



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 3, 2006

Mr. Oscar Nosrati
Americo Energy Resources LLC
10940 Old Katy Rd., Ste. 100
Houston, TX 77043
Via e-mail: oscar.nosrati@americoenergy.com

Re: Americo Energy Resources LLC
Amended Agreed Compliance Order for Inactive Wells

Dear Mr. Nosrati:

Thank you for speaking with me regarding an amended agreed compliance order for inactive wells operated by Americo Energy Resources LLC (Americo). I have enclosed a draft amended order for your review.

Please note that the amended order will require Americo to pay a \$2,000 penalty for its failure to comply with the original agreed compliance order, executed on May 27, 2005. The \$2,000 penalty is considerably less than the penalty Americo actually owes under the terms of the original order. The Oil Conservation Division (OCD) is willing to accept a lower penalty amount because Americo did approach the OCD regarding an amendment, offered an explanation for its failure to comply, and offered a plan for coming into compliance. The OCD does require the payment of a penalty, however, as a sign of good faith from Americo that it will make every effort to comply with the amended order.

During our telephone conversation you indicated that Americo will have access to a rig from Platinum, and hopes to bring the seven wells identified in the amended order into compliance in 6-8 months. Because the original order had already given Americo considerable time to bring these same wells into compliance, the OCD is not willing to enter into an amended order that gives Americo more than 6 months to return the wells to compliance, especially because Americo has represented that it now has access to a rig. Accordingly, the amended order provides that Americo will have until July 31, 2006 to bring the 7 identified wells into compliance.

If Americo fails to bring all seven wells into compliance by July 31, 2006, the amended order requires a penalty of \$1000 times each identified well that remains out of compliance. (There is a provision for challenging the imposition of the penalty, on the ground that the operator was unable to bring the wells into compliance in time due to unanticipated circumstances.) In addition, on August 1, 2006, any well covered by the amended order that remains out of compliance will appear on Americo's inactive wells list, and may affect Americo's compliance under Rule 40.

Please review the draft amended order, and call me at (505) 476-3451 if you have any questions or concerns. If the draft is acceptable, please print out and sign two copies, and return them to me with a check for the \$2,000 penalty.

Sincerely,

Gail MacQuesten
Assistant General Counsel
Oil Conservation Division

cc: Chris Williams, OCD District 1
Daniel Sanchez, OCD Compliance and Enforcement Manager

Case 14189
Americo Energy Resources, LLC
OCD Exhibit No. 8