To: **Mr. William Jones**
Engineering Bureau
New Mexico Oil Conservation Divison
1220 South St. Francis,
Santa Fe, New Mexico 87505

CC: **Mr. W Thomas Kellahin**
Kellahin & Kellahin, 117 North Guadalupe
Santa Fe, New Mexico, 87501

From: **Americo Energy Resources, LLC,**

Subject: **Hearing of New Mexico OCD Re Application of Fasken Oil and Ranch Ltd., For a Salt Water Disposal Wellbore, Lea County, New Mexico.**

Date: 12/07/2005

Dear Mr. Jones,

Please be advised that Americo Energy Resources LLC, ("Americo") is planning to attend the hearing on the above case scheduled for December 15th, and support the basis for its objection to the Fasken proposal for the conversion of its currently temporarily abandoned wells into salt water disposal service.

Americo's basis for objection to this proposal is summarized bellow:

Americo's understanding of the Fasken's proposal:

Fasken is proposing to convert three T&A'd wells to SWD service. These wells are: JM Denton #11, JM Denton #5 and Denton #1. The proposal has the following features:

JM Denton #11 – This is a cased well with a TD @9551', and was T&A'd in May 1993. Fasken proposes to clean and deepen this well to 10720' and then complete it as an openhole injector, injecting 8,000-10,000 bwpd into Lower Wolcamp and Pensylvanian Formations at a maximum WHP of 1900 psi.

JM Denton #5 - This is a cased well with a TD @9506', and was T&A'd in December 2001. Fasken proposes to clean up and deepen this well to 10950' and

then complete it as an openhole injector, injecting 8,000 – 10,000 bwpd into Lower Wolfcamp and Pensylvanian Formations at a maximum WHP of 1900 psi.

Denton #1 - This is a cased well with a TD @12,621', and was T&A'd in December 2001. Fasken proposes to condition this well and complete the well and inject 8,000 – 10,000 bwpd into perforations at 9557' – 10350' within the Lower Wolfcamp and Pensylvanian Formations at a maximum WHP of 1900'.

Americo Operated Leases That Are Affected by This Fasken Proposal:

Part of the Americo / Platinum owned and operated leases, State T and B C Dickenson are within the half a mile radius of the proposed Fasken's conversions. Several wells such as State T#7, State T#9 fall within the half a mile radius of the proposed Fasken's conversions.

Americo and Platinum Joint Venture as Affected by the Fasken Proposal:

Americo and Platinum has entered into a 50-50 partnership to condition, deepen and convert 15 of the jointly owned wellbores (including those in State T and B C Dickenson and several additional new wells to be drilled), into multiple-completed horizontal wells, aimed at developing the reserves of the Devonian Formations 1-6. These wells would cost as much as $1.0 -$2.0 million to complete and equip with large ESP pumps and are scheduled to be actioned within the next 18 months. Americo and Platinum are concerned that the injection of water in the quantities stated in the Fasken's plan, into the Lower Wolfcamp and Pensylvanian Formations, may breach into the Devonian Formations, at the edge of Americo leases, and result in early water breakthrough and pre-mature watering out of these completions, and thus jeopardize the success of this major investment. The loss of reserves from these horizontal completions to Americo, Platinum, Fasken and the State of New Mexico as the mineral owner, in that event would be significant.

Americo and Platinum's Perceived Risk of the Proposed Fasken Plan:

There are at least two sources of risks arising from the conversion of the JM Denton #11 and JM Denton #5 proposed openhole completions in Fasken's plan. These are:

1) These two wells are close to two Fasken Devonian producers, Denton #9 and JM Denton #3 wells. The Wolfcamp and Pensylvanian injection (10,000 bwpd for each well) will move laterally to the location of these two Devonian producers, and if / and as it finds any weaknesses in the cement behind the pipes of these wells would water out these producers. If then this breach of the cement is not fixed then the water via these wells would continue through the Devonian

Formation to water-out the planned horizontal wells within the State T and B C Dickenson leases. The loss to Fasken and Americo/Platinum is clearly the outcome.

2) The proposed openhole completions for JM Denton #11 and JM Denton #5 would minimize the chances of effective future stimulations (i.e. acidizing) of these SWD wells. And when and as these injectors become plugged with the inevitable suspended particles and scales their respective wellhead pressures wuld rise. Any attempt to remedy the skin damage by fracture stimulating these wells would add to the risk of a breach and communication of the wellbores with the lower pressure and hence vulnerable Devonian Formations. Any accidental rise in the pressure over and above the parting pressure of the formation may cause an unfortunate fracture that may not heal due to the loose materials that would pack it up as it forms. Hence this practice causes additional risks for the offset operator with horizontal wells in the Devonian Formations.

In addition, the conversion of the Denton #1 to SWD service is also not risk free. This well with a TD of 12,621 was TA'd in December 2001 with a CIBP set at 11383'. Fasken proposes to perforate this well at 9557' – 10350' for SWD service. The twin well to Denton #1 is JM Denton #8 which is a Wolfcamp producer. Therefore this conversion would pose the least risk to Americo/Platinum projects if:

a. The Wolfcamp producer JM Denton #8 is not deepened at a later date to Devonian.
b. The casing and CIBP integrity of the proposed injector Denton #1 is assured, now, and for the future operation.

