



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 31, 2005

Mr. Oscar Nosrati
Americo Energy Resources LLC
10940 Old Katy Rd., Ste. 100
Houston, TX 77043

Re: Agreed Compliance Order for Inactive Wells

Dear Mr. Nosrati:

Thank you for returning the signed agreed compliance order regarding Americo Energy Resources LLC's inactive wells. Enclosed is a fully executed original of the order. We appreciate Americo Energy Resources LLC's assistance and courtesy in handling this matter.

The Oil Conservation Division began its program of agreed compliance orders on inactive wells to bring the issue of inactive wells in New Mexico to the attention of operators and obtain their cooperation in solving the problem. We hope that the process of entering into these agreed compliance orders on wells that are currently out of compliance will encourage operators to be aware of the status of all their wells, so they can keep other wells from falling out of compliance. That way, we can avoid formal compliance actions on inactive wells in the future.

If you have any questions about the Oil Conservation Division's inactive well program, or if I can help you in any way, please do not hesitate to call. My direct line is (505) 476-3451.

Sincerely,

Gail MacQuesten
Assistant General Counsel
Oil Conservation Division

cc: Chris Williams, OCD District 1
Billy Prichard, OCD District 1
Daniel Sanchez, OCD Compliance Manager

Case 14189
Americo Energy Resources, LLC
OCD Exhibit No. 7