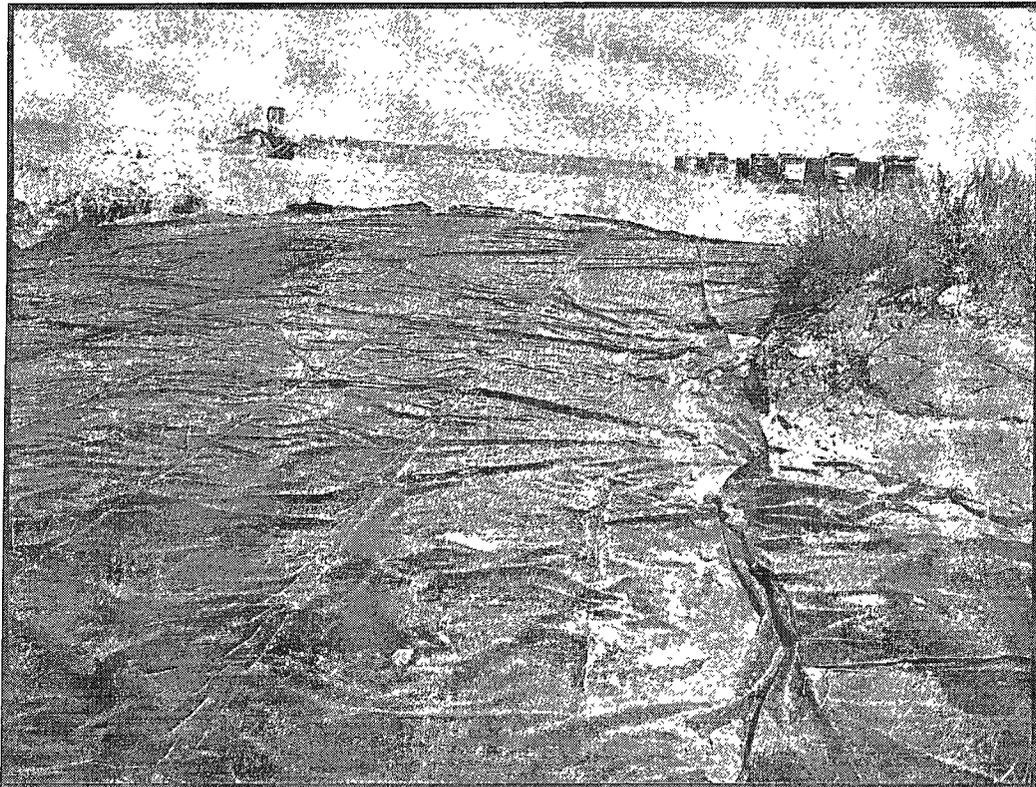
Area 2 lined facing east



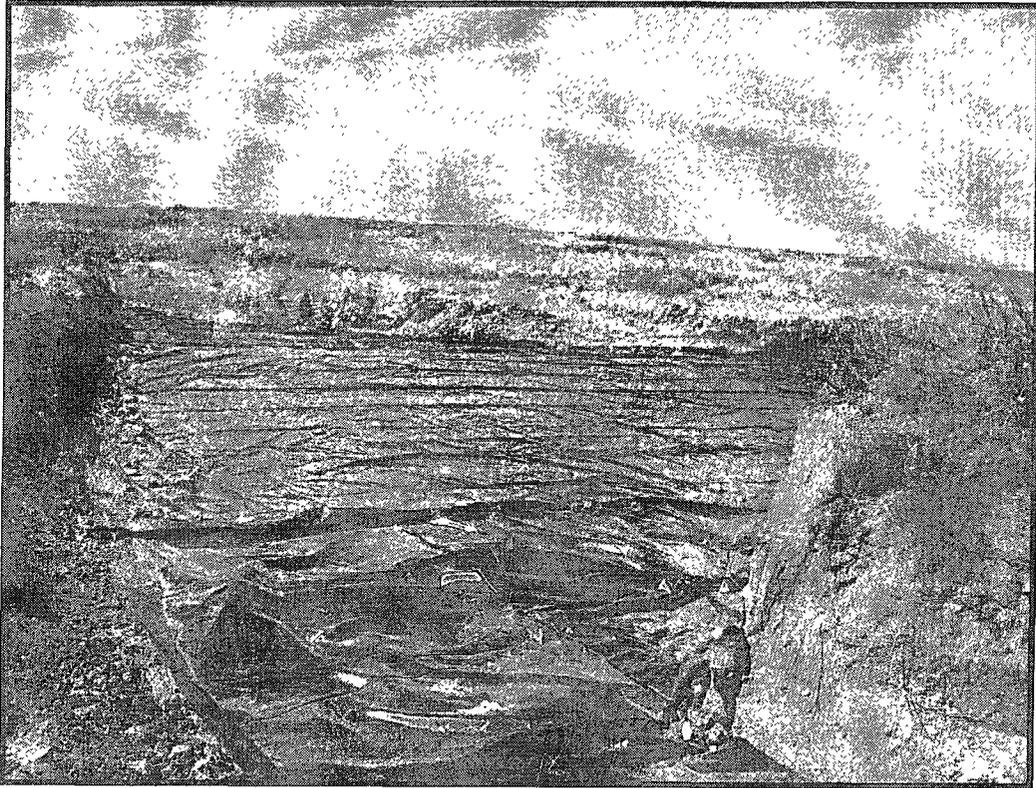
