

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

2009-07-18 AM 11 24

APPLICATION OF THE NEW MEXICO OIL CONSERVATION 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.

CASE NO. 13819

APPLICATION FOR HEARING

1. Americo Energy Resources LLC (hereinafter, "Operator") is a limited liability company operating wells in New Mexico under OGRID 228051.
2. The Oil Conservation Division (hereinafter, "OCD") is the state division charged with administration of the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended, and the rules and orders adopted pursuant to that Act.
3. On March 31, 2006, the Operator and the OCD entered into amended agreed compliance order 70-A (hereinafter, "ACOI 70-A" or "Order") which required Operator to return three of the wells identified in the Order to compliance with OCD Rule 201 [19.15.4.201 NMAC] by September 25, 2006, and file a compliance report by that date. A copy of ACOI 70-A is attached to this application as Exhibit 1.
4. Ordering Paragraph 5 of ACOI 70-A provides that if Operator fails to return three of the wells identified in ACOI 70-A to compliance by September 25, 2006,

*Case 14189*  
*Americo Energy Resources, LLC*  
*OCD Exhibit No. 14*

the Operator shall be subject to a penalty of \$1000 for each well it failed to return to compliance. Ordering Paragraph 5 further provides:

In the event the Operator encounters unanticipated circumstances that prevent it from meeting the compliance deadlines set by this Order ... Operator may file an administrative application with the OCD to request a waiver or reduction of the penalty, and serve the OCD's Enforcement and Compliance Manager with a copy of the application. If the Enforcement and Compliance Manager concurs with the Operator's request, the application may be granted administratively. If the Enforcement and Compliance Manager does not concur with the Operator's request, the application shall be set for hearing.

5. Operator filed an untimely compliance report on September 26, 2006 notifying the OCD that it had not returned any wells to compliance and requesting a waiver of the penalties due under the Order. A copy of Operator's e-mailed compliance report is attached as Exhibit 2.

6. The Enforcement and Compliance Manager declined to waive the applicable penalties. A copy of his October 16, 2006 letter denying the waiver of penalties is attached as Exhibit 3.

7. Pursuant to the provisions of Ordering Paragraph 5 of ACOI 70-A, the Enforcement and Compliance Manager requests that Operator's request for waiver of the penalties due under ACOI 70-A be set for hearing.

8. For the reasons stated in the Enforcement and Compliance Manager's letter dated October 16, 2006, the Enforcement and Compliance Manager opposes the Operator's request for waiver of penalties.

WHEREFORE, the Enforcement and Compliance Manager hereby applies for a hearing on the request of Americo Energy Resources LLC for a waiver of penalties due under ACOI 70-A.

RESPECTFULLY SUBMITTED,  
October 16, 2006 by



Gail MacQuesten  
Assistant General Counsel  
Energy, Minerals and Natural  
Resources Department of the State of  
New Mexico  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505)-476-3451

Attorney for The New Mexico Oil  
Conservation Division

Case No. \_\_\_\_\_. Application Of The New Mexico Oil Conservation 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. Americo Energy Resources LLC's request for a waiver of the penalties due under the terms of agreed compliance order 70-A was denied administratively. Under the terms of ACOI 70-A the request for waiver of penalties is being set for hearing.