

# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**

Governor

**Joanna Prukop**  
Cabinet Secretary  
**Reese Fullerton**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



Americo Energy Resources  
7575 San Felipe Suite 200  
Houston, TX 77063

March 5, 2008

Reference:

East Shugart	Unit 015	30-015-05687	F-34-18s-31e	Eddy County	New Mexico
East Shugart	Unit 042	30-015-27670	A-34-18s-31e	Eddy County	New Mexico
East Shugart	Unit 056	30-015-27949	G-35-18s-31e	Eddy County	New Mexico
East Shugart	Unit 072	30-015-28203	L-35-18s-31e	Eddy County	New Mexico
East Shugart	Unit 075	30-015-28204	K-35-18s-31e	Eddy County	New Mexico

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of remediation work plan proposals (plans) for remediation of releases of produced fluids that have occurred at the above referenced well sites. The plans were formulated and submitted to OCD by your agent, Safety & Environmental Solutions, Inc.

The plans are approved with the following stipulations:

- Notify OCD 24 hours prior to commencement of remediation activities.
- Notify OCD 24 hours prior to obtaining samples where analyses of samples obtained are to be submitted to OCD.
- Notify OCD 24 hours prior to installation of any liner or barrier.
- Representative samples are to be obtained from backfill material and analyses submitted to OCD.
- A Final Report C-141 and closure report for each site is to be submitted to OCD upon satisfactory completion of remedial activities. Work is to be completed and closure documents submitted to OCD not later than May 5, 2008.
- Like approval by BLM.

Please be advised that this approval does not relieve Americo Energy Resources of liability should their operations have failed to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment. In addition, this approval does not relieve Americo Energy Resources of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I can be of assistance, please contact me.

Sincerely,

Mike Bratcher  
NMOCD District 2  
1301 W. Grand Ave.  
Artesia, NM 88210  
(575) 748-1283 Ext.108  
[mike.bratcher@state.nm.us](mailto:mike.bratcher@state.nm.us)

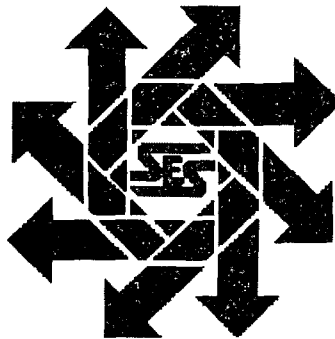
2RP-145



FEB 19 2008  
OCD-ARTESIA

**Americo Energy Resources  
East Shugart Unit #42  
Work Plan  
Eddy County, New Mexico**

**February 8, 2008**



**Prepared for:**

**Americo Energy Resources  
7575 San Felipe, Ste 200  
Houston, TX 77063**

**By:**

***Safety & Environmental Solutions, Inc.  
703 E. Clinton Suite 102  
Hobbs, New Mexico 88240  
(575) 397-0510***

2 RP-145

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**I. Company Contacts**

NAME	Company	Telephone	E-mail
Oscar Nasrati	Americo Energy	713-984-9700	Oscar.nosrati@americoenergy.com
Brian Cuellar	SESI	505-390-7066	bcuellar@sesi-nm.com

**II. Background**

Safety and Environmental Solutions, Inc. (SESI) was engaged by Americo Energy Resources to perform cleanup services at the East Shugart Unit #42 spill site. This an injection well site, in which a relief valve malfunctioned, releasing 95 barrels of produced water and 5 barrels of oil. A vacuum truck was used to remove the standing fluids.

**III. Surface and Ground Water**

The closest groundwater of record is in the same Section Range and Township. The depth of water in this well was 261' in March of 1994.

**V. Work Performed**

On January 23, 2008, samples were retrieved in four areas of the spill utilizing a hand auger. Samples were taken from the surface and at the depths of 1', 2', 3', and 4'. Field analysis was performed on each sample to determine chloride concentrations. The results of the analysis were as follows:

Depth	AH #1	AH #2	AH #3	AH #4
Surface	<124 ppm	976 ppm	<124 ppm	<124 ppm
1'	<124 ppm	<124 ppm	<124 ppm	<124 ppm
2'		<124 ppm	372 ppm	236 ppm
3'		<124 ppm	836 ppm	1492 ppm
4'		<124 ppm		1832 ppm

On January 31, 2008, test trenches were installed to further delineate the site. Grab samples were retrieved from each test trench and field analysis was performed on each sample to determine chloride concentrations. The results of the analysis were as follows:

Depth	TT #1	TT #4
3'	<124	
5'		836 ppm
8'		1492 ppm

On February 6, 2008 a borehole was installed via auger rig to complete delineation of the site. Grab samples were retrieved from the borehole at intervals of 5', and field analysis was performed on each sample to determine chloride concentrations. The results of the analysis were as follows:

Depth	BH#3
5'	
10'	3588 ppm
15'	124 ppm

20'	< 124 ppm
-----	-----------

Confirmation samples were retrieved from the surface at Sample Point #1 and #2 and from Borehole #3 at the 15' depth. The samples were transported under Chain of Custody to Aragon Laboratories for the analysis. The samples were analyzed for Chlorides (EPA Method 300). The result of the analysis was as follows:

Sample ID	Cl <sup>-</sup> ppm
#1 Surface	46
#2 Surface	42
BH#3 15'	84

#### V. Closure Plan

It is requested that the top 4' be excavated from the spill area. The most highly contaminated soils will be transported to an NMOC approved facility for disposal. A like amount of clean soils from offsite will be blended with the remaining soils in order to bring the chloride concentrations to an acceptable level that will allow re-vegetation. The excavated area will then be lined with a 20-mil impervious liner and backfilled with the blended soils. The area will be contoured to natural grade and seeded.

