



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

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Joanna Prukop

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Director

Oil Conservation Division

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

January 24, 2007

Reference: East Shugart Unit 072 L-35-18s-31e API: 30-015-28203 Eddy County New Mexico

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a remediation work plan proposal (plan) for remediation of a produced fluids release that occurred at the above referenced well site on or about August 24, 2006. The plan was formulated and submitted to the OCD by your agent, Safety and Environmental Solutions, Inc. The plan proposes to excavate impacted materials and blend with clean materials to achieve an acceptable contaminant level. The blended material will then be utilized to backfill the excavation.

This plan is approved with the following stipulations:

- Notify the OCD 24 hours prior to commencement of remediation activities.
- Notify the OCD 24 hours prior to obtaining samples where analyses of samples obtained are to be submitted to the OCD.
- Laboratory analysis of a representative sample of the blended material is to be provided to the OCD prior to backfilling the excavation.
- Submit a Final Report Form C-141 upon satisfactory completion of project.
- Like approval is required by the Bureau of Land Management (BLM).
- Approval is subject to any stipulations and/or requirements of the BLM.
- Remediation is to be completed no later than March 24, 2007

At this time, an Initial Report Form C-141 has not been received by the OCD. Please submit this form immediately. Please review NMOCD Rule 116 (NMAC 19.15.3.116), which pertains to reporting requirements for produced fluids releases in New Mexico.

Be advised that approval of this plan does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment. In addition, approval of this plan does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

Sincerely,

Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
505-748-1283 Ext. 108
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EC: Oscar Nosrati w/Americo Oil Conservation Division * 1301 W Grand * Artesia, NM 88210
Bob Allen w/SESI Phone: (505) 748-1283 * Fax (505) 748-9720 * <http://www.emnrd.state.nm.us>
Jim Amos w/BLM

Bratcher, Mike, EMNRD

From: Bratcher, Mike, EMNRD
Sent: Wednesday, January 24, 2007 4:16 PM
To: 'oscar.nosrati@americoenergy.com'
Cc: 'ballen@sesi-nm.com'; 'James_Amos@nm.blm.gov'; 'Jerri Lee'
Subject: Americo Energy East Shugart Unit 072

Attachments: AmericoEnergy_ESU_072_accept.doc



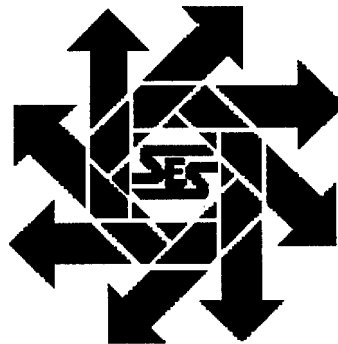
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A signed copy of this document will be available in the well file under the referenced API number.

**Americo Energy
East Shugart #72
Work Plan
Unit L, Section 35, Township 18S, Range 31E
Eddy County, New Mexico**

30-015-28203

November 27, 2006



Prepared for:

**Americo Energy
10940 Old Katy Road
Houston, Texas 77043**

By:

***Safety & Environmental Solutions, Inc.
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I. Company Contacts

Oscar Nosrati	Americo	713-984-9700	oscar.nosrati@americoenergy.com
Bob Allen	SESI	505-397-0510	ballen@sesi-nm.com

II. Purpose

The purpose of this work plan is to propose a plan for the cleanup of the area identified as the East Shugart #72. The site is located in Unit L, Section 35, Township 18S, Range 31E, Eddy County, New Mexico.

III. Background

On August 24, 2006 integrity failure in a 2" injection line caused a release of produced water with some hydrocarbons. Approximately 850 bbl of fluid was released, of which 813 bbs were recovered. The spill area covers approximately 2,740 sq. ft.

