

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

**CASE NO. 14079  
ORDER NO. R-12966**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER FOR A COMPLIANCE ORDER AGAINST AMERICO ENERGY RESOURCES, LLC FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED RULE 19.15.3.116 NMAC AS TO TWO WELLS; ORDERING OPERATOR TO COMPLY WITH SUCH RULE BY A DATE CERTAIN; AND ASSESSING PENALTIES FOR THE VIOLATIONS; EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on February 21, 2008, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 23<sup>rd</sup> day of June, 2008, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The New Mexico Oil Conservation Division ("Division") seeks an order requiring Americo Energy Resources, LLC ("Americo" or "operator") to comply with Division Rule 19.15.3.116 NMAC for two wells shown below.

<b>Well Name</b>	<b>API Number</b>	<b>Location</b>
(a) East Shugart Unit #015	30-015-05687	F-34-18S-31E
(b) East Shugart Unit #042	30-015-27670	A-34-18S-31E

(3) The Division also seeks an order determining that operator knowingly and willfully violated 19.15.3.116 NMAC and requiring operator to remediate the contaminated well sites by a date certain as to the subject wells.

(4) Further, the Division seeks a penalty of \$11,000 for knowing and willful violation of Rule 19.15.3.116 NMAC.

(5) The Division appeared at the hearing through legal counsel and presented the following testimony.

(a) Americo Energy Resources, LLC is the current operator of the two wells listed in finding paragraph (2), and was the operator during the time period relevant to this proceeding;

(b) Americo knowingly and willfully violated 19.15.3.116 NMAC because the operator failed to remediate the contaminated well sites despite several Notices of Violations (NOVs), and repeated efforts and attempts to bring the operator into compliance with Rule 19.15.3.116 NMAC ;

(c) Until the date of this hearing, Americo has not complied with Rule 19.15.3.116 NMAC to the satisfaction of the Division district office in Artesia, and these contaminated well sites remain un-remediated;

(d) Americo failed to meet all the deadlines given to it by the Division District II office in Artesia to comply with Rule 116; and

(e) On February 19, 2008, just two days prior to this hearing, Americo submitted a remediation plan to the Division District II office in Artesia.

(6) Americo appeared at the hearing through legal counsel, and the witness for the operator testified as follows:

(i) The former Americo employee responsible for regulatory issues did not take care of these regulatory problems in a timely manner because he did not enjoy doing regulatory work;

(ii) Americo has recently hired a full-time regulatory analyst to take care of all regulatory issues so that Americo can avoid the kind of problems encountered in this case;

(iii) Americo has recognized that there have been delays in the past in responding to the Division's request to take corrective actions on these wells and promised that it will not happen again with the hiring of a new regulatory analyst; and

(iv) Americo believes that the lack of response to the Division's request for corrective action on the wells is a human error, and does not justify assessing penalties.

(7) The Division concludes that Americo Energy Resources, LLC is the operator of the two (2) wells listed in Finding Paragraph (2). The Division also finds that the operator violated 19.15.3.116 NMAC by neglecting to comply in a timely manner with this rule. The Division also concludes that the operator knowingly and willfully violated Rule 19.15.3.116 NMAC, because the operator, through its employee, received actual notice of the Division's requirements and failed to comply; accordingly the operator should be ordered to pay a penalty of \$11,000.

(8) The operator should also be ordered to remediate the well sites by August 30, 2008 using the Division District II approved remediation plan.

**IT IS THEREFORE ORDERED THAT:**

(1) Pursuant to the application of the Division, Americo Energy Resources is hereby ordered to take corrective action on the following two (2) well sites by August 30, 2008. The well sites shall be remediated in accordance with a plan submitted to and approved in advance by the Division district office in Artesia.

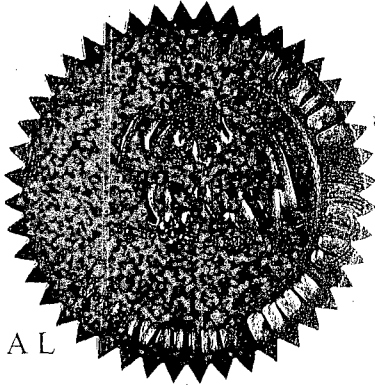
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(2) Should the operator fail to remediate the well sites by August 30, 2008, then the operator shall plug and abandon the subject wells, and if the operator fails to plug and abandon the wells, then the Division shall be authorized to plug and abandon the subject wells and declare forfeiture of any applicable financial assurance.

(3) The operator is also hereby ordered to pay a penalty of \$11,000 on or before July 30, 2008, for knowing and willful violations of Division Rule 19.15.13.116 NMAC. Should the operator fail to pay this penalty by July 30, 2008, additional penalties of \$1,000 per day may be assessed until the penalties are paid in full.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.  
Director