#### VI. Figures & Appendices

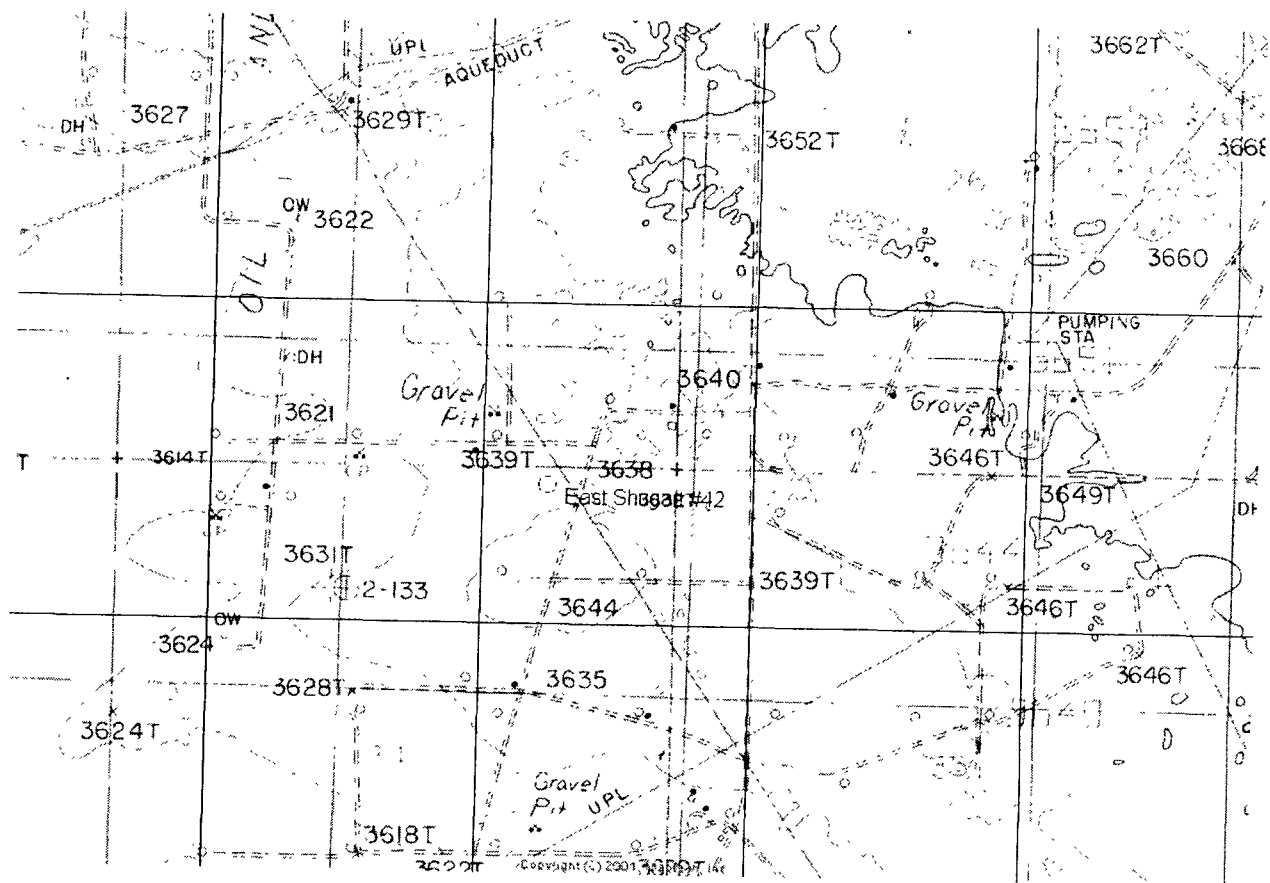
Figure 1 – Vicinity Map

Figure 2 – Site Plan

Appendix A – Analytical Results

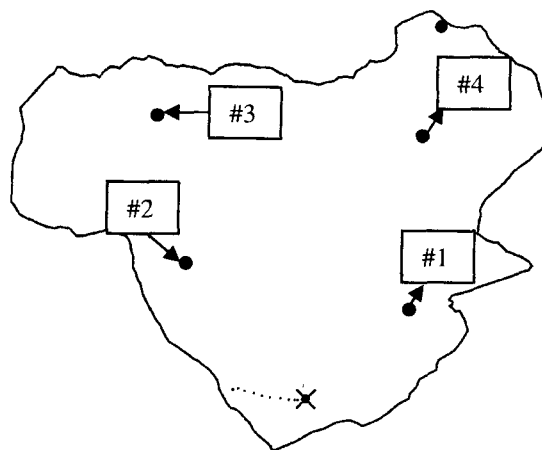
Appendix B – Site Photos

**Figure 1**  
**Vicinity Map**



## **Figure 2 