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December 9, 2005

BY FACSIMILE

Mark Fesmire, P.E. Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: NMOCDCases 13601
Application of Fasken Oil and Ranch, Ltd.
for Salt water disposal wellbores
Lea County, New Mexico

Dear Mr. Fesmire:

In behalf of Fasken Oil and Ranch, Ltd., please find enclosed our Motion to Strike Objections by Americo Energy Resources, Inc. This case is currently set for hearing on December 15, 2005.

Very truly yours,


W. Thomas Kellahin

Cc:

Gail McQuesten, Esq.
Attorney for the OCD
Fasken Oil and Ranch, Ltd.
Attn: Jimmy Carlile
Americo Energy Resources, LLC
Attn: Oscar Nosrati

WTD 12/12/05

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**APPLICATION OF FASKEN OIL AND RANCH, LTD
FOR A SALT WATER DISPOSAL WELLBORE
LEA COUNTY, NEW MEXICO**

CASE NO. 13601

**FASKEN OIL AND RANCH COMPANY'S
MOTION TO STRIKE
THE OBJECTION OF AMERICO ENERGY RESOURCES, LLC.**

Fasken Oil and Ranch, Ltd. ("Fasken") moves that the New Mexico Oil Conservation Division strike the objection of Americo Energy Resources, LLC ("Americo") and preclude Americo for participating as a party in this matter because it has waived any right to object by its failure to file a timely objection as required by Division Rule 701.C (3).

And in support states:

RELEVANT FACTS

(1) On September 13, 2005, Fasken prepared and submitted its Administrative Salt Water Disposal Well Application ("Form C-108") to the Division for seeking an order approving three possible salt water disposal wellbores ("SWDs") and authority to utilize only one among these three for actual injection: (a) the Denton Well No. 1 (API No. 30-025-05288) located 1980 feet FNL and 1988 feet FWL (Unit F) of Section 11, T15S, R37E; (b) the Denton Well No. 5 (API No. 30-025-05292) located 658 FNL and 662 feet FEL (Unit A) of Section 11, T15S, R37E, and (c) the Denton 11 (API No. 30-025-05298) located 660 feet FNL and 1815 feet FEL (Unit B) of Section 11, T15S, R37E, for disposal of produced water into the Pennsylvanian formation thorough perforations or open hole at a depth from approximately 9506 feet to 10950 feet.

(2) On September 13, 2005, Fasken sent a copy of its Administrative Salt Water Disposal Application (Division for C-108) to Americo which was received by Americo on September 15, 2005. **See certified mail-return receipt card attached as Exhibit "A"**

(3) Division Form C-108 states that "NOTICE. Surface owners or offset operators **must** file any objection or request for hearing of administrative applications within 15 days from the date this application was mailed to them.

(4) Rule 701.C(3) states that: "if no objection is received within said 15-day period, and a hearing is not otherwise required, the application may be approved administratively."

(5) The 15-day objection period expired on September 28, 2005.

(6) On October 20, 2005, some 22 days after the objection period expired, the Division receipt a written objection from Americo dated October 13, 2005. **See copy attached as Exhibit "B"**

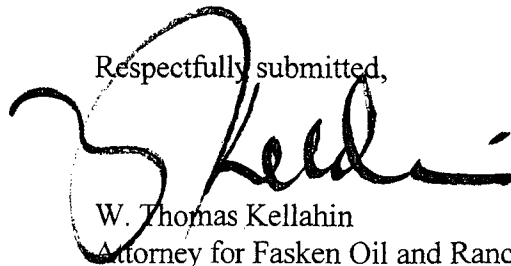
(7) On November 15, 2005, without waiving its right to have the Division dismiss Americo's untimely objection and in order to avail itself of the next available Division Examiner's hearing docket, Fasken requested that its SWD application be docketed for hearing. See Case 13601.

(8) On December 8, 2005, Americo, by a document dated December 7, 2005, filed its written objection in Case 13601 and apparently is attempting to appear in this case without representation by a New Mexico attorney. See Division Rule 1212.C

ARGUMENT

It has been the Division's longstanding practice to require objecting parties to timely file written objections to any administrative application, including those for salt-water disposal wells. Americo has failed to do so in this case and thereby has waived any objection to the Divisions approval of this application.

