

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 OPERATOR IN NON-COMPLIANCE WITH RULE 19.15.4.201 AS TO TWELVE WELLS AND RULE 19.15.3.101 AS TO ONE WELL; REQUIRING OPERATOR TO COME INTO COMPLIANCE WITH SAID RULES BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IF OPERATOR DOES NOT COMPLY; EDDY AND LEA COUNTIES, NEW MEXICO.

CASE NO. 14189

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 October 16, 2008 hearing in the above-captioned case was mailed on September 15, 2008 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: Pamela Fendley
7575 San Felipe St., Suite 200
Houston, Texas 77063
Certified Mail No. 7002 0510 0003 5125 2157

Americo Energy Resources, LLC
P.O. Box 19163
Houston, Texas 77224
Certified Mail No. 7002 0510 0003 5125 2140

Americo Energy Resources, LLC
Attn: Gary Don Reagan, Registered Agent
1819 North Turner, Suite G
Hobbs, New Mexico 88240
Certified Mail No. 7002 0510 0003 5125 2133

Americo Energy Resources, LLC
10940 Old Katy Road, Suite 100
Houston, Texas 77043
Certified Mail No. 7002 0510 0003 5125 2126

Lexon Insurance Company
2307 River Road, Suite 200
Louisville, Kentucky 40206
Certified Mail No. 7002 0510 0003 5125 2119

Lexon Insurance Company
P.O. Box 98
Louisville, Kentucky 40201
Certified Mail No. 7002 0510 0003 5125 2102

Texas Capital Bank, N.A.
Attn: Cathy Beynon
Letter of Credit Unit
2100 McKinney Ave., Suite 1225
Dallas, Texas 75201
Certified Mail No. 7002 0510 0003 5125 2096

2. Attachment A is a copy of the notice and the certified return receipts for the notices mailed to Americo Energy Resources, LLC; Lexon Insurance Company; and Texas Capital Bank, N.A. All of the receipts for the notices that were mailed to Americo Energy Resources, LLC, were returned signed except for the notice that was mailed to the Old Katy Road address. That notice was returned undelivered. Kathy Hobbs signed the receipt for the notice that was mailed to Lexon Insurance Company's River Road address. The notice that was mailed to Lexon Insurance Company's Post Office Box was returned undelivered. The receipt for the notice that was mailed to Texas Capital Bank, N.A., was returned signed.


3. Attachment B is a copy of a letter from Lexon Insurance Company acknowledging receipt of the notice.

4. Attachment C are copies of a facsimile transaction report showing that the notice of hearing was faxed to and received by Americo Energy Resources, LLC, on September 25, 2008, and Texas Capital Bank, N.A., on September 16, 2008.

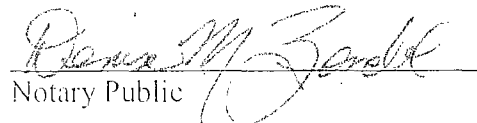
5. On September 15, 2008, the notice of hearing and application were emailed to Cathy Beynon with Texas Capital Bank, N.A. Attachment D is a copy of the email.

6. Notice of the October 16, 2008 hearing was published on September 20, 2008 in The Lovington Leader, a newspaper of general circulation in Lea County, New Mexico. A copy of the Affidavit of Publication is attached to this affidavit as Exhibit E.

7. Notice of the October 16, 2008 hearing was published on September 18, 2008 in the Artesia Daily Press, a newspaper of general circulation in Eddy County, New Mexico. A copy of the Affidavit of Publication is attached to this affidavit as Exhibit F.


Sonny Swazo

SUBSCRIBED AND SWORN to before me this 28th day of October, 2008.