Site Plan**



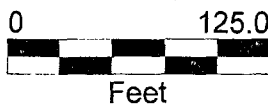


## Americo East Shugart #42

Lat/Long  
WGS 1984

N  
↑

Scale 1:1,000



Site Plan.ssf  
1/30/2008

GPS Pathfinder® Office

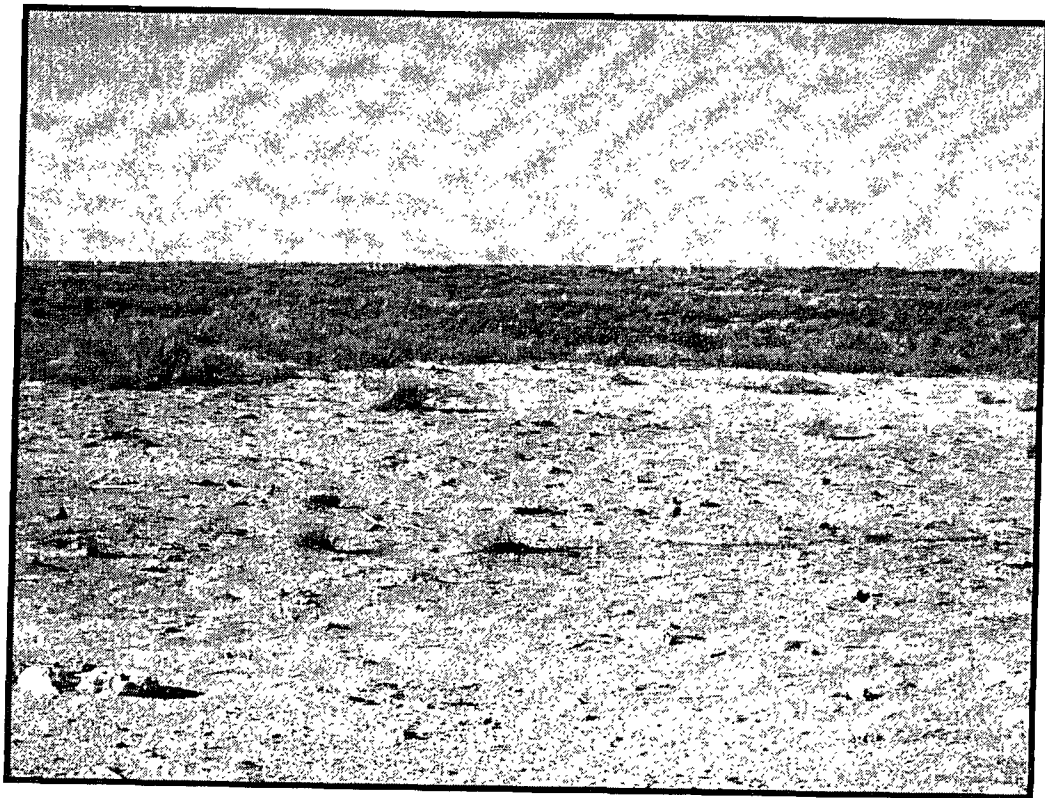
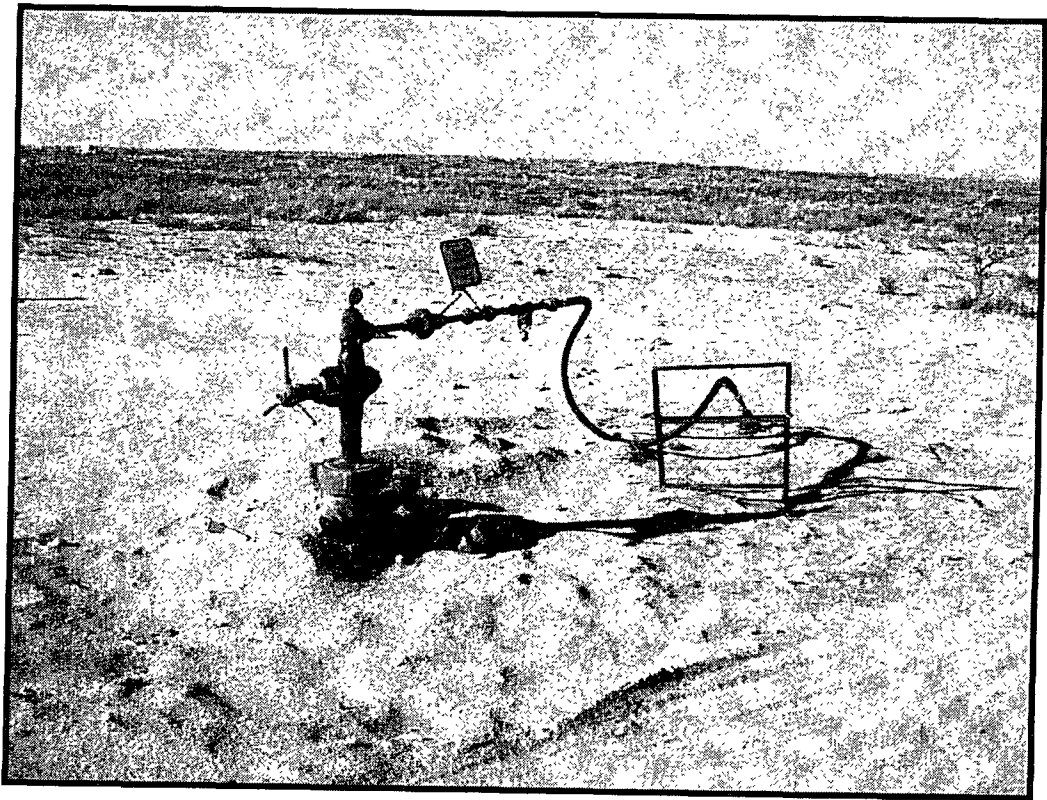


