

Case No. 14079
Application for a Compliance Order against Americo Energy
Resources, LLC

Exhibit Index

<u>Exhibit Number</u>	<u>Exhibit</u>
Exhibit No. 1	Affidavit of Service
Exhibit No. 1-A	Hearing Notice, Signed Returned Receipts, Returned Letters
Exhibit No. 1-B	PRC Printout Showing Gary Don Reagan as the Registered Agent for Americo Energy Resources, LLC
Exhibit No. 1-C	Email to Oscar Nosrati
Exhibit No. 1-D	Affidavit of Publication
Exhibit No. 2	Well List
Exhibit No. 3	Rule 116
Exhibit No. 4	Well Inspection History for East Shugart Unit No. 015
Exhibit No. 5	Well Inspection History for East Shugart Unit No. 042
Exhibit No. 6	C-141 for East Shugart Unit No. 015
Exhibit No. 7	July 13, 2007 Letter Regarding East Shugart Unit No. 015
Exhibit No. 8	Emails
Exhibit No. 9	Notice of Violation for East Shugart Unit No. 015
Exhibit No. 10	C-141 for East Shugart Unit No. 42
Exhibit No. 11	August 20, 2007 Letter Regarding East Shugart Unit No. 042
Exhibit No. 12	Emails
Exhibit No. 13	Letter of Violation for East Shugart Unit No. 042
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DANIEL SANCHEZ

ash

NOSRATI
GRAY was London/Reagan

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

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

CASE NO. 14079

AFFIDAVIT OF NOTICE AND PUBLICATION

In accordance with Division Rule 1227.D [19.15.14.1227.D NMAC] and Rule 1210 [19.15.14.1210 NMAC] I hereby certify:

1. Notice of the February 7, 2008 hearing in the above-captioned case was mailed (and emailed to oscar.nosrati@americoenergy.com) to the following by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

Americo Energy Resources, LLC
Attn: Oscar Nosrati, V.P.
7575 San Felipe St., Suite 200
Houston, Texas 77063
Email: oscar.nosrati@americoenergy.com
Certified Mail No. 7099 3220 0009 7873 0226

Americo Energy Resources, LLC
P.O. Box 19163
Houston, Texas 77224
Certified Mail No. 7099 3220 0009 7873 0233

Americo Energy Resources, LLC
Attn: Gary Don Reagan
1819 North Turner, Suite G
Hobbs, New Mexico 88240
Certified Mail No. 7099 3220 0009 7873 0240

Americo Energy Resources, LLC

Americo Energy Resources, LLC
10940 Old Katy Road, Suite 100
Houston, Texas 77043
Certified Mail No. 7099 3220 0009 7873 2190


2. Exhibit A to this affidavit is a copy of the notice that was sent certified mail, return receipt requested, to the above addresses, and the signed receipts for the letters that were mailed to Oscar Nosrati and Gary Don Reagan. The receipts are signed by Ashgar Nosrati and Gary Don Reagan. The two other letters that were mailed out were returned. Exhibit A includes a copy of the letters.

3. Exhibit B is a printout from the Public Regulation Commission Corporation Information Inquiry website which shows Gary Don Reagan as the registered agent for Americo Energy Resources, LLC.

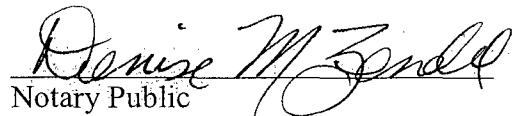
4. Exhibit C to this affidavit is a copy of the email I sent to oscar.nosrati@americoenergy.com which contained the notice of hearing and the application for this case.

5. Notice of the February 7, 2008 hearing was published in The Artesia Daily Press, a newspaper of general circulation in Eddy County. The affidavit of publication from The Artesia Daily Press is attached as Exhibit D.

State of New Mexico
County of Santa Fe


Sony Swazo

SUBSCRIBED AND SWORN to before me this 19 day of February 2008.