Notary Public

My Commission Expires: 1-09-2012

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

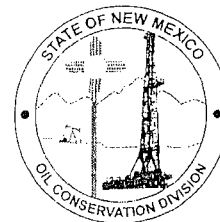
Reese Fullerton

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



September 15, 2008

Americo Energy Resources, LLC

Attn: Pamela Fendley

7575 San Felipe St., Suite 200

Houston, Texas 77063

Faxed to (713) 984-9933

Certified Mail No. 7002 0510 0003 5125 2157

Americo Energy Resources, LLC

P.O. Box 19163

Houston, Texas 77224

Certified Mail No. 7002 0510 0003 5125 2140

Americo Energy Resources, LLC

Attn: Gary Don Reagan, Registered Agent

1819 North Turner, Suite G

Hobbs, New Mexico 88240

Certified Mail No. 7002 0510 0003 5125 2133

Americo Energy Resources, LLC

10940 Old Katy Road, Suite 100

Houston, Texas 77043

Certified Mail No. 7002 0510 0003 5125 2126

Lexon Insurance Company

2307 River Road, Suite 200

Louisville, Kentucky 40206

Certified Mail No. 7002 0510 0003 5125 2119

Lexon Insurance Company

P.O. Box 98

Louisville, Kentucky 40201

Certified Mail No. 7002 0510 0003 5125 2102

Case 14189

Americo Energy Resources, LLC

OCD Exhibit No. 1-A

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



Americo Energy Resources, LLC OGRID 228051
Hearing Notice Case No. 14189
September 15, 2008
Page 2 of 3

Texas Capital Bank, N.A.
Attn: Cathy Beynon
Letter of Credit Unit
2100 McKinney Ave., Suite 1225
Dallas, Texas 75201

Faxed to (214) 932-6750
Emailed to cathy.beynon@texascapitalbank.com

Certified Mail No. 7002 0510 0003 5125 2096

Re: Case No. 14189

Operator: Americo Energy Resources, LLC OGRID No. 228051
Facilities: 30-025-05222 B C Dickinson A 1 No. 001 L-1-15S-37E
30-025-09868 B C Dickinson A 1 No. 002 L-1-15S-37E
30-025-05179 B C Dickinson D No. 005 C-35-14S-37E
30-015-05684 East Shugart Unit No. 002 B-34-18S-31E
30-015-05683 East Shugart Unit No. 003 A-34-18S-31E
30-015-05700 East Shugart Unit No. 007 B-35-18S-31E
30-015-05698 East Shugart Unit No. 022 J-35-18S-31E
30-025-05135 Lee Whitman A No. 001 G-26-14S-37E
30-025-05112 Lee Whitman B No. 007 O-23-14S-37E
30-025-05232 State T No. 007 N-2-15S-37E
30-025-25570 State T Devonian B No. 009 N-2-15S-37E
30-025-05204 W T Mann A No. 002 B-36-14S-37E

Bonds: Texas Capital Bank Letter of Credit No. LC766
Texas Capital Bank Letter of Credit No. LC767
Texas Capital Bank Letter of Credit No. LC768
Texas Capital Bank Letter of Credit No. LC769
Texas Capital Bank Letter of Credit No. LC770
Texas Capital Bank Letter of Credit No. LC772
Texas Capital Bank Letter of Credit No. LC774
Lexon Insurance Company Bond No. 1007131

Dear Operator:

You are hereby notified that a hearing has been scheduled on the above application for Thursday, October 16, 2008, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico.

In the application the New Mexico Oil Conservation Division ("OCD") is seeking an Order requiring Americo Energy Resources, LLC (Americo) to come into compliance with OCD Rule 19.15.4.201 NMAC as to 12 wells, and OCD Rule 19.15.3.101 NMAC as to the State T Devonian B No. 009 well. The OCD is also seeking authorization to plug the wells and forfeit the applicable financial assurance if Americo fails to bring the wells into compliance by the deadline set in the requested Order. A copy of the application is enclosed.

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, you should file a pre-hearing statement at least four business days in advance of the hearing, as required by OCD Rule 19.15.14.1211(B) NMAC ("Rule 1211")**. OCD Rule 1211 describes what information is required to be contained in a party's pre-hearing statement. A copy of OCD Rule 1211 is enclosed. I have also enclosed a copy of OCD Rule 19.15.14.1212, which addresses representation at administrative hearings before an OCD hearing examiner. Also enclosed is OCD's pre-hearing statement.