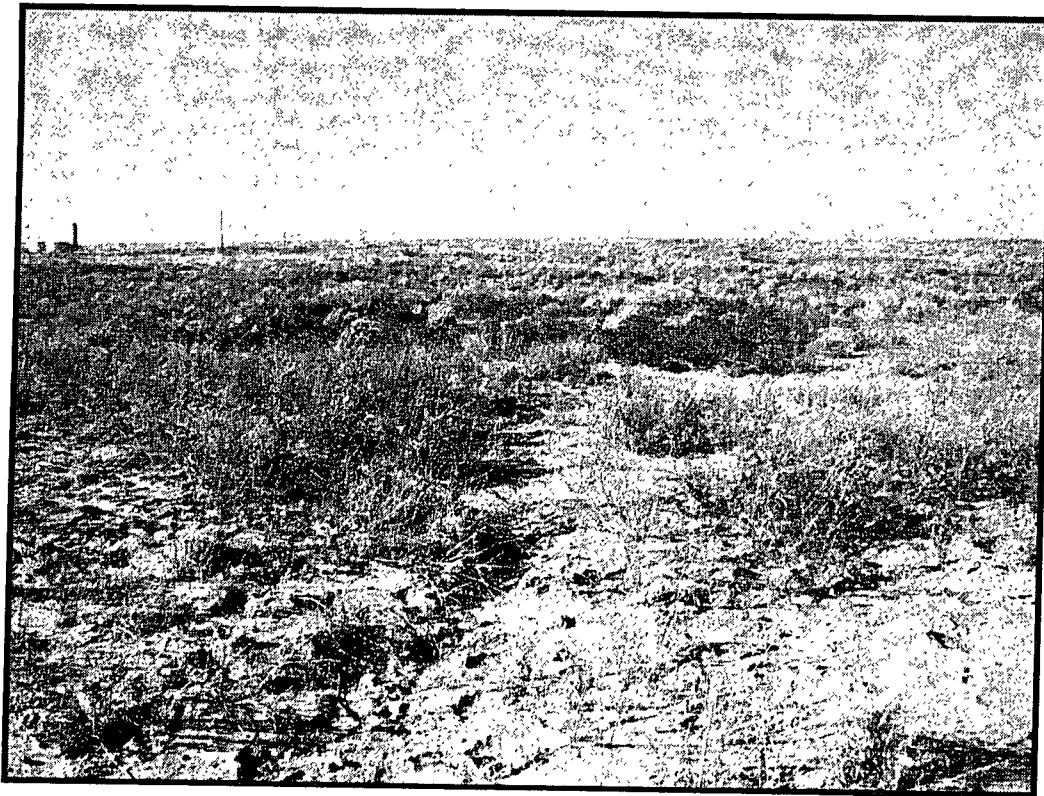
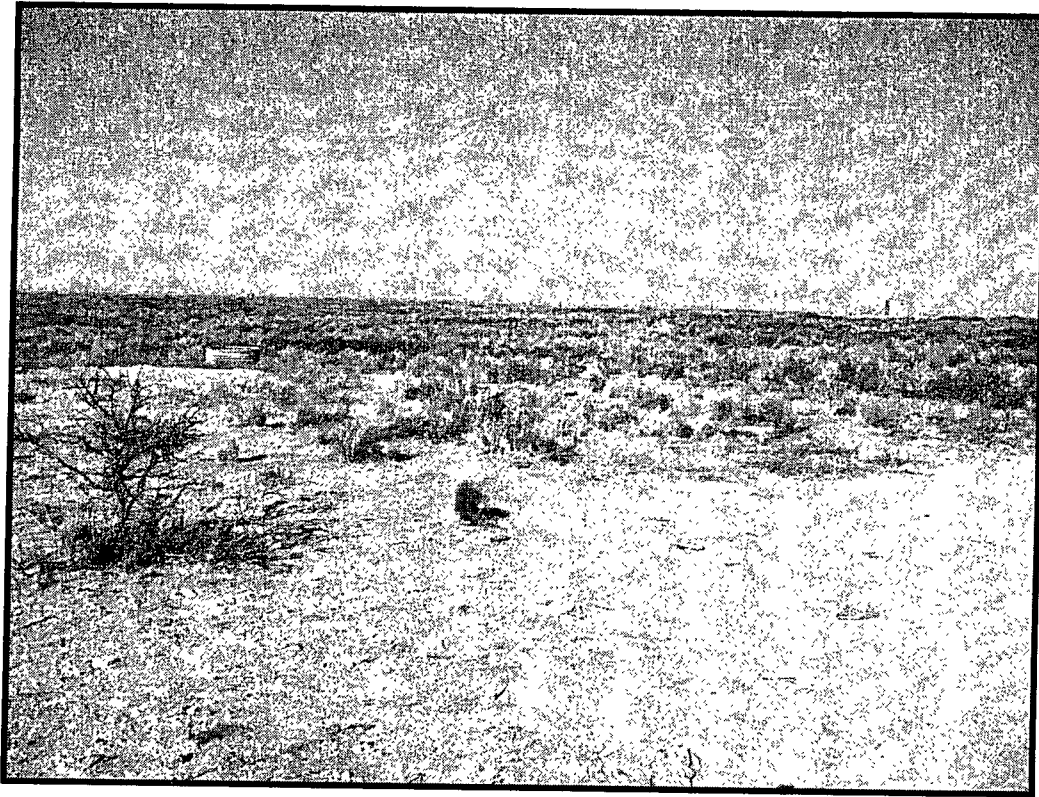
# **Appendix A**