Americo's Views on Produced Salt Water Disposal at Denton Field:

Americo has been consistent in its views regarding salt water disposal in Denton by different operators. While objected to Platinum's and Fasken's plans for the same reasons stated above, it approved the Brother's plan for water disposal, as it posed no risk to reserves.

Conclusion:

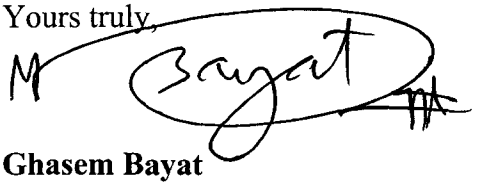
JM Denton #11 and JM Denton #5 conversions to SWD service would pose serious risk for the planned horizontal completions and new horizontal wells by Americo/Platinum operators.

Denton #1 conversion poses the least risk if Fasken ensures the casing and CIBP integrity of the well and undertakes not to deepen its JM Denton #8 to Devonian.

Americo will attend the above hearing scheduled for December 15th 2005, and present its case for objecting to Fasken's proposal. Americo will be presented at this hearing by:

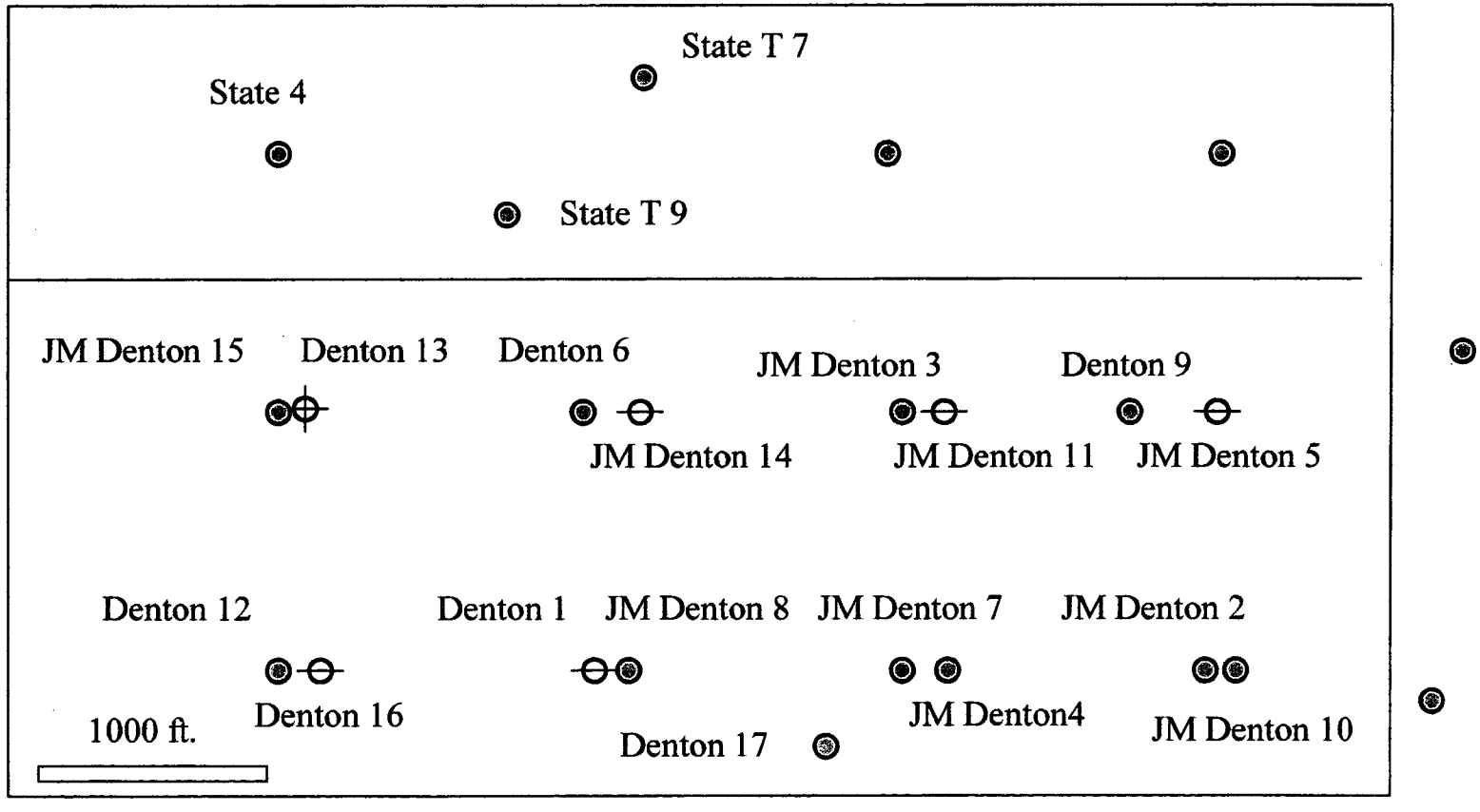
Oscar Nosrati, VP Operation
Ghasem Bayat, VP Engineering, Exploration and Production

Yours truly,



Ghasem Bayat
VP Engineering, Exploration and Production
Americo Energy Resources, LLC.
10940 Old Katy Road,
Houton, TX 77043.

Relative Position of Fasken Wells to Americo and Platinum.



Fasken Proposed SWD Wells.