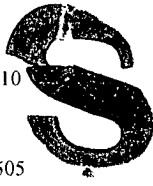


District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr, Santa Fe, NM 87505



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
AUG 17 2007
Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form
OCD-ARTESIA

Release Notification and Corrective Action

30-015-27670

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 #42	Facility Type Injection Well

Surface Owner BLM	Mineral Owner BLM	Lease No.
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
A	34	18S	31E	330	North	1140	East	Eddy

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release Produced salt water with slight oil cut	Volume of Release 100 bbls.	Volume Recovered 70
Source of Release Blown relief valve	Date and Hour of Occurrence 8/10/2007 prior to 12:30 p.m.	Date and Hour of Discovery 8/10/2007 12:30 p.m.
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Gerry Guye	
By Whom?	Date and Hour	
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.*

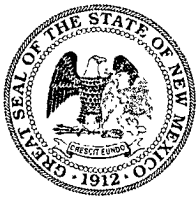
Describe Cause of Problem and Remedial Action Taken.*
Relief valve blew. Release consisted of approximately 95 bbls of saltwater and 5 bbls of oil. Well shut-in. Waiting on parts to repair valve.

Describe Area Affected and Cleanup Action Taken.*
Approximately 100' x 450' area affected by release, most of which is on pad site. Vacuum truck brought on to remove recoverable fluids. Soil to 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: Robert M. Gray	Approved by District Supervisor:	
Title: Land Manager	Approval Date: AUG 20 2007	Expiration Date: 9-20-07
E-mail Address: don.gray@americoenergy.com	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: 8/10/2007 Phone: 713-984-9700		

* Attach Additional Sheets If Necessary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 20, 2007

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

ATTN: Oscar Nosrati

RE: East Shugart Unit #42 (30-015-27670)

Dear Sir:

This office is in receipt of your C-141 on the oil and produced water release, at 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 September 20, 2007**, completion of corrective 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.

Please be advised that NMOCD acceptance and/or approval of documents or work plans 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 and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

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

Sincerely,

Gerry Guye
Compliance Officer
NMOCD District II, Artesia
(505) 748-1283 ext 105
Cell (505) 626-0843
E-mail: gerry.guye@state.nm.us