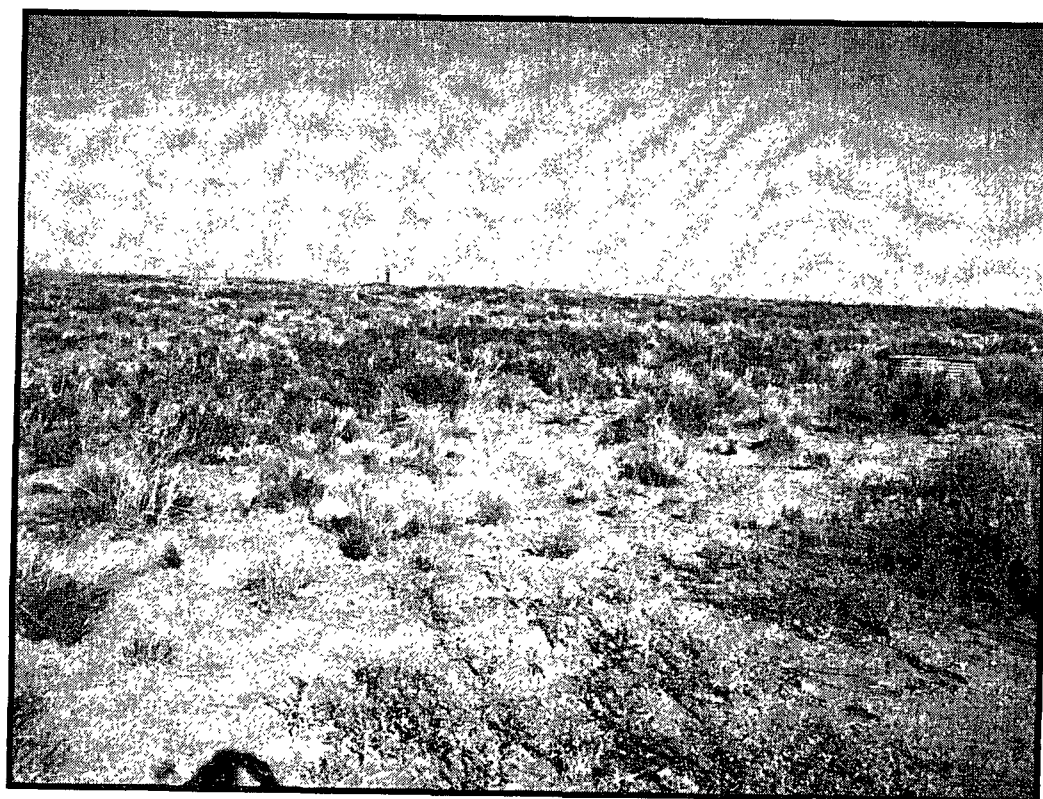
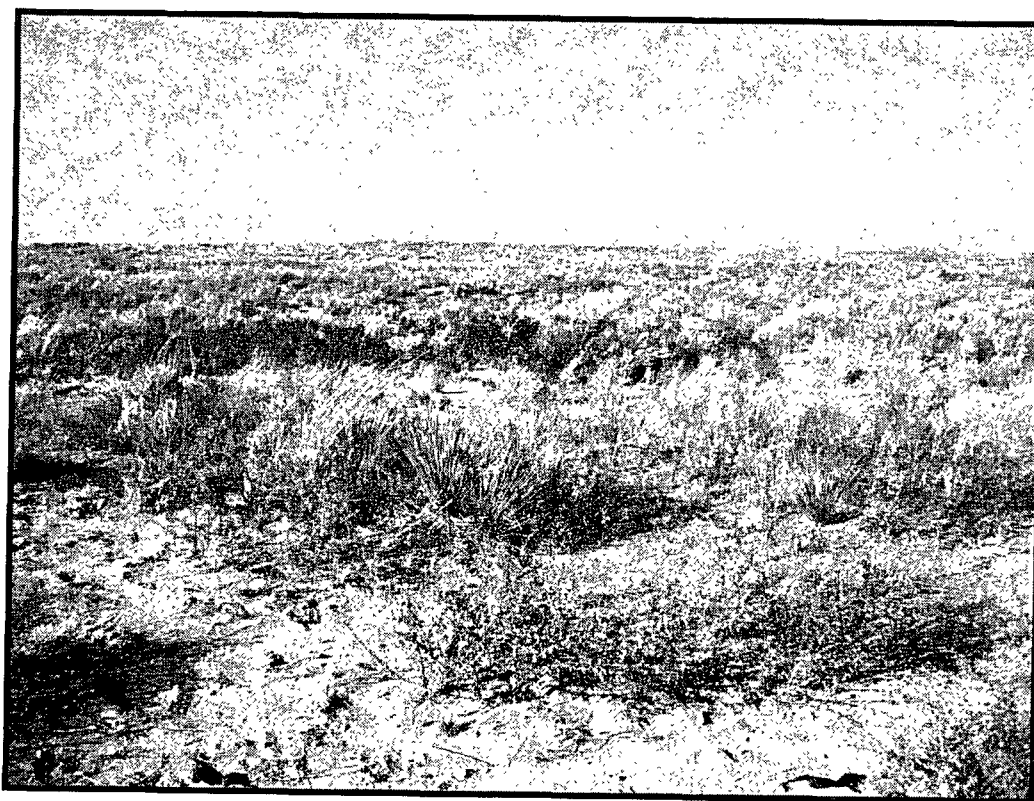
## **Analytical Results**