Area 1 lined facing north



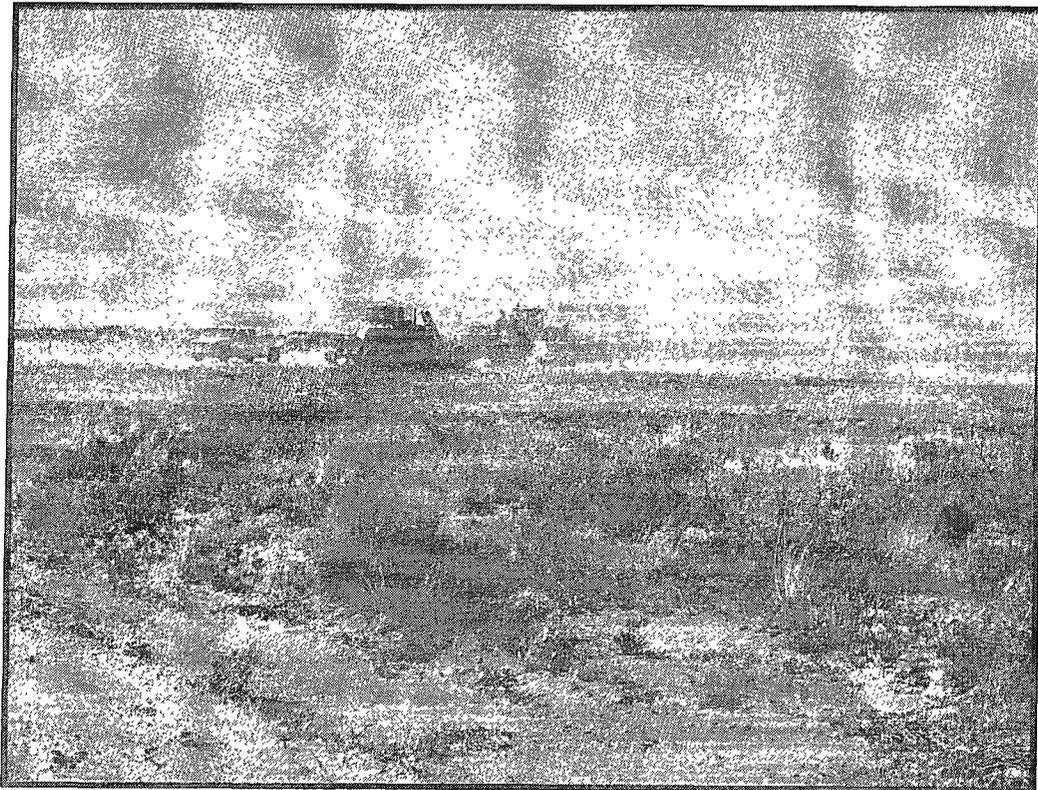
Area 1 lined facing north



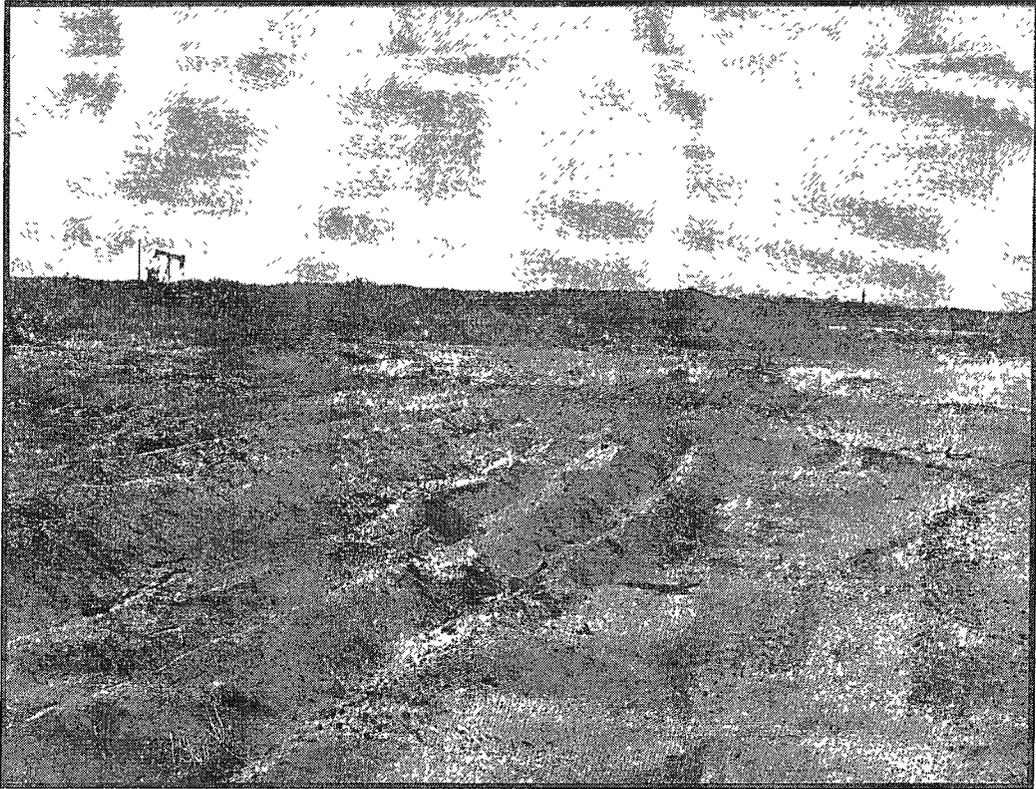