Sincerely yours,



Sonny Swazo
Assistant General Counsel
New Mexico Oil Conservation Division

cc: Daniel Sanchez, OCD Enforcement and Compliance Manager
Larry Hill, OCD District I
Tim Gum, OCD District II

enclosures: Application
OCD Rule 19.15.14.1211
OCD Rule 19.15.14.1212

RECEIVED

STATE OF NEW MEXICO 2008 AUG 21 PM 2 53
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 OPERATOR IN NON-COMPLIANCE WITH RULE 19.15.4.201 AS TO TWELVE WELLS AND RULE 19.15.3.101 AS TO ONE WELL; REQUIRING OPERATOR TO COME INTO COMPLIANCE WITH SAID RULES BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IF OPERATOR DOES NOT COMPLY; EDDY AND LEA COUNTIES, NEW MEXICO.

CASE NO. 14189

APPLICATION FOR COMPLIANCE ORDER AGAINST AMERICO ENERGY
RESOURCES, LLC

1. Americo Energy Resources, LLC (Operator), is a limited liability company which operates wells in New Mexico under OGRID No. 228051.

2. Operator is operator of record of 86 wells in New Mexico, including the following subject wells:

• 30-025-05222	B C Dickinson A 1 No. 001	L-1-15S-37E
• 30-025-09868	B C Dickinson A 1 No. 002	L-1-15S-37E
• 30-025-05179	B C Dickinson D No. 005	C-35-14S-37E
• 30-015-05684	East Shugart Unit No. 002	B-34-18S-31E
• 30-015-05683	East Shugart Unit No. 003	A-34-18S-31E
• 30-015-05700	East Shugart Unit No. 007	B-35-18S-31E
• 30-015-05698	East Shugart Unit No. 022	J-35-18S-31E
• 30-025-05135	Lee Whitman A No. 001	G-26-14S-37E
• 30-025-05112	Lee Whitman B No. 007	O-23-14S-37E
• 30-025-05232	State T No. 007	N-2-15S-37E
• 30-025-25570	State T Devonian B No. 009	N-2-15S-37E
• 30-025-05204	W. T Mann A No. 002	B-36-14S-37E

3. Operator has posted a Fifty Thousand Dollars (\$50,000.00) surety blanket bond (Bond No. 1007131) through Lexon Insurance Company, 2307 River Road, Suite 200, Louisville, Kentucky 40206, pursuant to NMSA 1978, Section 70-2-14, to secure its obligation to plug and abandon the wells in compliance with the rules of the Oil Conservation Division (hereinafter, "OCD").

4. Pursuant to NMSA 1978, Section 70-2-14, Operator has posted through Texas Capital Bank, N.A., 2100 McKinney Ave., Suite 1225, Dallas, Texas 75201, the following individual letters of credits in the following amounts for the following wells:

- B C Dickinson A 1 No. 001 Letter of Credit No. LC767 \$14,510.00
- B C Dickinson A 1 No. 002 Letter of Credit No. LC769 \$17,570.00
- B C Dickinson D No. 005 Letter of Credit No. LC768 \$17,475.00
- Lee Whitman A No. 001 Letter of Credit No. LC770 \$17,575.00
- Lee Whitman B No. 007 Letter of Credit No. LC774 \$17,654.00
- State T No. 007 Letter of Credit No. LC766 \$14,231.00
- W T Mann A No. 002 Letter of Credit No. LC772 \$17,630.00

5. Operator is not required to post financial assurance for the following wells, as they are federal wells and do not fall under the OCD financial assurance requirements:

- East Shugart Unit No. 002 30-015-05684
- East Shugart Unit No. 003 30-015-05683
- East Shugart Unit No. 007 30-015-05700
- East Shugart Unit No. 022 30-015-05698

6. OCD Rule 19.15.4.201 NMAC (hereinafter, "Rule 201") requires the operator of a well which has been continuously inactive for a period of one year and ninety days to return the well to beneficial use, plug and abandon the well, or place the well on OCD-approved temporary abandonment status.