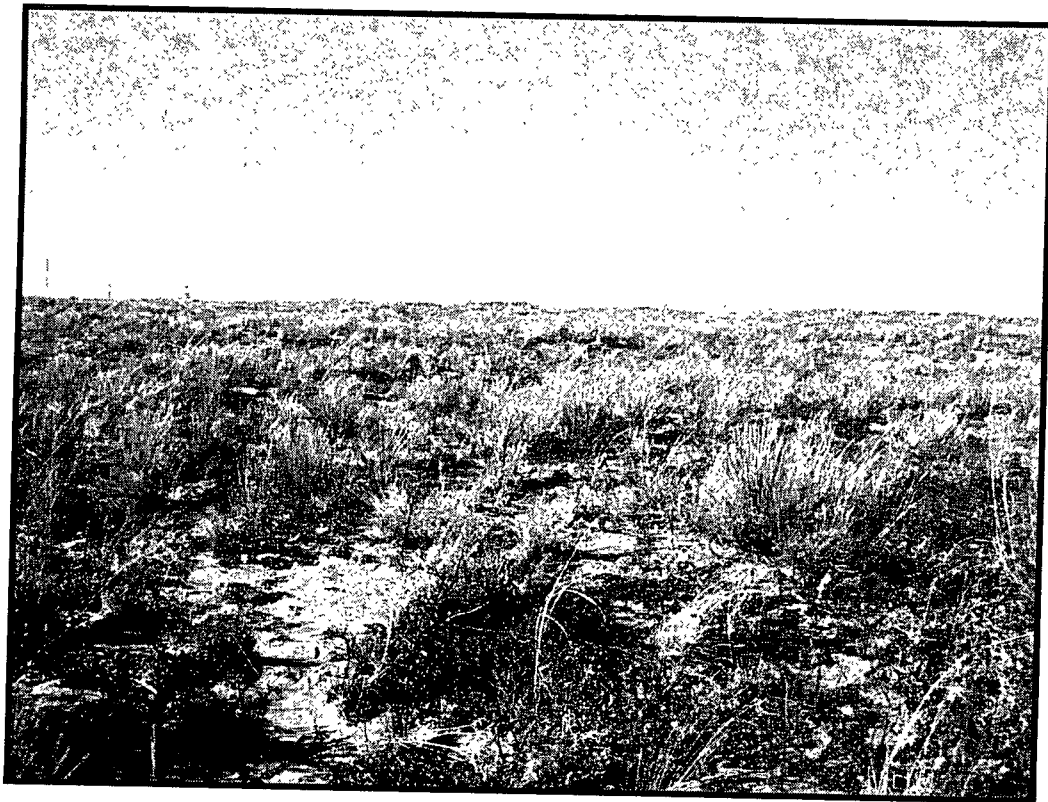
## **Appendix B**

### **Site Photos**

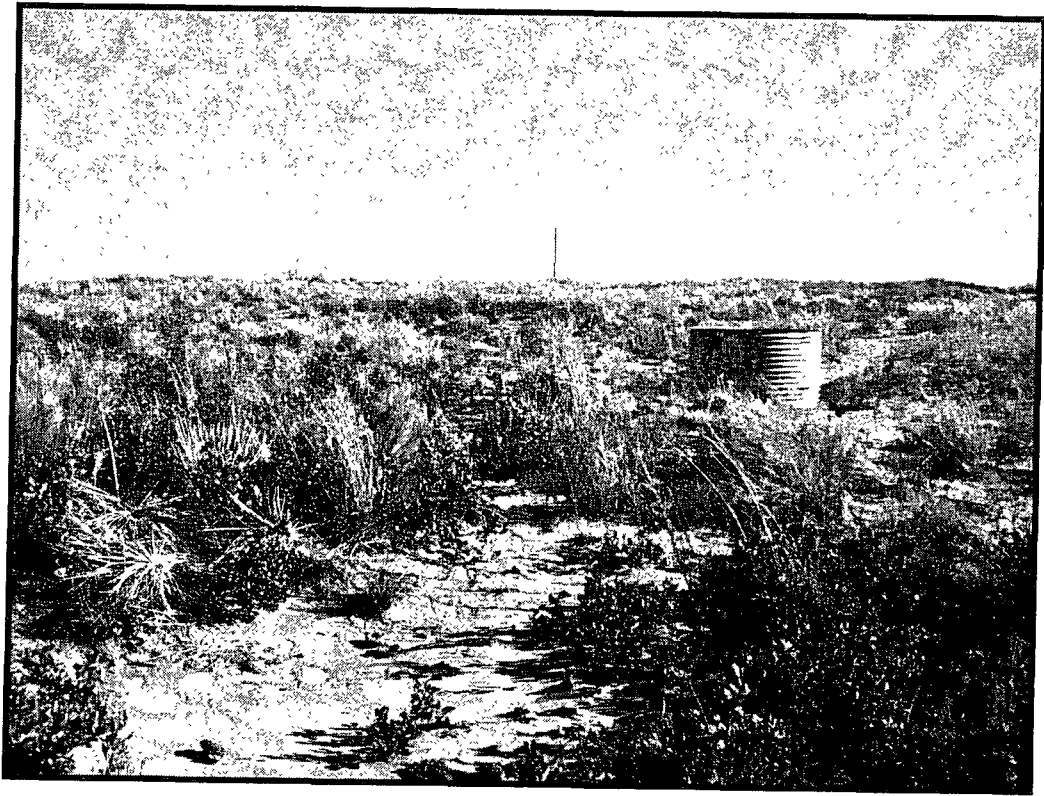














# argon laboratories

14 February 2008

Bob Allen  
Safety & Environmental Solutions, Inc.  
703 E. Clinton Ave  
Hobbs, NM 88240

RE: East Shugart Unit #42 Project Data

Enclosed are the results for sample(s) received on 02/08/08 18:30 by Argon Laboratories. The sample(s) were analyzed according to instructions in accompanying chain-of-custody. Results are summarized on the following pages.

*Please see quality control report for a summary of QC data pertaining to this project.*

The sample(s) will be stored for 30 days after completion of analysis, then disposed of in accordance with State and Federal regulations. Sample(s) may be archived by prior arrangement.

Thank you for the opportunity to service the needs of your company.

Sincerely,



Hiram Cueto  
Lab Manager

Argon Labs

OFFICE OF CUSTOMS

1063

1802007

AME-08-002  
East Shugart #42  
Eddy Co  
Brian Cheller

SEST  
703 E. Clinton  
SOS-397-0510

SAME

*B. Cheller*

X

-D

COMMENTS

#1A, Surface 1-31-08 1033  
#2B, Surface 1-31-08 1050  
#3C, 15' 2-7-08 1322

Soil  
Soil  
Soil

X  
X  
X

-01  
-02  
-03

*B. Cheller*

2/8/08 0630 Longfellow

2/8/08 0630

ANMCO2-2441



2126 W. Marland Ave., Hobbs, NM 88240 (505)397-0295 Fax (505)397-0296