Area 1 lined facing west



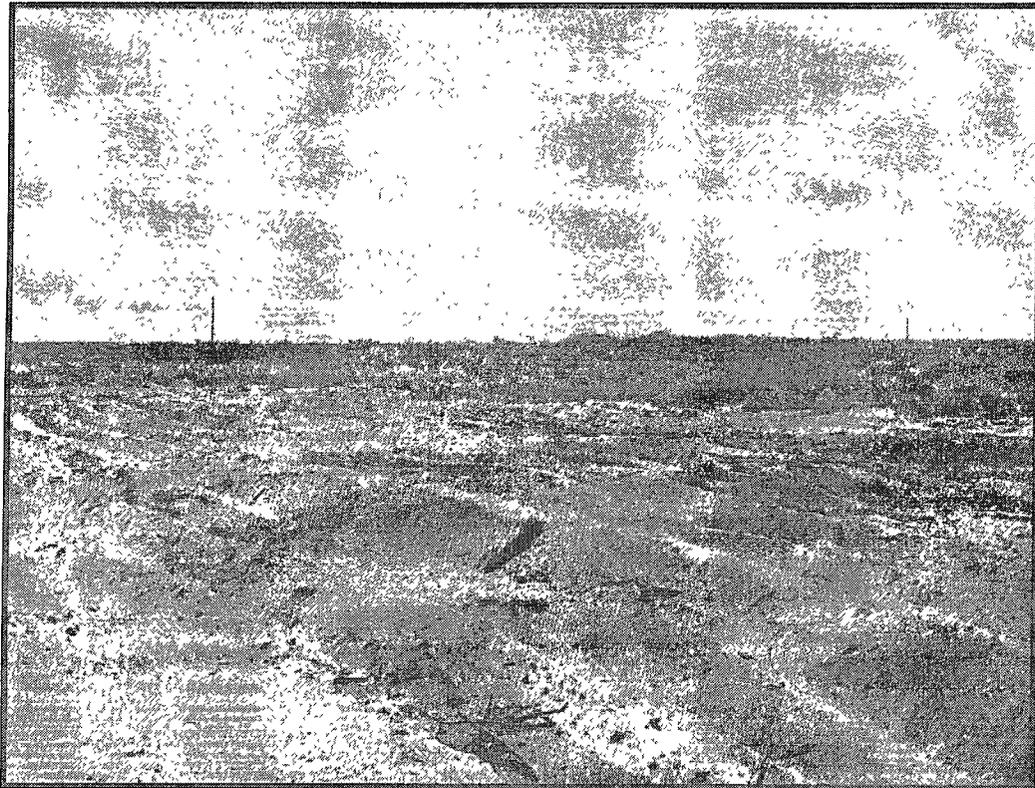
Area 1 lined facing south



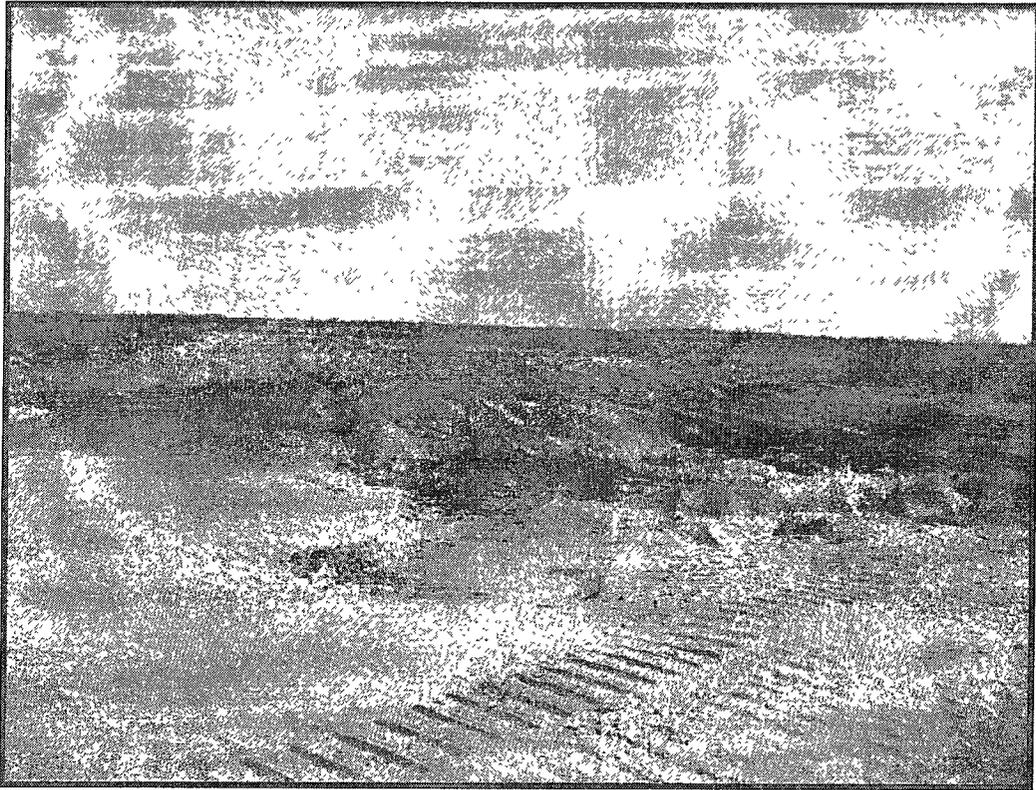