IV. Groundwater

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

V. Action Plan

Based on the characterization of the site, the cleanup level reached by the application of the "**Guidelines for Remediation of Leaks, Spills and Releases**" *New Mexico Oil Conservation Division (NMOCD)* – August 13, 1993 (Guidelines) to this site is 5000 parts per million (ppm) Total Petroleum Hydrocarbons (TPH). Application of the New Mexico Oil Conservation Division's ranking criteria for contaminated soils at this site is presented below:

Depth to Ground Water:	0 points
Distance to Well Head or Water Source:	0 points
Distance to Surface Water/Waterways:	0 points
Total Score:	0 points

On October 27, 2006 SESI retrieved samples from the site to determine the chloride concentrations. Samples were retrieved from five random points at depths of 1' and 2'. Filed chloride tests were performed on these samples and the results of the analysis were as follows.

#1 1' bgs	<116	#1 2' bgs	<116
#2 1' bgs	<116	#2 2' bgs	120
#3 1' bgs	<116	#3 2' bgs	3,000
#4 1' bgs	1516	#4 2' bgs	2860
#5 1' bgs	144	#5 2' bgs	460

Results of the analysis indicate the chloride levels to be slightly elevated in some areas of the spill. It is recommended that area be excavated to a depth of 2'. The excavated soils will be blended on site until representative samples indicate the levels to be below regulations. The excavation will then be backfilled with the blended soils and returned to natural grade.

The appropriate reports will be filed with the NMOCD upon completion.