Respectfully submitted,

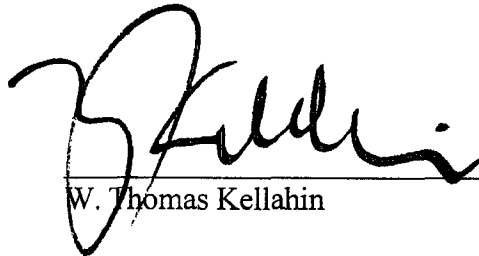


W. Thomas Kellahin
Attorney for Fasken Oil and Ranch Ltd.

CERTIFICATION OF SERVICE

I hereby certify that a copy of this pleading was served upon Americo Energy Resources this
9th day of December, 2005, by facsimile and also to:

Gail McQuesten, Esq.
Oil Conservation Division
1220 South St. Francis Drive
Fax: 505-476-3462



W. Thomas Kellahin

AmeriCo

Energy Resources, LLC

October 13, 2005

RECEIVED

OCT 20 2005

OIL CONSERVATION
DIVISION

Mr. William Jones
Engineering Bureau
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Reference Fasken's letter of September 13, 2005 for authorization to convert three producers (Denton Nos. 1, 5, and 11 wells) to injector status in the Denton Field.

Dear Mr. Jones,

Americo Energy Resources, LLC as an off set operator to the above mentioned wells within the Denton Field objects to the proposed conversion of three producers to injection wells status in this field.

Sincerely,



Oscar Nosrati,
V.P. Operations
Americo Energy Resources

cc: Mr. Jimmy D. Carlile
Regulatory Affairs Coordinator
Fasken Oil and Ranch Ltd.
303 West Wall, Suite 1800
Midland, TX 79701



FASKEN OIL AND RANCH, LTD.

303 WEST WALL AVENUE, SUITE 1800
MIDLAND, TEXAS 79701-5116

(432) 687-1777
jimmyc@forl.com

Jimmy D. Carlile
Regulatory Affairs Coordinator

September 20, 2005

Mr. Will Jones
New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

Dear Mr. Jones,

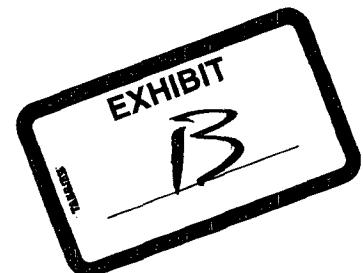
Re: Fasken Oil and Ranch, Ltd.
Application for Salt Water Disposal
Form C-108
Denton Nos. 1, 5 and 11
Denton Field, Lea County, New Mexico

Attached are copies of proof of notification of offset operators and the surface owner. Should there be any questions concerning our application, please give me a call.

Yours truly,



Jimmy D. Carlile
Regulatory Affairs Coordinator



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BROTHER PRODUCTION CO
303 W WALL ST STE 1600
MIDLAND TX 79701

2. Article Number

(Transfer from service label)

7001 0320 0004 3745 2501

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x Robert Newton

☐ Agent☐ Addressee

B. Received by (Printed Name)

Robert Newton

C. Date of Delivery

9-14-05

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

DARR ANGELL
PO BOX 190
LOVINGTON NM 88260-0190

2. Article Number

(Transfer from service label)

7001 0320 0004 3745 2464

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x D. Angell

☐ Agent☐ Addressee

B. Received by (Printed Name)

D. Angell

C. Date of Delivery

9-14-05

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

POLARIS PRODUCTION CO
415 W WALL ST
MIDLAND TX 79701

2. Article Number

(Transfer from service label)

7001 0320 0004 3745 2495

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x [Signature]

☐ Agent☐ Addressee

B. Received by (Printed Name)

[Signature]

C. Date of Delivery

9-14-05

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

JOURNEY OIL & GAS LLC
1201 LOUISIANA STE 1040
HOUSTON TX 77002

2. Article Number

(Transfer from service label)

7001 0320 0004 3745 2488

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Amanda Dickes ☐ Agent
☐ Addressee

B. Received by (Printed Name)

A. Dickes

C. Date of Delivery

9/16/05

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

AMERICO ENERGY RESOURCES
PO BOX 19163
HOUSTON TX 77224-9163

2. Article Number

(Transfer from service label)

7001 0320 0004 3745 2471

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X [Signature] ☐ Agent
☐ Addressee

B. Received by (Printed Name)

Maggie [Signature]

C. Date of Delivery

9-15-05

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ARCO/BP
600 N MARIENFELD
MIDLAND TX 79701

2. Article Number

(Transfer from service label)

7001 0320 0004 3745 2518

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X MG Canas ☐ Agent
☐ Addressee

B. Received by (Printed Name)

MG CARASCO

C. Date of Delivery

9-14-05

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

(SECONDARY OR OTHER ENHANCED RECOVERY,
PRESSURE MAINTENANCE, SALT WATER DISPOSAL,
AND UNDERGROUND STORAGE - Cont'd.)