Safety & Environmental Solutions, Inc

Project Number: AME-08-002

703 E. Clinton Ave

Project Name: East Shugart Unit #42

Work Order No.:

Hobbs, NM 88240

Project Manager: Bob Allen

C802007

### ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
#1A. Surface	C802007-01	Soil	01/31/08 10:38	02/08/08 18:30
#2B. Surface	C802007-02	Soil	01/31/08 10:50	02/08/08 18:30
BH #3C. 15'	C802007-03	Soil	02/07/08 13:22	02/08/08 18:30

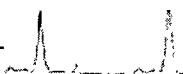
Approved By

Argon Laboratories, Inc

QC Officer

Safety & Environmental Solutions, Inc.  
703 E. Clinton Ave  
Hobbs, NM 88240

Project Number: AME-08-002  
Project Name: East Shugart Unit #42  
Project Manager: Bob Allen

  
Work Order No.  
C802007

**Anions by Ion Chromatography - EPA Method 300.0**

Analyte	Result	Reporting		Units	Dilution	Analyzed	Method	Notes
		Limit						
#1A. Surface (C802007-01) Soil    Sampled: 01/31/08 10:38    Received: 02/08/08 18:30								
Chloride	46	10	mg/kg	1		02/13/08	EPA 300.0	
#2B. Surface (C802007-02) Soil    Sampled: 01/31/08 10:50    Received: 02/08/08 18:30								
Chloride	42	10	mg/kg	1		02/13/08	EPA 300.0	
BH #3C. 15' (C802007-03) Soil    Sampled: 02/07/08 13:22    Received: 02/08/08 18:30								
Chloride	84	10	mg/kg	1		02/13/08	EPA 300.0	

Approved By  
Argon Laboratories, Inc

QC Officer

Safety &amp; Environmental Solutions, Inc.

