

STATE OF NEW MEXICO RECEIVED  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION 2008 JAN 4 AM 10:56

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST AMERICO ENERGY RESOURCES, LLC, FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED DIVISION RULE 19.15.3.116 NMAC AS TO TWO WELLS; ORDERING OPERATOR TO COMPLY WITH SUCH RULE BY A DATE CERTAIN; ASSESSING PENALTIES; EDDY COUNTY, NEW MEXICO.

CASE NO. 14079

APPLICATION FOR COMPLIANCE ORDER AGAINST AMERICO ENERGY RESOURCES, LLC

1. Americo Energy Resources, LLC, (hereinafter, "Operator") is a foreign limited liability company (SCC No. 2460723) operating wells in New Mexico under OGRID 228051.

2. Operator is the operator of record of the following subject wells:

- East Shugart Unit No. 015; API No. 30-015-05687; F-34-18S-31E
- East Shugart Unit No. 042; API No. 30-015-27670; A-34-18S-31E

3. Oil Conservation Division ("OCD") Rule 19.15.3.116 NMAC ("Rule 116") requires OCD to be notified of any unauthorized release and for such releases to be remediated in accord with OCD requirements and standards.

4. Subsection D of Rule 116 states, "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.”

5. On July 13, 2007, after receiving Operator’s C-141 Release Notification and Corrective Action Form for a produced water and oil spill at the East Shugart Unit No. 015 well, OCD Deputy Oil and Gas Inspector Gerry Guye sent Operator a letter which stated, “Within 30 days, **on or before August 13, 2007**, completion of remedial 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.”

6. Following the letter, OCD Deputy Inspector Guye had several discussions with Operator concerning the remediation plan that Operator needs to file for the East Shugart Unit No. 015 well. However, as of this date, Operator has not filed its remediation plan for the East Shugart Unit No. 015 well

7. On August 20, 2007, after receiving Operator’s C-141 Release Notification and Corrective Action Form for a produced water and oil spill at the East Shugart Unit No. 042 well, OCD Deputy Inspector Guye sent Operator a letter which stated, “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.”

8. Following the letter, OCD Deputy Inspector Guye had several discussions with Operator concerning the remediation plan that Operator needs to file for the East

Shugart Unit No. 042 well. However, as of this date, Operator has not its remediation plan for the East Shugart Unit No. 042 well.

9. NMSA 1978, Section 70-2-31(A) provides that any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars for each violation, and that in the case of a continuing violation, each day of violation shall constitute a separate violation.

10. NMSA 1978, Section 70-2-33(A) defines “person” to mean “any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity.”

**WHEREFORE**, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an order:

- A. Determining that Operator violated OCD Rule 19.15.3.116 by not filing a remediation plan for both subject wells in accord with Subsection D;
- B. Finding Operator’s violation of OCD Rule 19.15.3.116 to be knowing and willful;
  - i. Assessing penalties for Operator’s knowing and willful violation of OCD Rule 19.15.3.116;
- C. Ordering Operator to remediate the contamination at both well sites in accord with OCD guidelines and standards by a date certain;
- D. Ordering Operator to file remediation plans for both wells by a date certain;

E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,

this Fourth day of January 2008 by



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Case No. 14079. Application of the New Mexico Oil Conservation Division for a Compliance Order against Americo Energy Resources, LLC. The Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC as to two wells; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; and assessing penalties. The affected wells are:

- East Shugart Unit No. 015; API No. 30-015-05687; F-34-18S-31E
- East Shugart Unit No. 042; API No. 30-015-27670; A-34-18S-31E

The East Shugart Unit No. 015 well is located approximately 9 miles southwest of Maljamar, in Eddy County, New Mexico.

The East Shugart Unit No. 042 well is located approximately 7 miles southwest of Maljamar, in Eddy County, New Mexico.