

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL
CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 13819
ORDER NO. R-12685

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
("DIVISION") THROUGH THE ENFORCEMENT AND COMPLIANCE
MANAGER FOR A HEARING ON THE REQUEST OF AMERICO ENERGY
RESOURCES, LLC, FOR A WAIVER OF PENALTIES DUE UNDER THE TERMS
OF AGREED COMPLIANCE ORDER 70-A.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 30, 2006, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 27th day of December 2006, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The New Mexico Oil Conservation Division ("Division") seeks an order denying the request of Americo Energy Resources, LLC. ("Americo") for a waiver of \$3,000 in penalties due under the terms of the Agreed Compliance Order 70-A.

(3) On March 31, 2006, Americo Energy Resources, LLC. entered into inactive well agreed compliance order 70-A which required Americo to return three (3) of the wells identified in the agreed order to compliance with the Division Rule 201 by September 25, 2006, and file a compliance report by that date. To bring a well into compliance under the terms of the order, Americo had to restore the well to production or other beneficial use, plug the wellbore, or place the well on approved temporary abandonment, and file the appropriate paper work to document the work done.

(4) If Americo failed to meet its goal of returning three of the identified wells to compliance by September 25, 2006, it agreed to pay a penalty of \$1,000 times the number of wells it failed to return to compliance under the terms of the order. The agreed order further provided, however, that if Americo encountered unanticipated circumstances that prevented it from meeting the compliance deadlines, Americo could request a waiver or reduction of the penalties. If the Enforcement and Compliance Manager did not grant the requested waiver or reduction administratively, the matter would be set for hearing.

(5) Americo failed to file a timely compliance report as required by the agreed order. The day after the report was due, Americo filed a report notifying the OCD that it had not returned any wells to compliance and requested a waiver of penalties due. The Enforcement and Compliance Manager declined to waive the penalties. The OCD set the matter for hearing as provided in the agreed compliance order 70-A.

(6) The Division concludes that Americo violated Division Rule 201 and the requirements of the agreed compliance order 70-A for the following reasons:

- (a) Americo Energy Resources, LLC. failed to return three of the identified wells to compliance by September 25, 2006;
- (b) Americo failed to appear at the hearing to show cause why the penalties should be waived;
- (c) Americo had six months to file its compliance report that was due by September 25, 2006, however, it filed the report a day after the report was due;
- (d) It is interesting to note however, that not only Americo filed its compliance report late, but it has the audacity to request a waiver of penalties due under the terms of the agreed order though it evidently made no effort to comply; and
- (e) By failure of Americo to appear at the hearing to request a waiver of the penalties due under the terms of the agreed order, Americo has admitted that it owes the Division the \$3,000 in penalties.

(7) These penalties should be paid 30 days from the date of this order. If Americo fails to pay these penalties within the time period stipulated in this order, the Division will be authorized to collect up to \$1,000 per day per well in additional penalties for non-payment until the penalties are paid in full.

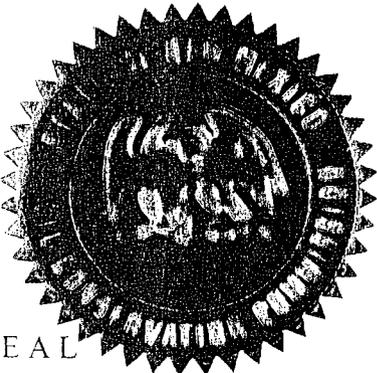
IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Division, Americo Energy Resources, LLC. is hereby ordered to pay to the Oil Conservation Division the \$3,000 in penalties due under the agreed compliance order 70-A. These penalties should be paid within thirty (30) days from the date of this order.

(2) Should Americo Energy Resources, LLC. fail to pay the penalties within 30 days from the date of this order, the Division will be authorized to collect up to \$1,000 per day per well in additional penalties for non-payment until the penalties are paid in full. The proceedings to recover these additional penalties shall be conducted in district court.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director