Notary Public

My Commission Expires:

1-9-2012



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 15, 2008

Americo Energy Resources, LLC
Attn: Oscar Nosrati, V.P.
7575 San Felipe St., Suite 200
Houston, Texas 77063
Email: oscar.nosrati@americoenergy.com

Certified Mail No. 7099 3220 0009 7873 0226

Americo Energy Resources, LLC
P.O. Box 19163
Houston, Texas 77224

Certified Mail No. 7099 3220 0009 7873 0233

Americo Energy Resources, LLC
Attn: Gary Don Reagan
1819 North Turner, Suite G
Hobbs, New Mexico 88240

Certified Mail No. 7099 3220 0009 7873 0240

Americo Energy Resources, LLC
10940 Old Katy Road, Suite 100
Houston, Texas 77043

Certified Mail No. 7099 3220 0009 7873 2190

Sent Via Email and Certified Mail

Re: Case No. 14079

Application for a Compliance Order Against Americo Energy Resources, LLC

OGRID No. 228051

Facilities:	East Shugart Unit No. 015;	30-015-05687;	F-34-18S-31E
	East Shugart Unit No. 042;	30-015-27670;	A-34-18S-31E

Americo Energy Resources, LLC

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe
Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.oilconservation.org>

***Case 14079
OCD Exhibit No. 1-A***

Dear Operator:

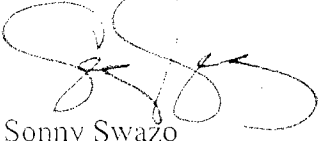
A hearing has been scheduled on the above application for **Thursday February 7, 2008, at 8:15 a.m., in the Oil Conservation Division Hearing Room (Porter Hall) at 1220 South St. Francis Drive, Santa Fe, New Mexico.**

In the application OCD is seeking an Order against Americo Energy Resources, LLC, requiring operator to comply with OCD Rule 19.15.3.116 NMAC by a date certain and assessment of civil penalties for operator's knowing and willful violation of OCD Rule 19.15.3.116.

At the hearing you will have an opportunity to show cause why an order should not be entered as requested in the application. **If you intend to present evidence at the hearing Oil Conservation Division Rule 19.15.14.1211.B NMAC requires you to file a pre-hearing statement at least four business days in advance of the hearing.** I have enclosed a copy of OCD Rule 19.15.14.1211 for your convenience. OCD Rule 19.15.14.1211 describes what information is required to be contained in a party's pre-hearing statement. Please consult OCD Rule 19.15.14.1211 as to what information you need to provide in your pre-hearing statement. I have also enclosed a copy of OCD Rule 19.15.14.1212, which addresses representation at administrative hearings before the Oil Conservation Division.

If you have any questions, please contact me at (505) 476-3463 or by email at sonny.swazo@state.nm.us.

Sincerely yours,



Sonny Swazo

cc: Daniel Sanchez, OCD Enforcement and Compliance Manager
Tim Gum, OCD District II Supervisor

Enclosures: Application
OCD Rule 19.15.14.1211 NMAC
OCD Rule 19.15.14.1212 NMAC
OCD Notice of Hearing

STATE OF NEW MEXICO RECEIVED
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION 2008 JAN 4 AM 10 56

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

CASE NO. 14079

APPLICATION FOR COMPLIANCE ORDER AGAINST AMERICO ENERGY RESOURCES, LLC

1. Americo Energy Resources, LLC, (hereinafter, "Operator") is a foreign limited liability company (SCC No. 2460723) operating wells in New Mexico under OGRID 228051.

2. Operator is the operator of record of the following subject wells:

- East Shugart Unit No. 015; API No. 30-015-05687; F-34-18S-31E
- East Shugart Unit No. 042; API No. 30-015-27670; A-34-18S-31E

3. Oil Conservation Division ("OCD") Rule 19.15.3.116 NMAC ("Rule 116") requires OCD to be notified of any unauthorized release and for such releases to be remediated in accord with OCD requirements and standards.

4. Subsection D of Rule 116 states, "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.”

5. On July 13, 2007, after receiving Operator’s C-141 Release Notification and Corrective Action Form for a produced water and oil spill at the East Shugart Unit No. 015 well, OCD Deputy Oil and Gas Inspector Gerry Guye sent Operator a letter which stated, “Within 30 days, **on or before August 13, 2007**, completion of remedial 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.”

