

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Response Required – Deadline Enclosed

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

31-Jan-13

AMERICO ENERGY RESOURCES LLC
7575 SAN FELIPE
SUITE 200
HOUSTON TX 77063

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

EAST SHUGART UNIT No.029

N-34-18S-31E

30-015-05685-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/31/2013	File and Compliance	Richard Inge	Yes	No	2/28/2013	iREI130313033

Comments on Inspection: 19.15.7.14 SUNDRY NOTICES AND REPORTS ON WELLS (Form C-103): G. Report of remedial work. The operator shall file a report of remedial work performed on a well within 30 days following the work's completion. The well was TA'd 3/15/2007. TA expired 3/9/2008. C103 Notice of intent to work on well submitted 9/16/2009. Mit test run 3/27/2012. No subsequent report has been received as to work done to repair well and stating that the well has been returned to injection.

January 31, 2013

Page 2

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

A handwritten signature in black ink that reads "Richard Ince". The signature is written in a cursive style with a large initial "R".

Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.