

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

JUL 18 2008

Form C-141
Revised October 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

OCD-ARTESIA

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

ISEB0821933974
NSEB0821933257

228051

OPERATOR

Initial Report

Final Report

Name of Company	Americo Energy Resources, LLC	Contact	
Address	7575 San Felipe, Ste 200 Houston, TX 77063	Telephone No.	713-984-9700
Facility Name	East Shugart Unit	Facility Type	Salt Water Disposal Facility

Surface Owner	FEDERAL 30-015-28204	Mineral Owner	Americo Energy Resources, LLC	Lease No.	030473
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
K	35	18-S	31-E	2100	X	3500	X	Eddy

Latitude 32.70389 Longitude -103.838627

NATURE OF RELEASE

Type of Release	Fresh water and Produced water	Volume of Release	366 Bbls	Volume Recovered	360 Bbls
Source of Release	water tank	Date and Hour of Occurrence		Date and Hour of Discovery	
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?	Bruce Madden	Date and Hour	7/11		
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.*

There was a lightning strike that shutdown the alarm system and disposal pump. Therefore freshwater and produced water tanks overflowed spilling 366 bbls of (260 freshwater and 106 of produced water) into the tank battery area; no oil at all. We got vacuum truck picked up 360 bbls of water. Small amount about 10 barrels got out of tank battery.

Describe Area Affected and Cleanup Action Taken.*

Affected area was only N.W. corner of the main tank battery. Area was thoroughly washed with fresh water and cleaned up.

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:	<i>Ehsan Bayat</i>	OIL CONSERVATION DIVISION	
Printed Name:	EHSAN BAYAT	Approved by District Supervisor:	Accepted for record - NMOCD
Title:	Regulatory Analyst/Production Tech.	Process Approval Date:	8-6-08
E-mail Address:	ehsan.bayat@americoenergy.com	Expiration Date:	
Date:	7/16/08	Conditions of Approval:	SEE ATTACHED STIPULATIONS
Phone:		Attached	<input checked="" type="checkbox"/>

JRP-209

* Attach Additional Sheets If Necessary

SEB0821934123



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



CERTIFIED MAIL—RETURN RECEIPT REQUESTED
7007 2680 0001 6451 0786

August 6, 2008

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

RE: East Shugart Unit 075 K-35-18S-31E
30-015-28204 Eddy County, New Mexico
2RP-209

Dear Sir:

This office is in receipt of your C-141 regarding the 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 at the following link:
http://www.emnrd.state.nm.us/oed/documents/7C_spill1.pdf

The following actions are **required** to be addressed in the **remediation plan**:

- Determine the horizontal and vertical delineation of the spill by sampling.
- Prepare a sketch of the site indicating where and at what depths the samples were taken.
- Submit laboratory results of sampling as well as the proposed remediation with the plan.



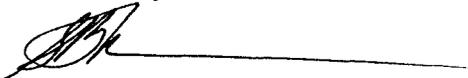
Remediation requirements may be subject to other federal, state, and local laws or regulations.

Within 30 days, **on or before September 9, 2008**, completion of a remediation work plan should be finalized and submitted to the Division summarizing all actions taken or to be taken to mitigate environmental damage related to the leak, spill or release 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 assistance with this matter or should you have any questions, please feel free to contact me.

Sincerely,



Sherry Bonham
NMOCD District II, Artesia
(505) 748-1283 ext 109
E-mail: sherry.bonham@state.nm.us