Area 1 backfilled facing north



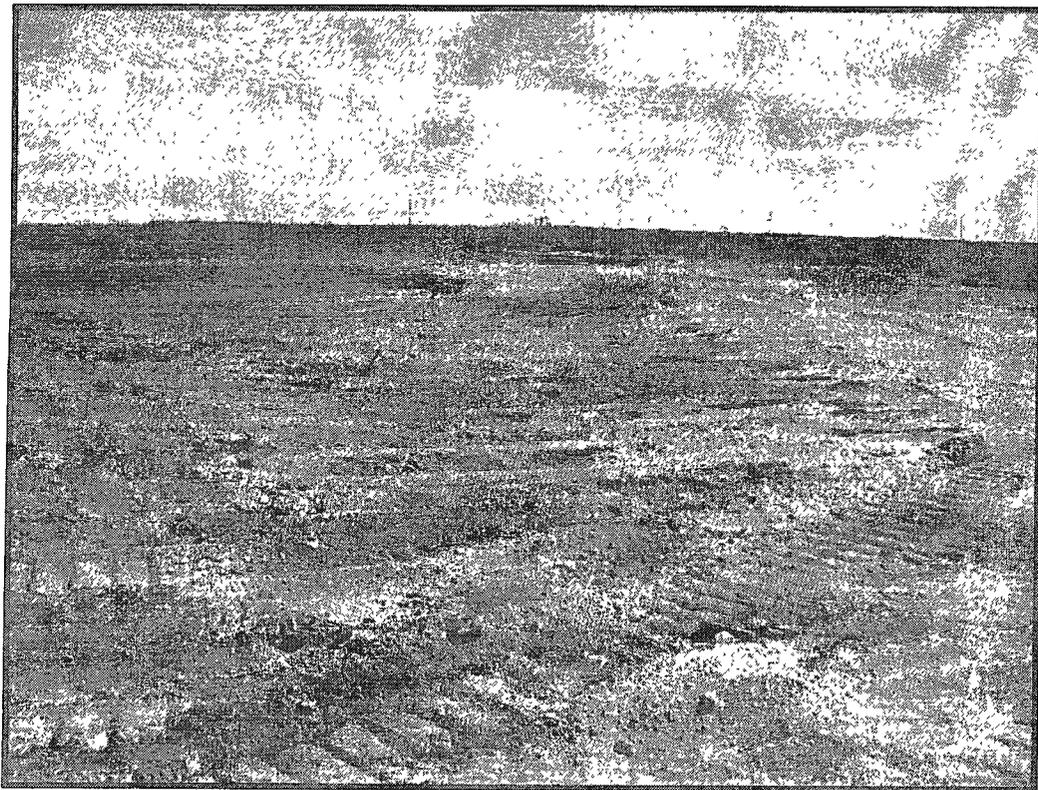
Area 2 backfilled facing west