6. Following the letter, OCD Deputy Inspector Guye had several discussions with Operator concerning the remediation plan that Operator needs to file for the East Shugart Unit No. 015 well. However, as of this date, Operator has not filed its remediation plan for the East Shugart Unit No. 015 well

7. On August 20, 2007, after receiving Operator’s C-141 Release Notification and Corrective Action Form for a produced water and oil spill at the East Shugart Unit No. 042 well, OCD Deputy Inspector Guye sent Operator a letter which stated, “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.”

8. Following the letter, OCD Deputy Inspector Guye had several discussions with Operator concerning the remediation plan that Operator needs to file for the East

Shugart Unit No. 042 well. However, as of this date, Operator has not its remediation plan for the East Shugart Unit No. 042 well.

9. NMSA 1978, Section 70-2-31(A) provides that any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars for each violation, and that in the case of a continuing violation, each day of violation shall constitute a separate violation.

10. NMSA 1978, Section 70-2-33(A) defines "person" to mean "any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity."

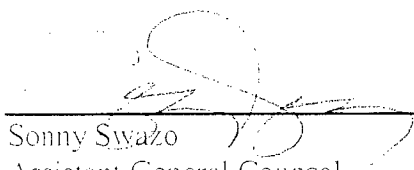
WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an order:

- A. Determining that Operator violated OCD Rule 19.15.3.116 by not filing a remediation plan for both subject wells in accord with Subsection D;
- B. Finding Operator's violation of OCD Rule 19.15.3.116 to be knowing and willful;
 - i. Assessing penalties for Operator's knowing and willful violation of OCD Rule 19.15.3.116;
- C. Ordering Operator to remediate the contamination at both well sites in accord with OCD guidelines and standards by a date certain;
- D. Ordering Operator to file remediation plans for both wells by a date certain;

E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED.

this Fourth day of January 2008 by



Sonny Swazo
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463
Fax (505) 476-3462
Email: sonny.swazo@state.nm.us

Attorney for the New Mexico Oil
Conservation Division

Case No. 14079. Application of the New Mexico Oil Conservation Division for a Compliance Order against Americo Energy Resources, LLC. The Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC as to two wells; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; and assessing penalties. The affected wells are:

- East Shugart Unit No. 015; API No. 30-015-05687; F-34-18S-31E
- East Shugart Unit No. 042; API No. 30-015-27670; A-34-18S-31E

The East Shugart Unit No. 015 well is located approximately 9 miles southwest of Maljamar, in Eddy County, New Mexico.

The East Shugart Unit No. 042 well is located approximately 7 miles southwest of Maljamar, in Eddy County, New Mexico.

19.15.14.1211 PLEADINGS, COPIES, PRE-HEARING STATEMENTS, EXHIBITS AND MOTIONS FOR CONTINUANCE:

A. Pleadings. Applicants shall file two sets of pleadings and correspondence in cases pending before a division examiner with the division clerk and six sets of pleadings and correspondence in cases pending before the commission with the commission clerk. For cases pending before the commission, the commission clerk shall disseminate copies of pleadings and correspondence to the commission members. The party filing the pleading or correspondence shall at the same time serve a copy of the pleading or correspondence upon each party who has entered an appearance in the case on or prior to the business day immediately preceding the date when the party files the pleading or correspondence with the division or the commission clerk, as applicable. Parties shall accomplish service by hand delivery or transmission by facsimile or electronic mail to any party who has entered an appearance or, if the party is represented, the party's attorney of record. Service upon a party who has not filed a pleading containing a facsimile number or e-mail address may be made by ordinary first class mail. Parties shall be deemed to have made an appearance when they have either sent a letter regarding the case to the division or commission clerk or made an in person appearance at any hearing before the commission or before a division examiner. A written appearance, however, shall not be complete until the appearing party has provided notice to other parties of record. Any initial pleading or written entry of appearance a party other than the applicant files shall include the party's address or the address of the party's attorney and an e-mail and facsimile number if available.

