



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 13, 2007

Americo Energy Resources, LLC
7575 San Felipe, #200
Houston, TX 77063

ATTN: Mr. Don Gray

RE: East Shugart Unit #16, API 30-015-05688

Dear Sir:

This office is in receipt of your C-141 on the produced water release, on this facility.

NMOCD Rule 19.15.3.116 states in part ... "The responsible person must complete division approved corrective action for releases which endanger public health or the environment. Releases will be addressed in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC."

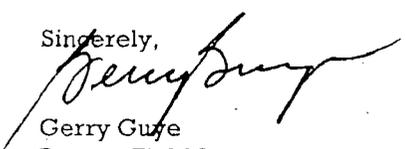
Information and tools for proper corrective action may be found in the Environmental Handbook on our web site www.emnrd.state.nm.us/ocd under the heading publications.

Remediation requirements may be subject to other federal, state and local laws or regulations.

Within 30 days, **on or before August 13, 2007**, completion of remedial activities should be finalized and a final report summarizing all actions taken to mitigate environmental damage related to the leak, spill or release will be provided to OCD for approval.

If I may be of further service or if you have any questions please feel free to contact me.

Sincerely,


Gerry Guye
Deputy Field Inspector
NMOCD District II, Artesia
(505) 748-1283 ext 105
Cell (505) 626-0843
e-mail: gerry.guye@state.nm.us

Americo Energy Resources, LLC

*Case 14079
OCD Exhibit No. 7*