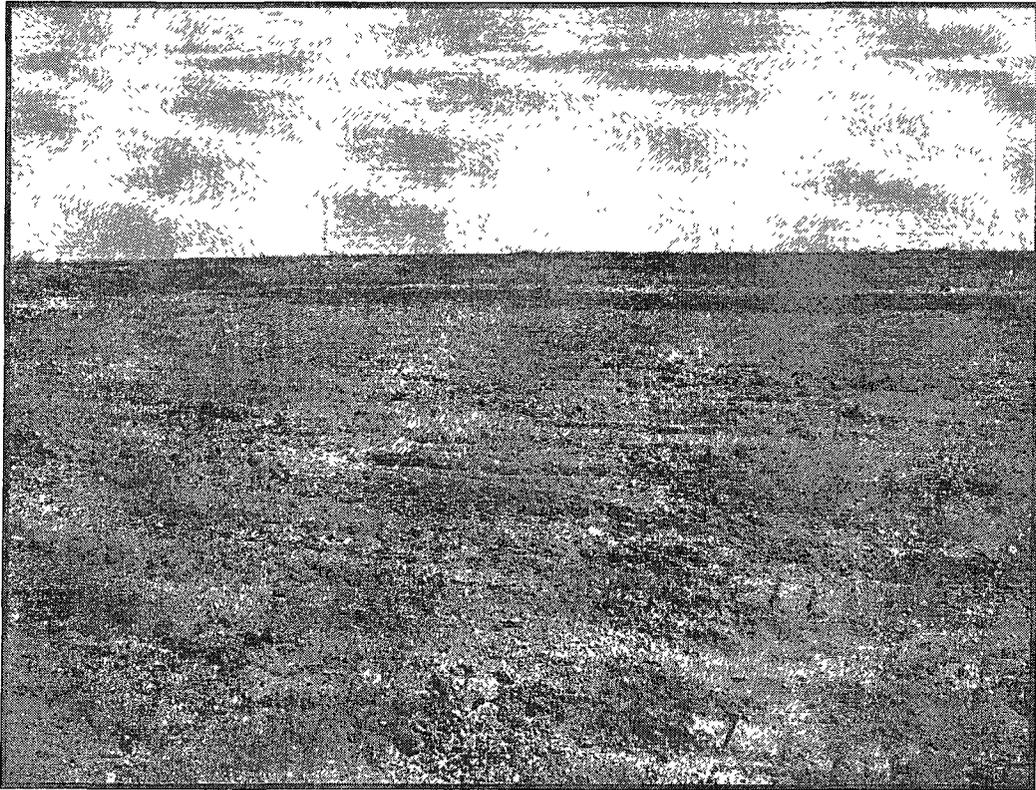
Area 2 backfilled facing east



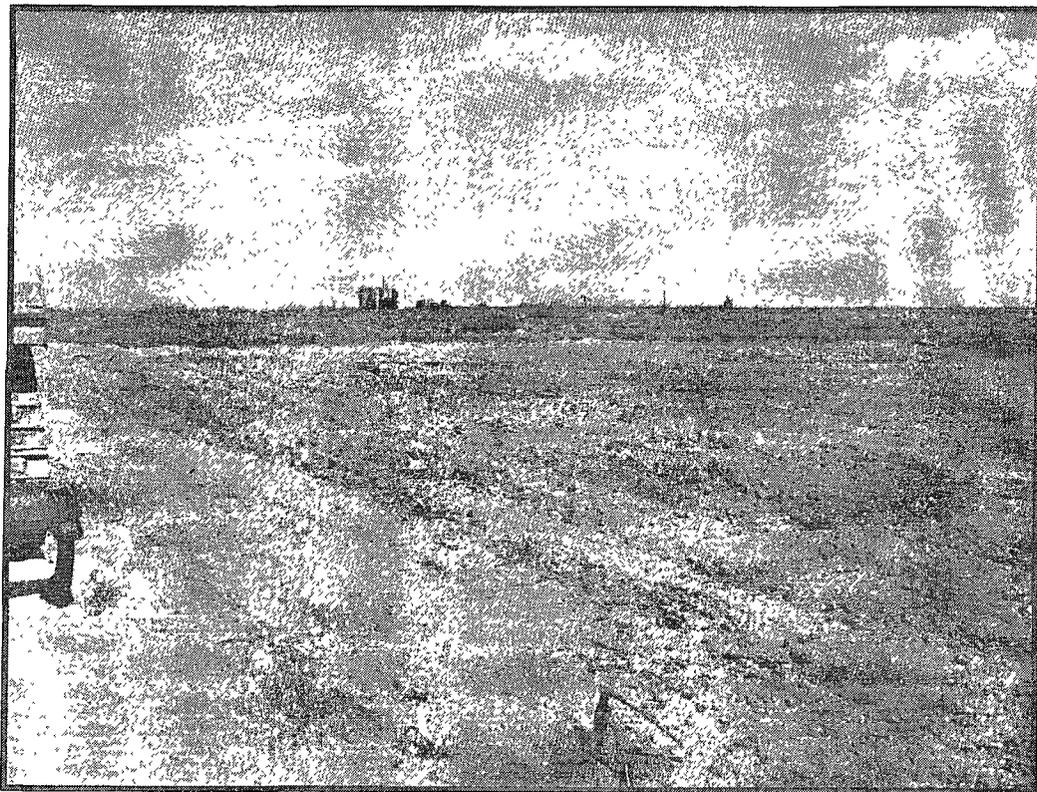
Area 2 backfilled facing east



Area 1 backfilled facing south



Area 1 backfilled facing south



Area 1 backfilled facing southeast