B. Pre-hearing statements.

(1) Any party to an adjudicatory proceeding who intends to present evidence at the hearing shall file a pre-hearing statement, and serve copies on other parties or, for parties that are represented, their attorneys in the manner Subsection A of 19.15.14.1211 NMAC provides, at least four business days in advance of a scheduled hearing before the division or the commission, but in no event later than 5:00 pm mountain time, on the Thursday preceding the scheduled hearing date. The statement shall include:

- (a) the names of the party and the party's attorney;
- (b) a concise statement of the case;
- (c) the names of witnesses the party will call to testify at the hearing, and in the case of expert witnesses, their fields of expertise;
- (d) the approximate time the party will need to present its case; and
- (e) identification of any procedural matters that are to be resolved prior to the hearing.

(2) Any party other than the applicant shall include in its pre-hearing statement a statement of the extent to which the party supports or opposes the issuance of the order the applicant seeks and the reasons for such support or opposition. In cases to be heard by the commission, each party shall include copies of all exhibits that it proposes to offer in evidence at the hearing with the pre-hearing statement. The commission may exclude witnesses the party did not identify in the pre-hearing statement, or exhibits the party did not file and serve with the pre-hearing statement, unless the party offers such evidence solely for rebuttal or makes a satisfactory showing of good cause for failure to disclose the witness or exhibit.

(3) A pre-hearing statement filed by a corporation or other entity not represented by an attorney shall identify the person who will conduct the party's presentation at the hearing and include a sworn and notarized statement attesting that the corporation's or entity's governing body or chief executive officer authorizes the person to present the corporation or entity in the matter.

(4) For cases pending before the commission, the commission clerk shall disseminate copies of pre-hearing statements and exhibits to the commission members.

C. Motions for continuance. Parties shall file and serve motions for continuance no later than 48 hours prior to time the hearing is set to begin, unless the reasons for requesting a continuance arise after the deadline, in which case the party shall file the motion as expeditiously as possible after becoming aware of the need for a continuance.

[19.15.14.1211 NMAC - Rp, 19.15.14.1208 NMAC, 09/30/05]

19.15.14.1212 CONDUCT OF ADJUDICATORY HEARINGS:

A. Testimony. Hearings before the commission or a division examiner shall be conducted without rigid formality. The division or commission shall take or have someone take a transcript of testimony and preserve the transcript as a part of the division's permanent records. Any person testifying shall do so under oath. The division examiner or commission shall designate whether or not an interested party's un-sworn comments and observations are relevant and, if relevant, include the comments and observations in the record.

B. Pre-filed testimony. The division director may order the parties to file prepared written testimony in advance of the hearing for cases pending before the commission. The witness shall be present at the hearing and shall adopt, under oath, the prepared written testimony, subject to cross-examination and motions to strike unless the witness' presence at hearing is waived upon notice to other parties and without their objection. The parties shall number pages of the prepared written testimony, which shall contain line numbers on the left-hand side.

C. Appearances pro se or through an attorney. Parties may appear and participate in hearings either pro se (on their own behalf) or through an attorney. Corporations, partnerships, governmental entities, political subdivisions, unincorporated associations and other collective entities may appear only through an attorney or through a duly authorized officer or member. Participation in adjudicatory hearings shall be limited to parties, as defined in 19.15.14.1208 NMAC, except that a representative of a federal, state or tribal governmental agency or political subdivision may make a statement on the agency's or political subdivision's behalf. The commission or division examiner shall have the discretion to allow any other person present at the hearing to make a relevant statement, but not to present evidence or cross-examine witnesses. Any person making a statement at an adjudicatory hearing shall be subject to cross-examination by the parties or their attorneys.

[19.15.14.1212 NMAC - Rp, 19.15.14.1210 NMAC, 09/30/05]

NOTICE OF HEARING

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **February 7, 2008**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **January 28, 2008**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

**All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 14074: *Application of the New Mexico Oil Conservation Division for a Compliance Order against Jackie Brewer d/b/a Sandlott Energy.* Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; ordering operator to plug the wells and authorizing the division to plug the wells and forfeit the applicable financial assurance in event of non-compliance with order; and assessing penalties. The affected wells are:

- | | | |
|-------------------------------|-----------------------|--------------|
| • Daugherty State No. 001; | API No. 30-015-02589; | 4-4-18S-28E |
| • Levers A State No. 002 ; | API No. 30-015-26895; | B-8-18S-28E |
| • Levers State 7; | API No. 30-015-02575; | N-4-18S-28E |
| • Resler Yates State No. 317; | API No. 30-015-10254; | F-21-18S-28E |
| • Resler Yates State No. 322; | API No. 30-015-10285; | I-20-18S-28E |
| • Resler Yates State No. 367; | API No. 30-015-20088; | F-32-18S-28E |
| • Resler Yates State No. 370; | API No. 30-015-20094; | H-32-18S-28E |
| • Resler Yates State No. 381; | API No. 30-015-26134; | G-32-18S-28E |
| • Thomas State No. 001; | API No. 30-015-02672; | A-9-18S-28E |
| • Welch Duke State No. 018; | API No. 30-015-06125; | C-28-18S-28E |

The wells are located approximately 8 miles southwest of Loco Hills, in Eddy County, New Mexico.

CASE 14075: *Application of the New Mexico Oil Conservation Division for a Compliance Order against Buddy Delong d/b/a Ready Oil and Gas.* The Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to two wells, requiring Operator to bring the two wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the

Division to plug said wells in the event of Operator's non-compliance with the Order. The affected wells are:

- Keohane B Federal No. 002; C-28-18S-31E; 30-015-05624
- Keohane B Federal No. 003; F-28-18S-31E; 30-015-05625

The wells are located approximately 7 miles southeast of Loco Hills, in Eddy County, New Mexico.

CASE 14076: *Application of the New Mexico Oil Conservation Division for a Compliance Order against Tom R. Cone.* Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to four wells, requiring Operator to bring the four wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to plug said wells in the event of Operator's non-compliance with the Order. The affected wells are:

- Donnelly Pan American No. 001Y; 30-015-05739; G-5-19S-31E
- Federal 18 No. 002; 30-015-10228; K-18-19S-31E
- Federal 18 No. 004; 30-015-20226; G-18-19S-31E
- North Shugart Queen Unit No. 011; 30-015-05600; N-21-18S-31E

The Donnelly Pan American No. 001Y, the Federal 18 No. 002, and the Federal 18 No. 004, are located approximately 13 miles southeast of Loco Hills, in Eddy County, New Mexico.

The North Shugart Queen Unit No. 011 is located approximately 9 miles southeast of Loco Hills, in Eddy County, New Mexico.

CASE 14077: *Application of the New Mexico Oil Conservation Division for a Compliance Order against Southwest Royalties, Inc.* Applicant seeks an Order finding that operator is in violation of 19.15.4.201 NMAC as to eleven wells, requiring operator to bring the wells into compliance by a date certain, and authorizing the Division to forfeit the applicable financial assurance and plug the wells in the event of operator's non-compliance. The affected wells are:

- Barr H State No. 001; 30-025-29825; I-7-16S-33E
- Bell Ramsay NCT D No. 001; 30-025-06214; G-35-20S-37E
- Eagle No. 001; 30-025-27568; J-36-25S-36E
- Humphreys No. 001; 30-025-09815; N-25-25S-36E
- Maralo Sholes B No. 002; 30-025-09806; P-25-25S-36E
- Mcmillan No. 001; 30-025-05511; N-29-18S-37E
- Parke Federal No. 001; 30-015-20597; O-10-17S-30E
- Parke Federal No. 003; 30-015-20612; I-10-17S-30E
- Sholes A No. 003; 30-025-09796; I-24-25S-36E
- Sholes B 25 No. 002; 30-025-09808; B-25-25S-36E
- Wright Federal Com No. 001; 30-015-21878; N-29-18S-29E

The Barr H State No. 001 is located approximately 8 miles northeast of Maljamar, in Lea County, New Mexico.

The Bell Ramsay NCT D No. 001 is located approximately 9 miles southwest of Hobbs, in Lea County, New Mexico.

The Eagle No. 001 is located approximately 3 miles west of Jal, in Lea County, New Mexico.

The Humphreys No. 001 is located approximately 4 miles southwest of Jal. in Lea County, New Mexico.

The Maralo Sholes B No. 002 is located approximately 2 miles southwest of Jal. in Lea County, New Mexico.

The Memillan No. 001 is located approximately 8 miles west of Hobbs. in Lea County, New Mexico.