VI. Figures & Appendices
Figure 1. - Vicinity Map
Figure 2. - Site Plan
Appendix A – Site Photos

Figure 1
Vicinity Map

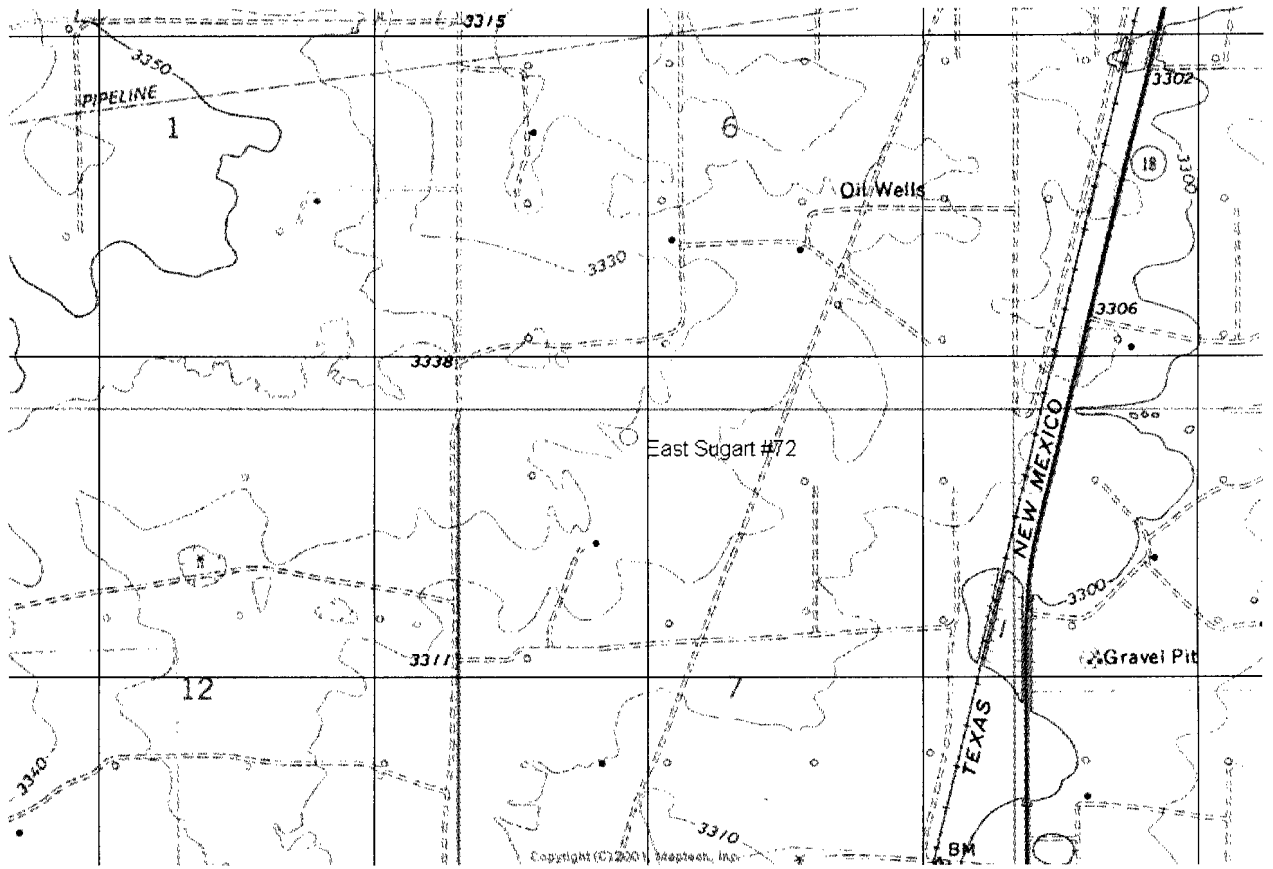
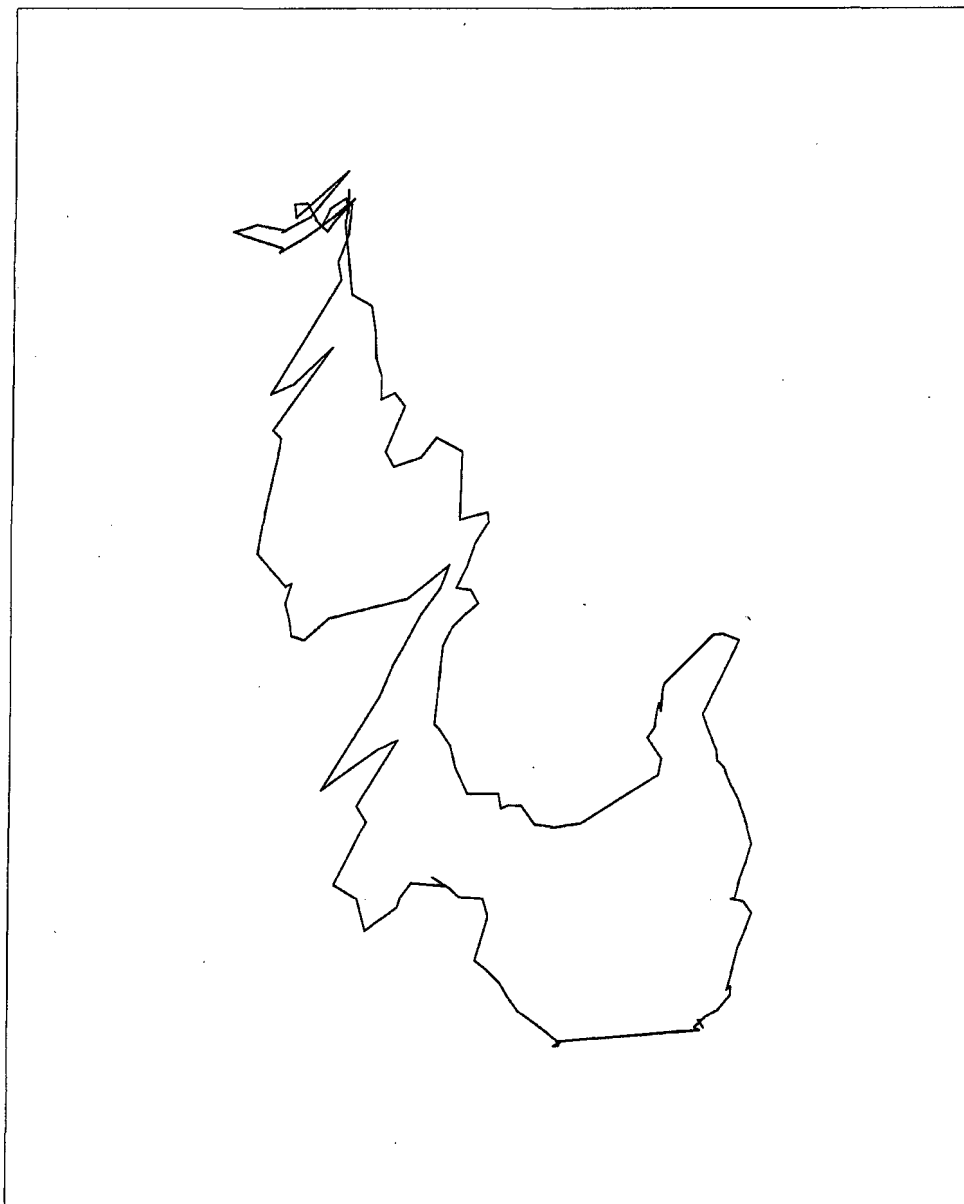


