



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

*Wild Inspection Program  
"Preserving the Integrity of Our Environment"*

19-Dec-07

7001 1940 0001 9971 5680

**AMERICO ENERGY RESOURCES LLC**

7575 SAN FELIPE SUITE 200

HOUSTON TX 77063

LOV NO. 02-07-237

**LETTER OF VIOLATION - Inspection**

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

**INSPECTION DETAIL SECTION**

**EAST SHUGART UNIT No.075**

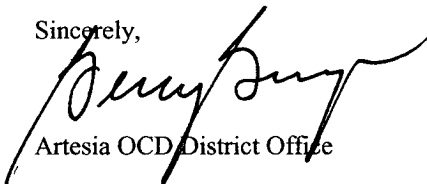
K-35-18S-31E

30-015-28204-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
12/17/2007	Initial Incident Inspection	Mike Bratcher	Yes	No	1/17/2008	iMLB0735140060
<b>Comments on Inspection:</b> Larry Wood w/Americo (505-550-6307) called, this date, reporting a 12/14/07 release of produced water from a flow line rupture. Estimated release volume is > 300 bbls. Recovered an estimated 130 bbls. His office is preparing a C-141 and he is going to notify BLM. Failure to notify OCD within 24 hours is a violation of Rule 116. C-141 must be submitted within 15 days of the spill and a completed workplan must be submitted to OCD for approval within 30 days of the spill.						

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data  
\*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.