The Parke Federal No. 001 and Parke Federal No. 003 are located approximately 4 miles southeast of Loco Hills. in Eddy County, New Mexico.

The Sholes A No. 003 is located approximately 1 mile west of Jal, in Lea County, New Mexico.

The Sholes B 25 No. 002 is located approximately 3 miles Northwest of Jal, in Lea County, New Mexico.

The Wright Federal Com No. 001 is located approximately 8 miles southwest of Loco Hills. in Eddy County, New Mexico.

CASE 14078: *Application of the New Mexico Oil Conservation Division for a Compliance Order against ERS Resources, LLC.* Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to thirty-two wells, requiring Operator to bring the wells to compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to forfeit the financial assurance and plug the wells in the event of Operator's non-compliance with the Order. The affected wells are:

• Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E
• Artesia Metex Unit No. 006;	30-015-00941;	K-24-18S-27E
• Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E
• Artesia Metex Unit No. 011;	30-015-01940;	3-19-18S-28E
• Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E
• Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E
• Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E
• Artesia Metex Unit No. 016;	30-015-00942;	M-24-18S-27E
• Artesia Metex Unit No. 020;	30-015-01196;	P-24-18S-27E
• Artesia Metex Unit No. 021;	30-015-01942;	4-19-18S-28E
• Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E
• Artesia Metex Unit No. 023;	30-015-01941;	N-19-18S-28E
• Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28E
• Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E
• Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E
• Artesia Metex Unit No. 029;	30-015-01194;	B-25-18S-27E
• Artesia Metex Unit No. 031;	30-015-02139;	1-30-18S-28E
• Artesia Metex Unit No. 032;	30-015-02140;	C-30-18S-28E
• Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
• Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
• Artesia Metex Unit No. 039;	30-015-00948;	G-25-18S-27E
• Artesia Metex Unit No. 040;	30-015-00954;	H-25-18S-27E
• Artesia Metex Unit No. 041;	30-015-02136;	2-30-18S-28E
• Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E

- Artesia Metex Unit No. 044; 30-015-01190; I-26-18S-27E
- Artesia Metex Unit No. 045; 30-015-00959; L-25-18S-27E
- Artesia Metex Unit No. 049; 30-015-02141; K-30-18S-28E
- Artesia Metex Unit No. 051; 30-015-00966; P-26-18S-27E
- Artesia Metex Unit No. 052; 30-015-00960; M-25-18S-27E
- Artesia Metex Unit No. 054; 30-015-00956; O-25-18S-27E
- Artesia Metex Unit No. 056; 30-015-00987; A-35-18S-27E
- Artesia Metex Unit No. 058; 30-015-00991; C-36-18S-27E

The Artesia Metex Unit No. 027, Artesia Metex Unit No. 036, and Artesia Metex Unit No. 058, are located approximately 8 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 005 and Artesia Metex Unit No. 006 are located approximately 9 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 016, Artesia Metex Unit No. 026, Artesia Metex Unit No. 029, Artesia Metex Unit No. 035, Artesia Metex Unit No. 045, Artesia Metex Unit No. 052, and Artesia Metex Unit No. 056, are located approximately 10 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 040 is located approximately 11 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 020, Artesia Metex Unit No. 032, Artesia Metex Unit No. 039, Artesia Metex Unit No. 042, Artesia Metex Unit No. 044, Artesia Metex Unit No. 051, and Artesia Metex Unit No. 054, are located approximately 12 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 011, Artesia Metex Unit No. 012, Artesia Metex Unit No. 013, Artesia Metex Unit No. 014, Artesia Metex Unit No. 021, Artesia Metex Unit No. 031, and Artesia Metex Unit No. 041, are located approximately 13 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 022, Artesia Metex Unit No. 023, and Artesia Metex Unit No. 049, are located approximately 14 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 008 and Artesia Metex Unit No. 024 are located approximately 16 miles southeast of Artesia, in Eddy County, New Mexico.

CASE 14079: Application of the New Mexico Oil Conservation Division for a Compliance Order against Americo Energy Resources, LLC. Applicant seeks an order finding operator in violation of 19.15.3.116 NMAC as to two wells; requiring operator to bring the wells into compliance with 19.15.3.116 by a date certain; and assessing penalties. The affected wells are:

- East Shugart Unit No. 015; API No. 30-015-05687; F-34-18S-31E
- East Shugart Unit No. 042; API No. 30-015-27670; A-34-18S-31E

The East Shugart Unit No. 015 well is located approximately 9 miles southwest of Maljamar, in Eddy County, New Mexico.