Figure 2 Site Plan



East Shugart #72

Lat/Long
WGS 1984

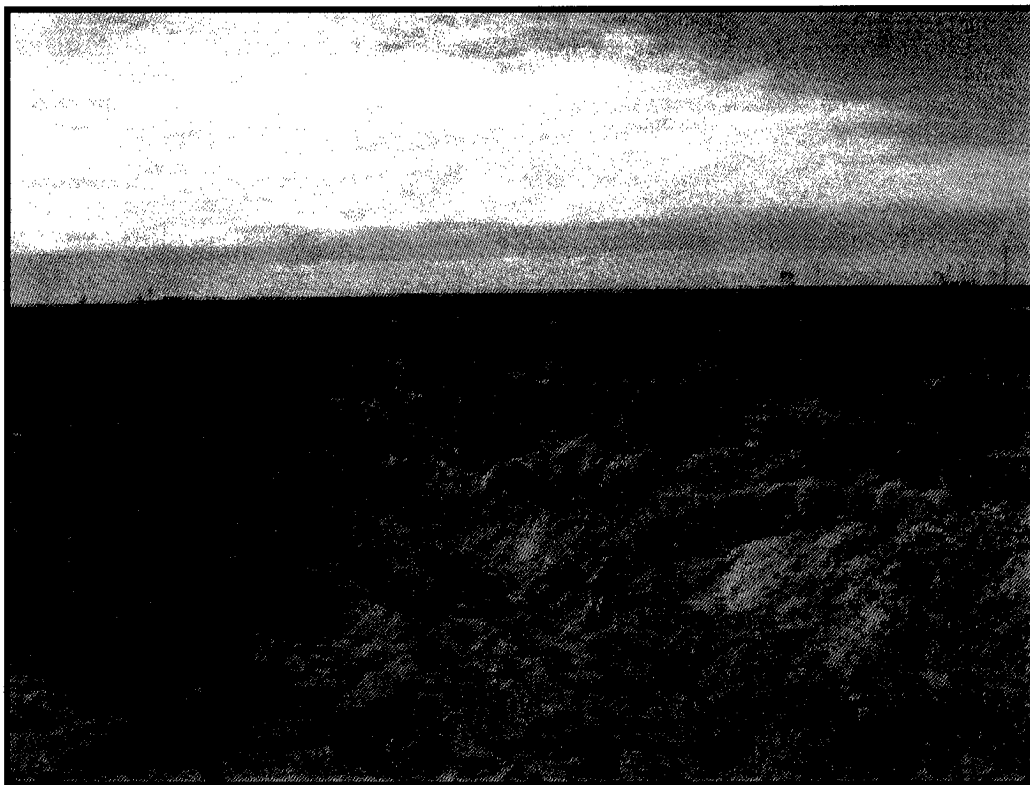


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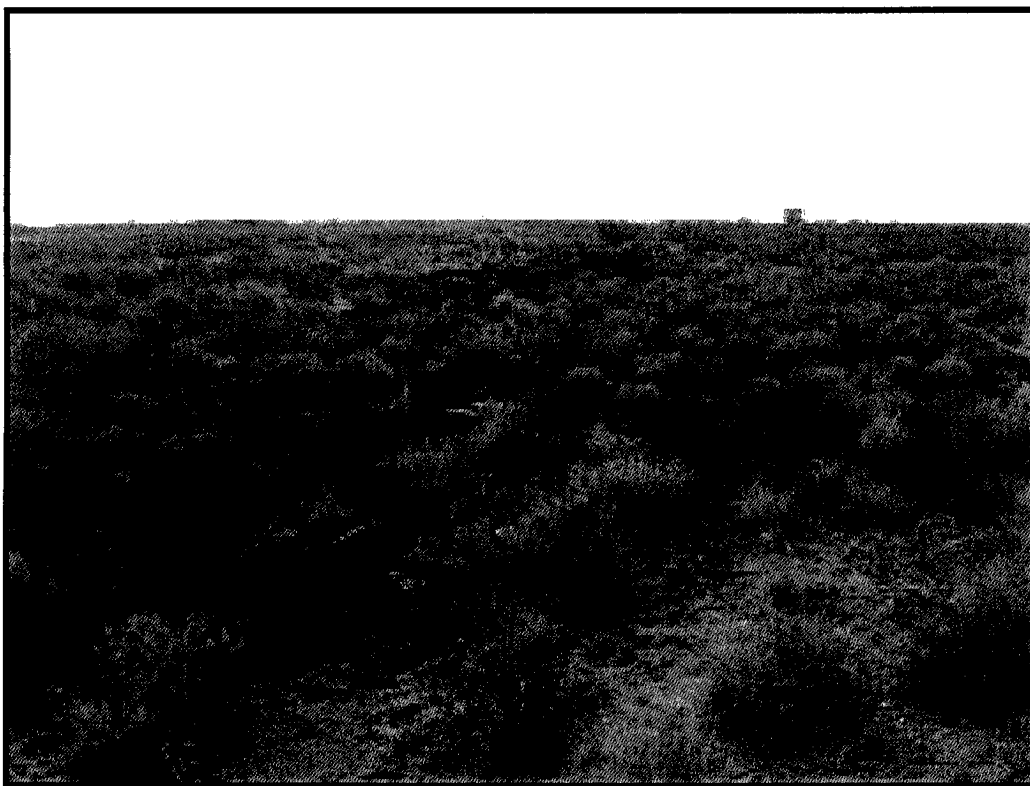
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Appendix A