7. NMSA 1978, Section 70-2-12(B) and NMSA 1978, Section 70-2-38 authorizes the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.

8. All 12 of the subject wells have had no reported production or injection for a continuous period exceeding one year plus ninety days, and are neither plugged and abandoned in accord with OCD Rule 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with OCD Rule 19.15.4.203 NMAC.

9. OCD Rule 19.15.3.101.B NMAC (hereinafter, "Rule 101") requires each state or fee well that has been inactive for more than two years and is not plugged and released to be covered by a single-well financial assurance.

10. Operator has posted no single-well financial assurance for the State T Devonian No. 009 well, which is a state well that has had no reported production for more than two years (since May 2006) and is not plugged and released.

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

- A. Finding Operator in non-compliance with OCD Rule 19.15.3.101 as to the State T Devonian No. 009, and OCD Rule 19.15.4.201 as to all 12 subject well;
- B. Requiring Operator to post the additional financial assurance for the State T Devonian No. 009 or return it to production by a date certain;
- C. Requiring Operator to bring the inactive wells into compliance with OCD Rule 19.15.4.201 NMAC by a date certain;

- D. If any of the subject wells remain out of compliance after the deadline set in the Order, authorizing the Division to forfeit the applicable financial assurance and plug and abandon the wells;
- E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED

this 21 day of August 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. 14189: Application of the New Mexico Oil Conservation Division for a Compliance Order against Americo Energy Resources, LLC. Applicant seeks an Order requiring Operator to comply with Rule 19.15.3.101 and Rule 19.15.4.201 by a date certain, and in event of Operator's non-compliance, authorizing the Division to plug the wells and forfeit the financial assurance. The affected wells are:

• B C Dickinson A 1 No. 001	30-025-05222	L-1-15S-37E
• B C Dickinson A 1 No. 002	30-025-09868	L-1-15S-37E
• B C Dickinson D No. 005	30-025-05179	C-35-14S-37E
• East Shugart Unit No. 002	30-015-05684	B-34-18S-31E
• East Shugart Unit No. 003	30-015-05683	A-34-18S-31E
• East Shugart Unit No. 007	30-015-05700	B-35-18S-31E
• East Shugart Unit No. 022	30-015-05698	J-35-18S-31E
• Lee Whitman A No. 001	30-025-05135	G-26-14S-37E
• Lee Whitman B No. 007	30-025-05112	O-23-14S-37E
• State T No. 007	30-025-05232	N-2-15S-37E
• State T Devonian B No. 009	30-025-25570	N-2-15S-37E
• W T Mann A No. 002	30-025-05204	B-36-14S-37E

These wells are located approximately 7 miles Southeast of Maljamar, in Eddy County, New Mexico.

• East Shugart Unit No. 002	30-015-05684	B-34-18S-31E
• East Shugart Unit No. 003	30-015-05683	A-34-18S-31E
• East Shugart Unit No. 007	30-015-05700	B-35-18S-31E

The East Shugart Unit No. 022 well (30-015-05698) (J-35-18S-31E) is located approximately 8 miles Southeast of Maljamar, in Eddy County, New Mexico.

These wells are located approximately 7 miles Northeast of Lovington, in Lea County, New Mexico.

• State T No. 007	30-025-05232	N-2-15S-37E
• State T Devonian B No. 009	30-025-25570	N-2-15S-37E

These wells are located approximately 8 miles Northeast of Lovington, in Lea County, New Mexico.

• B C Dickinson A 1 No. 001	30-025-05222	L-1-15S-37E
• B C Dickinson A 1 No. 002	30-025-09868	L-1-15S-37E

The Lee Whitman B No. 007 (30-025-05112) (O-23-14S-37E) is located approximately 13 miles Northeast of Lovington, in Lea County, New Mexico.

