

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003
DEC 14 2007
OCD-ARTESIA
Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

30-015-27949

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company Americo Energy Resources, LLC	Contact Oscar Nosrati
Address 7575 San Felipe, Ste. 200, Houston, Tx 77063	Telephone No. 713-984-9700
Facility Name East Shugart Unit Well #56	Facility Type Injection Well Valve

Surface Owner BLM	Mineral Owner BLM	Lease No.
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LOCATION OF RELEASE

Unit Letter G	Section 35	Township 18S	Range 31E	Feet from the 2250	North/South Line FNL	Feet from the 1910	East/West Line FEL	County Eddy
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Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release Produced oil and salt water	Volume of Release 200 bbls.	Volume Recovered 150
Source of Release Failed injector valve	Date and Hour of Occurrence 11/19/2007 night	Date and Hour of Discovery 11/19/2007 8:00 a.m.
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Gerry Guye via voicemail	
By Whom? Don Gray	Date and Hour 2:55 p.m. 11/19/2007	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

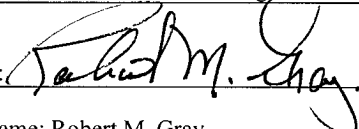

Describe Cause of Problem and Remedial Action Taken.*

Injector valve failed . Release consisted of approximately 194 bbls of saltwater and 6 bbls of oil. Valve repaired.

Describe Area Affected and Cleanup Action Taken.*

Approximately 80' x 100' area on pad, 10' x 100' on road and 50' x 60' off road or pad affected by release. Called vacuum truck which recovered 145 bbls of water and 5 bbls of oil. Soil cleaned and tilled.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: 	OIL CONSERVATION DIVISION	
Printed Name: Robert M. Gray	Approved by District Supervisor: 	
Title: Land Manager	Approval Date: DEC 18 2007	Expiration Date:
E-mail Address: don.gray@americoenergy.com	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: 12/7/2007 Phone: 713-984-9700		

* Attach Additional Sheets If Necessary

Guye, Gerry, EMNRD

From: Guye, Gerry, EMNRD
Sent: Tuesday, December 18, 2007 11:12 AM
To: Nosrati, Oscar
Subject: C-141 on East Shugart Unit #56

This office is in receipt of your C-141 on the oil and produced water release, at this facility.

NMOCD Rule 19.15.3.116 states in part ... "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."

Information and tools for proper corrective action may be found in the Environmental Handbook on our web site www.emnrd.state.nm.us/ocd under the heading publications.

Remediation requirements may be subject to other federal, state and local laws or regulations.

Within 30 days, **on or before January 18, 2008**, completion of a remediation work plan should be finalized and submitted to the Division, summarizing all actions taken or to be taken to mitigate environmental damage related to the leak, spill or release, for approval.

Please be advised that NMOCD acceptance and/or approval of documents or work plans does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I may be of further service or if you have any questions please feel free to contact me.

Gerry Guye
Compliance Officer
NMOCD - Artesia
Office (505)748-1283x105
Mobile (505)626-0843
E-Mail: gerry.guye@state.nm.us

12/18/2007