Site Photos



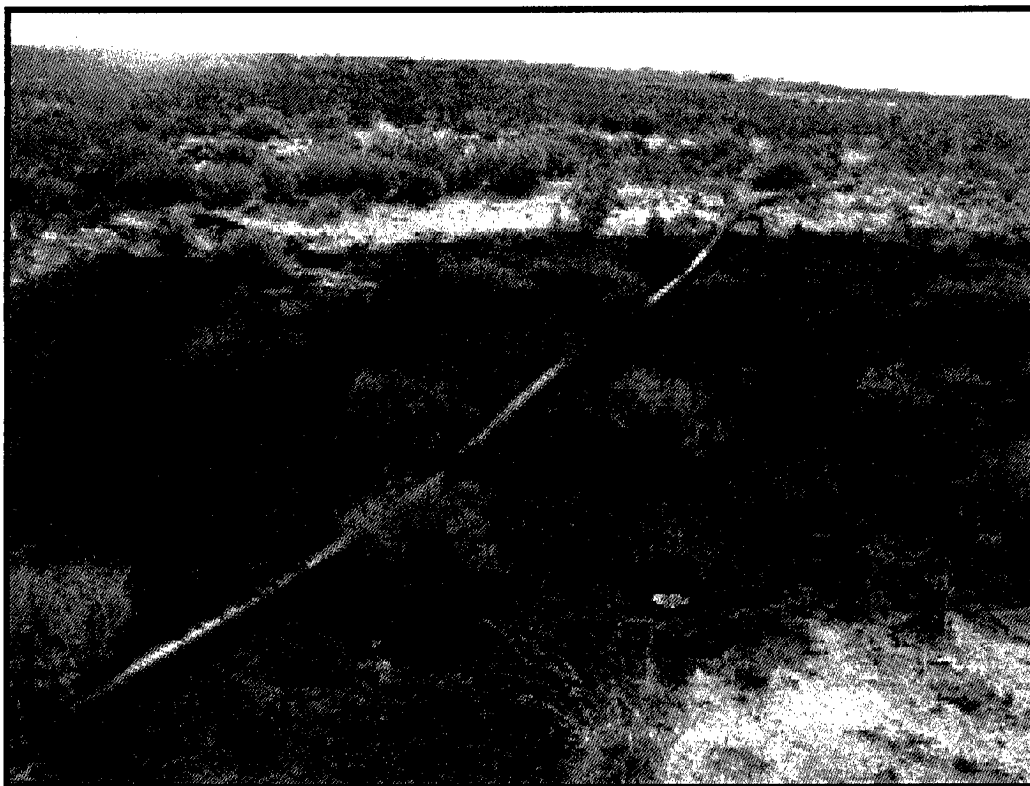
End of leak looking North



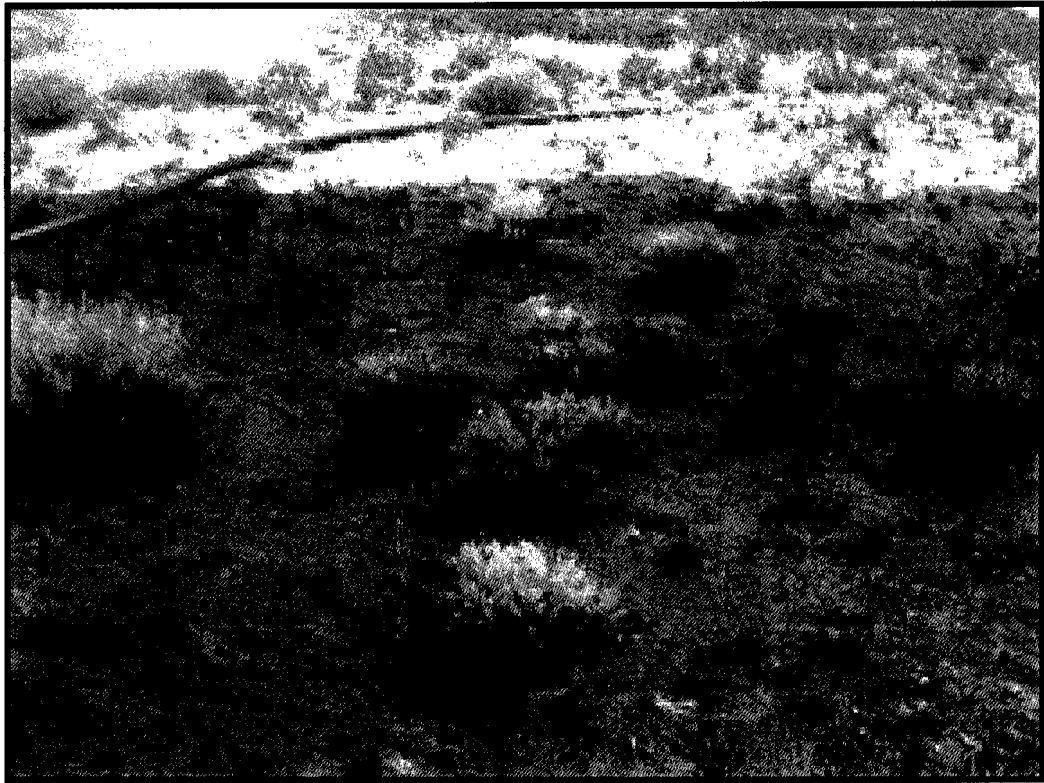
End of leak looking Northwest



Middle of leak



End of leak from release looking east



East area of leak



Northwest of release