These wells are located approximately 14 miles Northeast of Lovington, in Lea County, New Mexico.

• B C Dickinson D No. 005	30-025-05179	C-35-14S-37E
• Lee Whitman A No. 001	30-025-05135	G-26-14S-37E
• W T Mann A No. 002	30-025-05204	B-36-14S-37E

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]

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, LLC
Attn: Pamela Fendley
7575 San Felipe St., Suite 200
Houston, TX 77063

2. Article Number

(Transfer from service label)

7002 0510 0003 5125 2157

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1035

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

S. Lister☐ Agent☒ Addressee

B. Received by (Printed Name)

S. Lister

C. Date of Delivery

*9/25/08*D. Is delivery address different from item 1? ☐ Yes

If 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, LLC
P.O. Box 10163
Houston, TX 77224

2. Article Number

(Transfer from service label)

7002 0510 0003 5125 2140

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1035

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Elida Winkler☐ Agent☒ Addressee

B. Received by (Printed Name)

Elida Winkler

C. Date of Delivery

*9-17-08*D. Is delivery address different from item 1? ☐ Yes

If 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, LLC
Attn: Gary Don Reagan,
Registered Agent
1810 North Turner, Suite G
Hobbs, NM 88240

2. Article Number

(Transfer from service label)

7002 0510 0003 5125 2133

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1035

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Elida Winkler☐ Agent☒ Addressee

B. Received by (Printed Name)

Elida Winkler

C. Date of Delivery

*9-17-08*D. Is delivery address different from item 1? ☐ Yes

If 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 THIS SECTION ON DELIVERY
<p> <input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. </p>	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p><i>X Kathy Hobbs</i></p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p><i>KATHY HOBBS</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Lexon Insurance Company 2307 River Road, Suite 200 Louisville, KY 40206</p>	<p>3. Service Type</p> <p> <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. </p>
<p>2. Article Number (Transfer from service label)</p> <p>7002 0510 0003 5125 2119</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1035

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p> <input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. </p>	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p><i>X Cathy Beynon</i></p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p><i>CATHY BEYNON</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Texas Capital Bank, N.A. Attn: Cathy Beynon Letter Of Credit Unit 2100 McKinney Ave., Suite 1225 Dallas, TX 75201</p>	<p>3. Service Type</p> <p> <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. </p>
<p>2. Article Number (Transfer from service label)</p> <p>7002 0510 0003 5125 2096</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1035

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

CERTIFIED MAIL

016416502007
\$05.660
09/15/2008
Mailed From 87505
US POSTAGE

7002 0510 0003 5125 2

oed - Soany

AMERICO ENERGY RESOURCES, LLC
10904 OLD KATY ROAD, SUITE 100
HOUSTON, TX 77043

[Handwritten signature]

NIXIC 770 4C 1 79 09/20/08
RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD
EO: 67505422559 *0950-05645-15-09
770433439350225

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

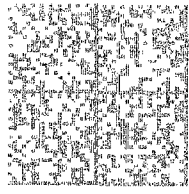
• Sender: Please print your name, address, and ZIP+4 in this box •

Oil Conservation Division
Attn: Sonny Swazo
1220 South St. Francis Drive
Santa Fe, NM 87505

OIL CONSERVATION DIVISION
ENERGY MINERALS AND
NATURAL RESOURCES DEPARTMENT
1220 SOUTH SAINT FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505

NOTICE
NOTICE
RETURNED

RECEIVED
23 SEP 29 PM 2 55



016H16502007
\$05.660
09/15/2008
Mailed From 87505
US POSTAGE

7002 0510 0003 5125 2102

Handwritten signature/initials.