C. Administrative Approval

(1) If the application is for administrative approval rather than for a hearing, it must also be accompanied by a copy of a legal publication published by the applicant in a newspaper of general circulation in the county in which the proposed injection well is located. (The details required in such legal notice are listed on Side 2 of Form C-108).

(2) No application for administrative approval may be approved until 15 days following receipt by the Division of Form C-108 complete with all attachments including evidence of mailing as required under Subsection B, Paragraph (2) above of 19.15.9.701 NMAC and proof of publication as required by Subsection C, Paragraph (1) above of 19.15.9.701 NMAC.

(3) If no objection is received within said 15-day period, and a hearing is not otherwise required, the application may be approved administratively.

D. Hearings - If a written objection to any application for administrative approval of an injection well is filed within 15 days after receipt of a complete application, or if a hearing is required by these rules or deemed advisable by the Division Director, the application shall be set for hearing and notice thereof given by the Division.

E. Salt Water Disposal Wells

(1) The Division Director shall have authority to grant an exception to the requirements of Subsection A of 19.15.9.701 NMAC for water disposal wells only, without hearing, when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation, or other general use, and when said waters are to be disposed of into a formation older than Triassic (Lea County only) and provided no objections are received pursuant to Subsection C of 19.15.9.701 NMAC.

(2) Disposal will not be permitted into zones containing waters having total dissolved solids concentrations of 10,000 mg/l or less except after notice and hearing, provided however, that the Division may establish exempted aquifers for such zones wherein such injection may be approved administratively.

(3) Notwithstanding the provisions of Subsection E, Paragraph (2) above of 19.15.9.701 NMAC, the Division Director may authorize disposal into such zones if the waters to be disposed of are of higher quality than the native water in the disposal zone.

F. Pressure Maintenance Projects

(1) Pressure maintenance projects are defined as those projects in which fluids are injected into the producing horizon in an effort to build up and/or maintain the reservoir pressure in an area which has not reached the advanced or "stripper" state of depletion.

(2) All applications for establishment of pressure maintenance projects shall be set for hearing. The project area and the allowable formula for any pressure maintenance project shall be fixed by the Division on an individual basis after notice and hearing.

(3) Pressure maintenance projects may be expanded and additional wells placed on injection only upon authority from the Division after notice and hearing or by administrative approval.

(4) The Division Director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for the conversion to injection of additional wells within a project area provided that any such well is necessary to develop or maintain efficient pressure maintenance within such project and provided that no objections are received pursuant to Subsection C of 19.15.9.701 NMAC.

(5) An established pressure maintenance project shall have only one designated operator. Any application for exception must be set for hearing.

G. Water Flood Projects

(1) Water flood projects are defined as those projects in which water is injected into a producing horizon in sufficient quantities and under sufficient pressure to stimulate the production of oil from other wells in the area, and shall be limited to those areas in which the wells have reached an advanced state of depletion and are regarded as what is commonly referred to as "stripper" wells.

(2) All applications for establishment of water flood projects shall be set for hearing.

(3) The project area of a water flood project shall comprise the proration units owned or operated by a given operator upon which injection wells are located plus all proration units owned or operated by the same operator which directly or diagonally offset the injection tracts and have producing wells completed on them in the same formation; provided however, that additional proration units not directly nor diagonally offsetting an injection tract may be included in the project area if, after notice and hearing, it has been established that such additional units have wells completed thereon which have experienced a substantial response to water injection.

(4) The allowable assigned to wells in a water flood project area shall be equal to the ability of the wells to produce and shall not be subject to the depth bracket allowable for the pool nor to the market demand percentage factor.

(5) Nothing herein contained shall be construed as prohibiting the assignment of special allowables to wells in buffer zones after notice and hearing. Special allowables may also be assigned in the limited instances where it is established at a hearing that it is imperative for the protection of correlative rights to do so.

(6) Water flood projects may be expanded and additional wells placed on injection only upon authority from the Division after notice and hearing or by administrative approval.

(7) The Division Director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for conversion to injection of additional wells provided that any such well is necessary to develop or maintain thorough and efficient water flood injection for any authorized project and provided that no objections are received pursuant to Subsection C of 19.15.9.701 NMAC.

(8) An established water flood project shall have only one designated operator. Any application for exception must be set for hearing.