South of release looking south



East of release looking east



Northeast of release looking east



West of release looking North



East of release looking north



North of release looking north



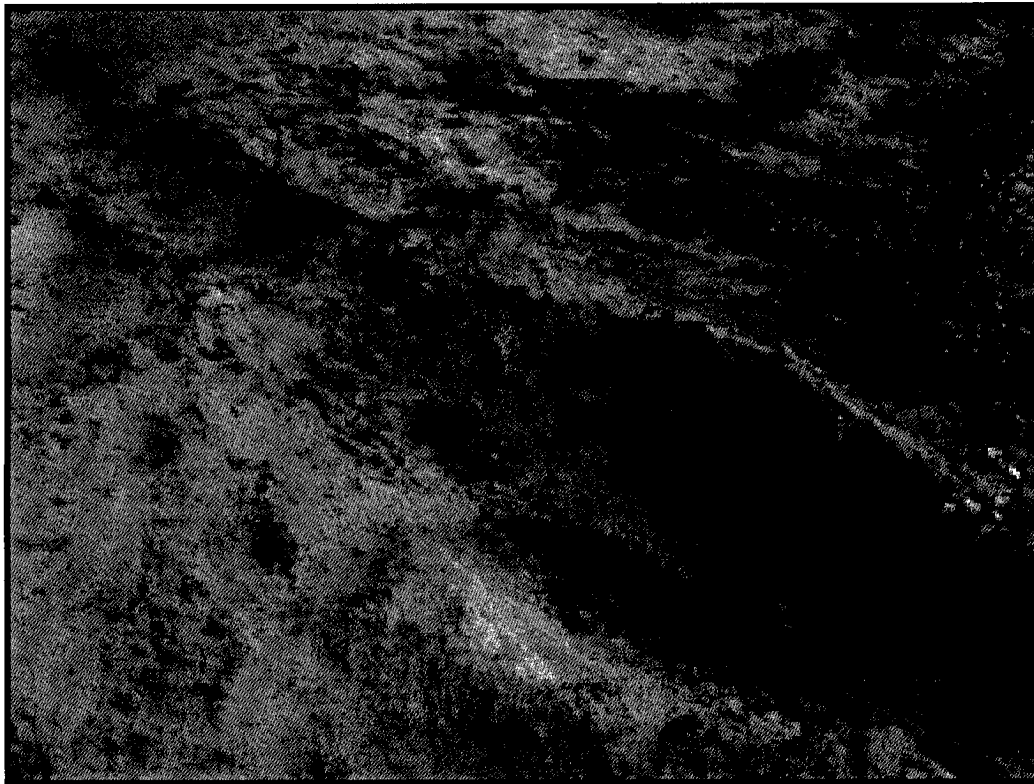