The East Shugart Unit No. 042 well is located approximately 7 miles southwest of Maljamar, in Eddy County, New Mexico.

CASE 14080: Application of Southern Union Gas Services, Ltd. for approval of an acid gas injection well, Lea County, New Mexico. Applicant seeks approval to utilize its proposed Jal Plant AGI Well No. 1, to be drilled 1570 feet from the North line and 1050 feet from the West line in Unit E of Section 33, Township 24 South, Range 37 East, NMPM, to inject up to 7390 barrels of acid gas and produced water per day, at a maximum pressure of 1130 psi, into the San Andres Formation, at an approximate depth of 4350 feet to 5200 feet. SUGS may be contacted through its representative, Mr. Alberto Gutierrez, 500 Marquette Ave NW, Suite 1350, Albuquerque, New Mexico 87102 or (505) 842-8000. Said well is located approximately 3 ½ miles north of Jal, New Mexico.

CASE 14081: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Eddy County, New Mexico. Applicant seeks approval of the Thurman Draw Exploratory Unit from the surface to the base of the Barnett Shale formation in an area comprising 5,780.38 acres of Federal, State of New Mexico and Fee lands in Sections 8, 9, 10, 15, 16, 17, 20, 21 and 22 in Township 26 South, Range 23 East, NMPM, which is located approximately 14 miles southwest of White's City, New Mexico.

CASE 14082: Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the S 2 N 2 of Section 24, Township 16 South, Range 28 East, NMPM, to form a non-standard 160-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Cave Lake "24" Fed. Com. Well No. 3-H, a horizontal well to be drilled at a surface location 2260 feet from the North line and 330 feet from the West line, with a terminus 1980 feet from the North line and 330 feet from the East line, of Section 24. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 10-1/2 miles northwest of Loco Hills, New Mexico.

CASE 14083: Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the E 2 SW 4 of Section 12, Township 15 South, Range 37 East, NMPM, to form a non-standard 80-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Denton-Wolfcamp Pool, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the Antero 12 Fee Well No. 5, a horizontal well to be drilled at a surface location 2160 feet from the South line and 1980 feet from the West line of Section 12, with a terminus 330 feet from the South line and 1980 feet from the West line of Section 12. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 5-1/2 miles southeast of Prairieview, New Mexico.

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1. Article Addressed to:

Americo Energy Resources, LLC
Attn: Oscar Nosrati, V.P.
7575 San Felipe St., Suite 200
Houston, TX 77063

2. Article Number (Copy from service label)

7099 3220 0009 7873 0226

PS Form 3811, July 1999

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☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.4. Restricted Delivery? (Extra Fee) ☐ Yes**SENDER: COMPLETE THIS SECTION**

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1. Article Addressed to:

Americo Energy Resources, LLC
Attn: Gary Don Reagan
1819 North Turner, Suite G
Hobbs, NM 88240

2. Article Number (Copy from service label)

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PS Form 3811, July 1999

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C. Signature

☐ Agent☐ AddresseeD. Is delivery address different from item 1? ☐ Yes☐ No

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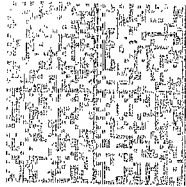
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STATE OF NEW MEXICO
ENERGY MINERALS AND
NATURAL RESOURCES DEPARTMENT
1220 SOUTH SAINT FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505



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☐ Deceased
☐ Vacant



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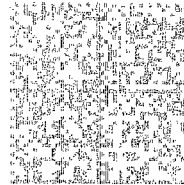
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AMERICO ENERGY RESOURCES, LLC
1094 OLD KATY ROAD, SUITE 100
HOUSTON, TX 77043

CERTIFIED MAIL

STATE OF NEW MEXICO
ENERGY MINERALS AND
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AMERICO ENERGY RESOURCES, LLC
P.O. BOX 19163
HOUSTON, TX 77224

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2nd NOTICE	01	23
RETURNED	02	22