



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 28, 2006

Americo Energy Resources LLC
P.O. Box 19163
Houston, TX 77224
[address of record]

Mr. Oscar Nosrati
Americo Energy Resources LLC
10940 Old Katy Rd., Suite 100
Houston, TX 77043

Re: Inactive well agreed compliance order, ACOI-70-A

Dear Operator:

Under the terms of your agreed compliance order for inactive wells, you will soon need to file a compliance report indicating which wells were returned to compliance.

The terms of the order require you to file the report using the Oil Conservation Division (OCD) web-based online application. Unfortunately, the online application may not be available in time for you to use it for your initial report.

If you need or wish to file a compliance report before the online application is available, you may submit the report in writing. For each well returned to compliance please 1) identify the well by name and API number; 2) indicate how the well was returned to compliance (plugged and abandoned, placed on approved temporary abandonment status, or returned to production or other approved beneficial use); and 3) indicate the month in which the well was returned to compliance. Please remember that to return a well to compliance under the terms of the order, you must file the appropriate paperwork. For example, if you return a well to production, you must file a C-115 showing production. When indicating the month in which the well was returned to compliance, please use the month in which you filed the appropriate paperwork.

Here is an example of the information required to report a well returned to compliance by plugging, when the subsequent report showing the plugging of the wellbore was filed in June 2006.

State Well #003, API 30-025-01582, PA'd, June 2006

Please send the report to OCD Enforcement and Compliance Manager Daniel Sanchez by mail or e-mail so that it is received by the deadline set in your order:

Daniel Sanchez
EMNRD – Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

daniel.sanchez@state.nm.us

Case No. 13819
OCD Exhibit 4


If you have returned to compliance the number of wells required by your order, and your order provides for an amendment extending its terms, you should receive an amendment from Mr. Sanchez. The amendment will be sent to the address of record for the operator provided pursuant to OCD Rule 100.C. Please make sure that the address of record shown above is current. **If you do not receive a timely amendment from Mr. Sanchez, please contact him at (505) 476-3493.**

If you have not returned to compliance the number of wells required by your order, you may wish to request a waiver or reduction or penalties and/or an amendment extending the terms of the order. Please make such requests in writing to Mr. Sanchez. Please explain why you were not able to meet your goal, and provide any available documentation to support your request. For example, if you planned to plug 3 wells, but were unable to do so due to difficulties obtaining a rig, it would be helpful to provide copies of any letters you sent to rig operators, and any written responses you received from those operators, to show that you acted diligently and promptly to obtain a rig. It would also be helpful to demonstrate that you obtained approved plugging procedures for the wells from the OCD, to show that you were ready to do the plugging if a rig had been available.

To assist you in preparing your compliance report, I have attached to this letter a printout showing the wells covered by your order, and the current status of each well according to OCD records regarding last production/injection, plugging, temporary abandonment, and transfers. If you disagree with the information on this report please contact David Bradshaw at (505) 476-3484 regarding issues related to the date of last production/injection, and contact the appropriate district office regarding issues related to plugging and temporary abandonment.

The OCD will contact you when our online compliance reporting process is available. In the meantime, we thank you for your patience. If you have any questions about the compliance report process, please contact Enforcement and Compliance Manager Daniel Sanchez at (505) 476-3493, Daniel.sanchez@state.nm.us, or OCD attorney Gail MacQuesten at (505) 476-3451, gail.macquesten@state.nm.us.

Sincerely,



Gail MacQuesten,
OCD Attorney

Encl: Well list
Cc: Daniel Sanchez

AGREED COMPLIANCE ORDER - INACTIVE WELLS

Operator **AMERICO ENERGY RESOURCES LLC**

Order **70** **Amendment** **A**

<i>Well Name</i>	<i>API</i>	<i>Last Production/ Injection Date</i>	<i>Plug Date</i>	<i>Plugged, Not Released</i>	<i>TA Expiration Date</i>	<i>Well Transferred</i>
B C DICKINSON A 1 #001	30-025-05222	3/1/1998				
B C DICKINSON A 1 #002	30-025-09868	7/1/1997				
B C DICKINSON D #005	30-025-05179	1/1/1999				
Denton S J #001	30-025-05309	6/1/2003				YES
LEE WHITMAN A #001	30-025-05135	3/1/1992				
LEE WHITMAN B #007	30-025-05112	3/1/2002				
STATE T #005	30-025-05230	6/1/1998				

Thursday, July 27, 2006