North of release looking North



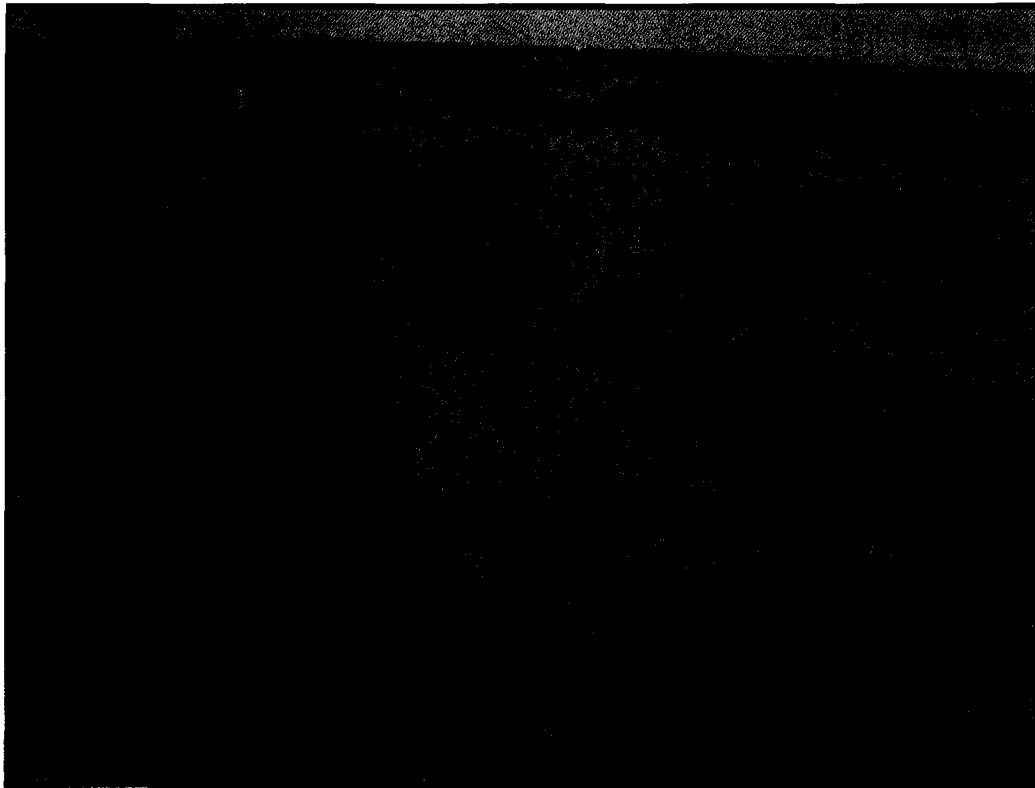
Start of release looking north



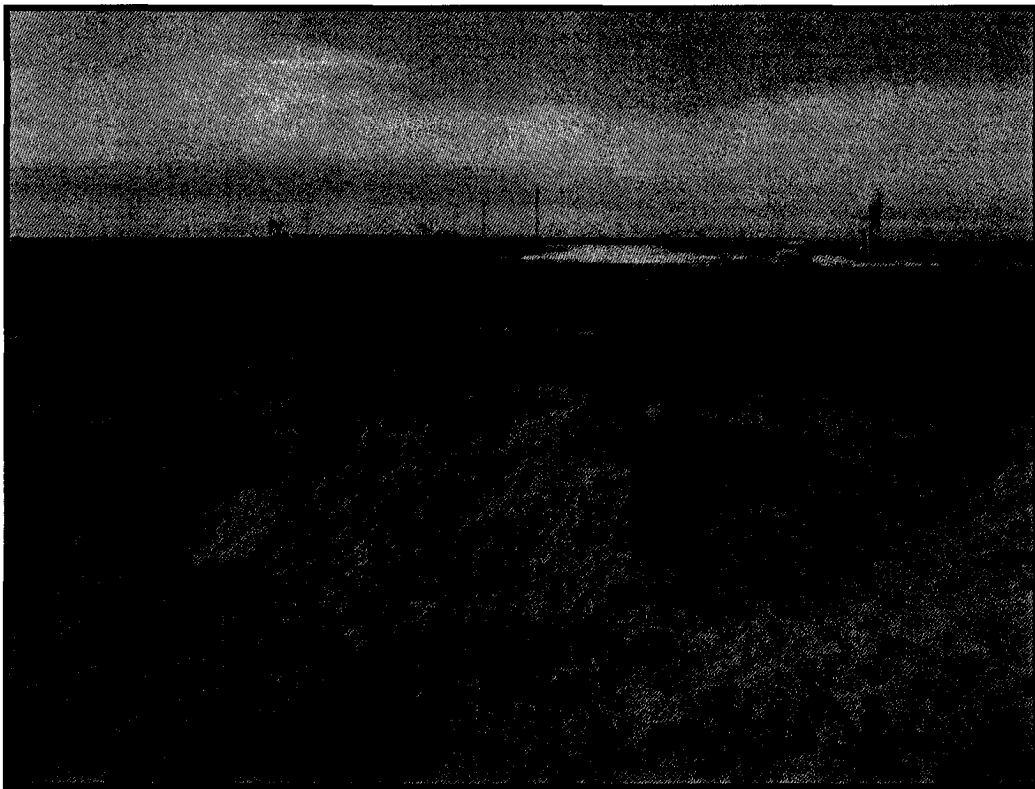
North of release looking north



Start of release



Pipeline of release



Entire site looking south