LEXON INSURANCE COMPANY
P.O. BOX 98
LOUISVILLE, KY 40201

NIXIE 402 4E 1 72 09/21/08
RETURN TO SENDER
ATTEMPTED -
UNABLE TO FORWARD
BC: 87505422559 *0968-05831-15-39
402015023158023

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

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:

Lexon Insurance Company
P.O. Box 98
Louisville, KY 40201

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X

B. Received by (Printed Name)

C. Date of Delivery

☐ Agent
☐ Addressee

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

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

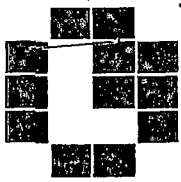
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label) 7002 0510 0003 5125 2102

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-1035



LEXON
INSURANCE
COMPANY

56 Jackson Meadows Drive • Suite 201
Hermitage, TN 37076
phone (615) 250-3040
fax (615) 250-3044

RECEIVED

2008 OCT 9 AM 8 16

October 2, 2008

Mr. Sonny Swazo, Assistant General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Principal: Americo Energy Resource, LLC
Obligee: Oil Conservation Division
Bond No.: 1007131
Project: Oil & Well Blanket Plugging Bond - Drilling of Wells
Claimant: New Mexico Energy, Minerals and Natural Resources Dept.

Dear Mr. Swazo:

We are the surety, which executed the above referenced bond on behalf of Americo Energy Resource, LLC as principal and the Oil Conservation Division as obligee. We are in receipt of your letter dated September 15, 2008 regarding a claim against the above referenced bond. We are required to notify our principal and are currently doing so.

Should you need to file a claim, please notify us in writing of your demand on the bond.

Please be advised, at all times, Lexon Insurance Company is acting under a full reservation of all rights and defenses secured to it under the terms and conditions of its bond and all applicable laws, rules and regulations.

Please feel free to contact me at (615) 690-0325 if you have any questions.

Sincerely,

Vicki Batson
Claims Department

Case 14189
Americo Energy Resources, LLC
OCD Exhibit No. 1-B

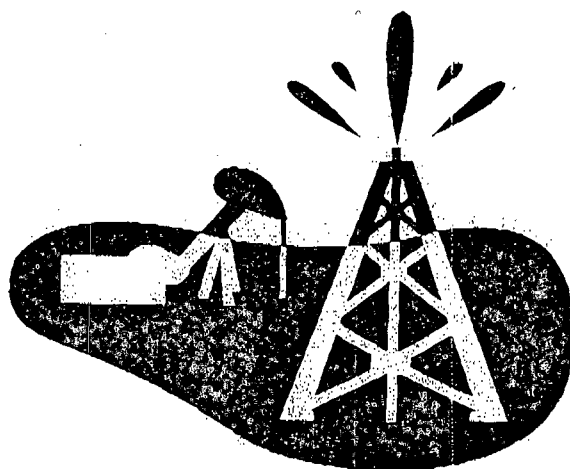
TRANSACTION REPORT

SEP-25-2008 THU 12:05 PM

FOR:

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
SEP-25	11:59 AM	917139849933	6' 25"	12	SEND	OK	772	

TOTAL : 6M 25S PAGES: 12



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505) 476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO:

Americo Energy Resources, LLC
Attn: Daniela Hernandez

Case 14189
Americo Energy Resources, LLC
OCD Exhibit No. 1-C

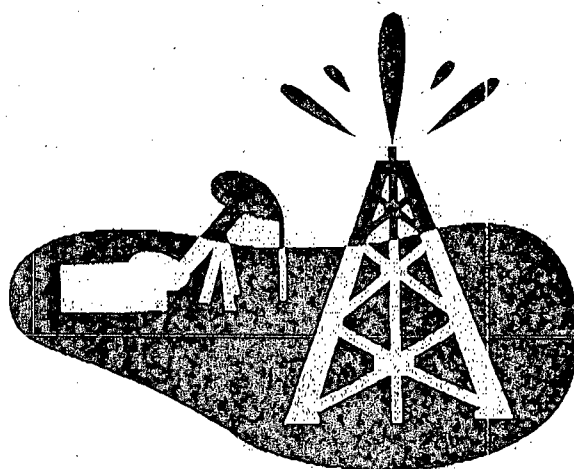
TRANSACTION REPORT

SEP-16-2008 TUE 09:33 AM

FOR:

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
SEP-16	09:26 AM	912149326750	7' 07"	12	SEND	OK	749	

TOTAL : 7M 7S PAGES: 12



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
 1220 S. ST. FRANCIS DRIVE
 SANTA FE, NM 87505
 (505) 476-3440
 (505)476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO:

TEXAS CAPITAL BANK, N.A.

