



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 3, 2006

Mr. Oscar Nosrati
Americo Energy Resources LLC
10940 Old Katy Rd., Ste. 100
Houston, TX 77043
e-mail: oscar.nosrati@americoenergy.com

Re: Agreed Compliance Order for Inactive Wells, ACOI-70-A
Americo Energy Resources LLC, OGRID 228051

Dear Mr. Nosrati,

Thank you for returning two signed originals of the amended agreed compliance order regarding inactive wells operated by Americo Energy Resources LLC (Americo), and a check for the \$2,000 penalty assessed in the order. Enclosed is the fully executed amended order.

The amended order requires Americo to bring at least **three** of the identified wells into compliance by **September 25, 2006**. Please remember that to bring a well into compliance under the order, Americo must not only plug the wellbore, place the well on approved temporary abandonment, or return it to production or other beneficial use, it must also file the appropriate paperwork. For example, if Americo plugs the wellbore of a well, it must also file a C-103 subsequent report on the plugging. The Oil Conservation Division (OCD) hopes to add a status column to its general well list to reflect the status of each well, so that operators will be able to confirm that OCD records accurately reflect the current status. Until that system is in place, you may wish to confirm the status of each well on the list with the appropriate district office prior to the expiration of the amended order.

The amended order also requires Americo to file a compliance report by **September 25, 2006**, using the OCD's web-based online application. The OCD's Compliance and Enforcement Manager, Daniel Sanchez, will review the report and determine whether to issue an amendment extending the order for an additional 6-month period. If you have questions about how to file a compliance report, or questions about obtaining an amendment, please contact Mr. Sanchez at (505) 476-3493.

As Americo works to fulfill its obligations under the amended order, it should also monitor the status of its other wells to ensure that wells do not remain inactive for a period exceeding 15 months. Remember that you can search the OCD's Inactive Well List for wells that are inactive, but not yet out of compliance.

The OCD appreciates Americo's commitment to bringing its inactive wells into compliance. If you have any questions, or if I can help you in any way, please do not hesitate to call. My direct line is (505) 476-3451.

Sincerely,

Gail MacQuesten
Assistant General Counsel
Oil Conservation Division

cc: Chris Williams, District I
Tim Gum, District II
Charlie Perrin, District III
Daniel Sanchez, Enforcement and Compliance Manager

Case 14189
Americo Energy Resources, LLC
OCD Exhibit No. 10