

# Americo

## Energy Resources, LLC

2006 NOV 20 PM 1 31

Mr. Daniel Sanchez  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

November 10, 2006

Re: Inactive Well Agreed Compliance Order 70-A (ACOI-70-A)

Dear Mr. Sanchez,

In continuance of our telephone conversation of November 8, 2006 and in reply to your letter of October 16, 2006, this letter attempts to further explain Americo Energy Resources, LLC's ("Americo") good-faith attempts to fully comply with the referenced order.

In November of 2005, Americo entered into an agreement with Platinum Exploration, Inc. ("Platinum") whereby Platinum purchased an undivided 50% of Americo's interest in certain oil and gas leases, subject to certain depth restrictions, located in the Denton Field of Lea County, New Mexico and became operator of the wells located on and producing from those leases and depths. Included among the leases and wells were those wells that would become the subject of the amended referenced Inactive Well Agreed Compliance Order (the "Order"), save and except the Denton #1 well.

Under the agreement with Platinum, Platinum would re-enter, work-over, deepen, re-complete, drill horizontally or conduct such other operations so as to bring the wells back into production. Americo transferred operations to Platinum during the spring of 2006 for the State T and Mann Leases and would be transferring operations of the other leases on a lease-by-lease basis. At the time that Americo and the Oil Conservation Division (the "OCD") entered into the Order on March 31, 2006, Platinum had a rig on location and was re-working the State T #9 well. Platinum installed an ESP pump on that well, returning it to production, and moved over to the Mann A-2 well in which they also installed an ESP pump but which, to Americo's knowledge, has not been placed on production. It was thought that Platinum would then use this rig to move onto the wells subject to the Order and return them to production in accordance with our agreement with them or, in the alternative, Americo would utilize that rig to comply with the Order.

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Case 14189  
**Americo Energy Resources, LLC**  
OCD Exhibit No. 15

Unknown to Americo, however, was that Platinum was apparently encountering financial difficulties and would not be working on any more wells than the two mentioned above. As such, Platinum released the rig before Americo was able to secure it for work on the other wells.

Upon learning of this, Americo attempted to secure a rig but was put on "waiting lists" with various well service companies, including Key Well Service, Lucky Well Service and Viva Well Service. In fact, the lack of an available rig forced Americo to shut-in three of its producing wells (the State T #6 and 8 and the Dickinson #4) in the field from May until a rig was finally contracted and obtained from Viva in mid-September and was put to work first on the wells subject to the Order and only then on shut-in wells mentioned in this paragraph, above.

Of the wells that are subject to the order and which have been worked on, three should be eligible for Temporary Abandonment (the Dickinson A1 #1, Dickinson D #5 and Whitman B #7), one (the State T #5) was successfully returned to production, and two (the Dickinson A1 #2 and the Whitman A #1) have a fish or other restriction in the hole above the perforations.

Regarding the last two wells, the Dickinson's fish is at approximately 7,100' while its perforations are from 12,474' - 12,562'. A packer was set at 7,050' and the casing successfully tested to the surface at 500#.

As for the Whitman #1, the perforations are from 12,230' - 12,278'. The wellbore is cleaned to the perforations but a restriction indicates that the casing may have shifted 7,362'. A packer was set at 7,253' and the casing to the surface successfully tested to 500#.

Americo believes that it can return all of these wells to production; however such additional work as is needed will be very expensive. With Platinum owning a 50% interest but unable or unwilling to pay its share of the costs, such expenses become prohibitive especially not knowing what the chances are of Americo recovering these costs in the event Platinum seeks protection under bankruptcy laws.

I have attached copies of the C-103s for both the proposed and completed work that was done on these wells for your review.

Please feel free to contact me at 713-984-9700 if you have any questions or require further information.

Sincerely,

  
Oscar Nosrati  
Vice President, Operations