Duran-Saenz, Theresa, EMNRD

From: Duran-Saenz, Theresa, EMNRD
Sent: Monday, September 15, 2008 1:26 PM
To: 'cathy.beynon@texascapitalbank.com'
Cc: Sanchez, Daniel J., EMNRD; Hill, Larry, EMNRD; Gum, Tim, EMNRD; Swazo, Sonny, EMNRD
Subject: Americo Energy Resources, LLC hearing notice for October 16
Attachments: 2008 8-21 Application.doc; 2008 9-15 hearing notice.doc

The message is ready to be sent with the following file or link attachments:

2008 9-15 hearing notice

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

*Case 14189
Americo Energy Resources, LLC
OCD Exhibit No. 1-D*

of Publication

MEXICO

)

) ss.

LEA

)

OK
Gd

Clemens being first duly sworn on oath deposes and that she is Advertising Director of **THE LOVINGTON LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in this county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

at the notice which is hereto attached, entitled

Legal Notice

is published in a regular and entire issue of **THE LOVINGTON LEADER** and not in any supplement thereof, for

one (1) day, beginning with the issue of September 20, 2008 and ending with the issue of September 20, 2008.

and that the cost of publishing said notice is the sum of 78.00 which sum has been (Paid) as off Costs.

Joyce Clemens

described and sworn to before me this 16th day of October 2008

Debbie Schilling

Debbie Schilling

Notary Public, Lea County, New Mexico

Commission Expires June 22, 2010

LEGAL NOTICE 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 October 16, 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 October 6, 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 14189: Application of the New Mexico Oil Conservation Division for a Compliance Order against Americo Energy Resources, LLC. Applicant seeks an Order requiring Operator to comply with Rule 19.15.3.101 and Rule 19.15.4.201 by a date certain and in event of Operator's non-compliance, authorizing the Division to plug the wells and forfeit the financial assurance. The affected wells are: B-C Dickinson A 1 No. 001, 30-025-05222, L-1-15S-37E; B-C Dickinson A 1 No. 002, 30-025-09868; L-1-15S-37E; B-C Dickinson D No. 005, 30-025-05179; C-35-14S-37E; East Shugart Unit No. 002, 30-015-05684; B-34-18S-31E; East Shugart Unit No. 003, 30-015-05683; A-34-18S-31E; East Shugart Unit No. 007, 30-015-05700.

B-35-18S-31E, East Shugart Unit No. 022, 30-015-05698; J-35-18S-31E; Lee Whitman A No. 001, 30-025-05135; G-26-14S-37E; Lee Whitman B No. 007, 30-025-05112; O-23-14S-37E; State T No. 007, 30-025-05232; N-2-15S-37E; State T Devonian B No. 009, 30-025-25570; N-2-15S-37E; W.T. Mann A No. 002, 30-025-05204; B-36-14S-37E. These wells are located approximately 7 miles Southeast of Maljamar, in Eddy County, New Mexico. East Shugart Unit No. 002, 30-015-05684; B-34-18S-31E; East Shugart Unit No. 003, 30-015-05683; A-34-18S-31E; East Shugart Unit No. 007, 30-015-05700; B-35-18S-31E. The East Shugart Unit No. 022 well, 30-015-05698, J-35-18S-31E is located approximately 8 miles Southeast of Maljamar, in Eddy County, New Mexico. These wells are located approximately 7 miles Northeast of Lovington, in Lea County, New Mexico. State T No. 007, 30-025-05232; N-2-15S-37E; State T Devonian B No. 009, 30-025-25570; N-2-15S-37E. These wells are located approximately 8 miles Northeast of Lovington, in Lea County, New Mexico. B-C Dickinson A 1 No. 001, 30-025-05222; L-1-15S-37E; B-C Dickinson A 1 No. 002, 30-025-09868; L-1-15S-37E. The Lee Whitman B No. 007, 30-025-05112; O-23-14S-37E is located approximately 13 miles Northeast of Lovington, in Lea County, New Mexico. These wells are located