703 E. Clinton Ave

Hobbs, NM 88240

Project Number: AME-08-002

Project Name: East Shugart Unit #42

Project Manager: Bob Allen



Work Order No.:

C802007

**Anions by Ion Chromatography - EPA Method 300.0 - Quality Control**
**Argon Laboratories**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	RPD	Notes
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**Batch CR00020 - General Prep**
**Blank (CR00020-BLK1)**

Prepared &amp; Analyzed: 02/13/08

Chloride ND 10 mg/kg

**LCS (CR00020-BS1)**

Prepared &amp; Analyzed: 02/13/08

Chloride 5.95 mg/kg 5.00 119

**LCS Dup (CR00020-BSD1)**

Prepared &amp; Analyzed: 02/13/08

Chloride 5.99 mg/kg 5.00 120 0.7

**Matrix Spike (CR00020-MS1)**

Prepared &amp; Analyzed: 02/13/08

Chloride 5.25 mg/kg 5.00 105

**Matrix Spike Dup (CR00020-MSD1)**

Prepared &amp; Analyzed: 02/13/08

Chloride 5.30 mg/kg 5.00 106 0.9

Approved By

Argon Laboratories, Inc.

QC Officer



2126 W. Marland Ave., Hobbs, NM 88240 (505)397-0295 Fax (505)397-0296

Safety & Environmental Solutions, Inc.

703 E Clinton Ave

Hobbs, NM 88240

Project Number: AME-08-002

Project Name: East Shugart Unit #42

Project Manager: Bob Allen

Work Order No.:

C802007

### Notes and Definitions

DET Analyte DETECTED

ND Analyte NOT DETECTED at or above the reporting limit

NR Not Reported

dry Sample results reported on a dry weight basis

RPD Relative Percent Difference

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Approved By

Argon Laboratories, Inc.

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QC Officer

District I  
1625 N French Dr., Hobbs, NM 88240  
District II  
1301 W Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S St. Francis Dr., Santa Fe, NM 87505



State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-141  
Revised October 10, 2003  
AUG 17 2007  
OCD-ARTESIA  
Submit 2 Copies to appropriate  
District Office in accordance  
with Rule 116 on back  
side of form

### Release Notification and Corrective Action

30-015-27670

228051

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company Americo Energy Resources, LLC	Contact Oscar Nosrati
Address 7575 San Felipe, Ste. 200, Houston, Tx 77063	Telephone No. 713-984-9700
Facility Name East Shugart Unit Well #42	Facility Type Injection Well

Surface Owner BLM	Mineral Owner BLM	Lease No.
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### LOCATION OF RELEASE

Unit Letter A	Section 34	Township 18S	Range 31E	Feet from the 330	North/South Line North	Feet from the 1140	East/West Line East	County Eddy
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Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

### NATURE OF RELEASE

Type of Release Produced salt water with slight oil cut	Volume of Release 100 bbls.	Volume Recovered 70
Source of Release Blown relief valve	Date and Hour of Occurrence 8/10/2007 prior to 12:30 p.m.	Date and Hour of Discovery 8/10/2007 12:30 p.m.
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Gerry Guye	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.\*

Describe Cause of Problem and Remedial Action Taken.\*

Relief valve blew. Release consisted of approximately 95 bbls of saltwater and 5 bbls of oil. Well shut-in. Waiting on parts to repair valve.

Describe Area Affected and Cleanup Action Taken.\*

Approximately 100' x 450' area affected by release, most of which is on pad site. Vacuum truck brought on to remove recoverable fluids. Soil to be cleaned and tilled.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature:	OIL CONSERVATION DIVISION	
Printed Name: Robert M. Gray	Approved by District Supervisor:	
Title: Land Manager	Approval Date: AUG 20 2007	Expiration Date: 9-20-07
E-mail Address: don.gray@americoenergy.com	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: 8/10/2007 Phone: 713-984-9700		

\* Attach Additional Sheets If Necessary

PSEB0807330376

2RP-145



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

August 20, 2007

Americo Energy Resources, LLC  
7575 San Felipe, Suite 200  
Houston, TX 77063

ATTN: Oscar Nosrati

RE: East Shugart Unit #42 (30-015-27670)

Dear Sir:

This office is in receipt of your C-141 on the oil and produced water release, at this facility.

NMOCD Rule 19.15.3.116 states in part ... "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."

Information and tools for proper corrective action may be found in the Environmental Handbook on our web site [www.emnrd.state.nm.us/ocd](http://www.emnrd.state.nm.us/ocd) under the heading publications.

Remediation requirements may be subject to other federal, state and local laws or regulations.

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.

Please be advised that NMOCD acceptance and/or approval of documents or work plans does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I may be of further service or if you have any questions please feel free to contact me.

Sincerely,

Gerry Guye  
Compliance Officer  
NMOCD District II, Artesia  
(505) 748-1283 ext 105  
Cell (505) 626-0843  
E-mail: [gerry.guye@state.nm.us](mailto:gerry.guye@state.nm.us)