Approximately 14 miles Northeast of Lovington, in Lea County, New Mexico. B-C Dickinson D No. 005, 30-025-05179; C-35-14S-37E; Lee Whitman A No. 001, 30-025-05135; G-26-14S-37E; W.T. Mann A No. 002, 30-025-05204; B-36-14S-37E.

Given under the Seal of the State of New Mexico
Oil Conservation
Commission at Santa Fe
New Mexico on this 17th
day of September 2008.

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION
Mark E. Fesmire, P.E.
Division Director
S E A L

Published in the Lovington
Leader September 20
2008

Case 14189
Americo Energy Resources, LLC
OCD Exhibit No. 1-E

Affidavit of Publication

NO.

20383

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT

being duly

sworn, says: That he is the

PUBLISHER

of The

Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

First Publication September 18, 2008

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Subscribed and sworn to before me this

18 Day

September

2008

Notary Public, Eddy County, New Mexico

Case 14189

Americo Energy Resources, LLC

OCD Exhibit No. I-F

Copy of Publication:

LEGAL NOTICE

NOTICE OF HEARING
STATE OF NEW MEXI-
CO
ENERGY, MINERALS
AND NATURAL
RESOURCES
DEPARTMENT
OIL CONSERVATION
DIVISION
SANTA FE, NEW MEX-
ICO

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 October 16, 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 October 6, 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

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or other type of accessible form is needed.
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and notice to the public.
(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian, whether or not so stated.)

CASE 14189

Application of the New Mexico Oil Conservation Division for a Compliance Order against Amerco Energy Resources, LLC.

Applicant seeks an Order requiring Operator to comply with Rule 19.15.3-101 and Rule 19.15.4-201 by a date certain, and in event of Operator's non-compliance,

authorizing the Division to plug the wells and forfeit the financial assurance. The affected wells are B.C.

Dickinson A 1 No. 001, 30-025-05222, L-1-15S-37E, B.C. Dickinson A 1 No. 002, 30-025-09868, L-1-15S-37E, B.C.

Dickinson D No. 005, 30-025-05179, C-35-14S-37E, East Shugart Unit No. 002, 30-015-15664, B-34-18S-31E.

East Shugart Unit No. 003, 30-015-05663, A-14-18S-31E, East Shugart Unit No. 007, 30-015-05700, B-35-18S-31E, East Shugart Unit No. 022, 30-015-5668, J-35-18S-31E.

002, 30-025-09868, L-

1-15S-37E, The Lee

Whitman B No. 007, 30-

025-05112, C-23-14S-

37E, is located approx-

imately 13 miles

Northeast of Lovington,

Indee County, New

Mexico. These wells

are located approx-

imately 1 1/2 miles

Northeast of Lovington,

in Lea County, New

Mexico. B.C. Dickinson

D No. 005, 30-025-

05179, C-35-14S-37E,

Lee Whitman A No.

001, 30-025-05135, G-

25-14S-37E, W.T. Mann

A No. 002, 30-025-

05204, B-36-14S-37E,

Given under the Seal

of the State of New

Mexico, Oil

Conservation

Commission at Santa

Fe, New Mexico on this

17th day of September,

2008.

STATE OF NEW MEXI-

CO

OIL CONSERVATION

DIVISION

Mark E. Fesmire, P.E.

Division Director

S-E-A 001177

Published in the Artesia

Daily Press, Artesia,

NM, September 18,

2008.

Legal 20363