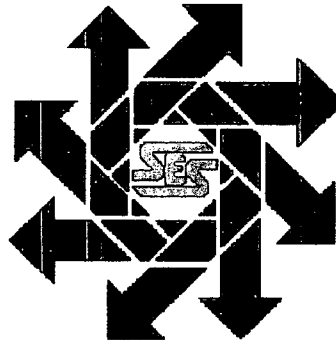


**Americo Energy
Denton #1 SWD Mainline
Work Plan
Unit J, Section 11, Township 15S, Range 37E
Lea County, New Mexico**

August 5, 2005



Prepared for:

**Americo Energy
10940 Old Katy Road
Houston, Texas 77043**

By:

***Safety & Environmental Solutions, Inc.
703 E. Clinton Suite 102
Hobbs, New Mexico 88240
(505) 397-0510***

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I. Company Contacts

Rusty Arnold	Americo	713-984-9700	rusty.arnold@americoenergy.com
Bob Allen	SESI	505-397-0510	ballen@sesi-nm.com

II. Purpose

The purpose of this work plan is to propose a plan for the cleanup of the area identified as the Denton #1 SWD Mainline. The site is located in Unit J, Section 11, Township; 15S, Range 37E. The land is owned by Mr. Darr Angell.

III. Background

On July 25, 2004 the Denton # 1 SWD Mainline, which is a 10" red thread fiberglass pipe, breached and released approximately 10,000 barrels of salt water. The line was shut down and excavated with a backhoe. The damaged section of the line was removed and replace with new.

IV. Contaminant and Size of Area

The suspected contaminant is salt water. Approximately 10,000 barrels of salt water were released. The release covered approximately 136,317 square feet.

According to Permian Production Chemical, an analysis of the produced water, which flows through this line, indicates a chloride concentration of 53,053 ppm.

V. Vertical and Horizontal Extent of Contamination

As reported in the Delineation Report dated September 28, 2004 SESI installed six boreholes in the area. With the exception of Borehole #1 in which auger refusal was encountered at 30' all other boreholes indicate the vertical extent of contamination to be between 20 and 25 feet in some areas. Installation of the monitor well which is reported in the Monitor Well Installation Report dated November 11, 2004 indicated the contamination has not reached the groundwater.

VI. Groundwater

Monitor wells installed by SESI within ½ to ¾ of a mile of the subject site have respective depths to water of 56.04' and 67.78'. During installation of the monitor well on this site the depth to groundwater was found to be 59.1 feet.

VII. Work Performed

On February 9 thru 11 the entire area was broken up into a grid. Grab samples were retrieved from each point chloride field analysis were performed on these samples. Many of the samples were then transported Under Chain of Custody to Cardinal Laboratories of Hobbs, New Mexico. The samples were analyzed for Chlorides (EPA Method 4500-CL⁻ B). The grid as well as the analysis may be found in Appendix

On June 21 2005 SESI sampled the monitor well at the site and took surface samples 20', 100', and 200' east of the pipeline. The samples were properly preserved and transported under Chain of Custody to The results of those analyses were as follows:

ID	Cl ⁻
20' E. of Pipeline	16395
100' E. of Pipeline	64
200' E. of Pipeline	544

ID	Benzene	Toluene	Ethyl Benzene	Total Xylenes
MW 1	<0.002	<0.002	<0.002	<0.006

ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (mS/cm)	T-Alkalinity (mgCaCO ₃ /L)
MW1	74	64	11	1.55	754	228

ID	Cl (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)
MW1	40	81	0	278	6.47	585

VIII. Action Plan

The installation of boreholes and the subsequent analysis of the soil extracted from them indicate that the vertical migration of the chlorides does not extend deeper than 30'. The analysis of the groundwater extracted from the monitor well installed in the mostly heavily contaminated area confirms that the chloride contamination has not reached the groundwater.

The original total kill area covered approximately 88,000 square feet. (See Site Plan) At the present time the area void of vegetation measures approximately 9,485 square feet. The remaining area has re-vegetated itself.

The area void of vegetation will be excavated to a depth between 2 and 3 feet. This soil will be transported off-site to a New Mexico Oil Conservation Division approved disposal facility. A like amount of clean soil will be transported back to the site.

The excavation will be backfilled with the clean soil, contoured to grade and reseeded.

IV. Figures & Appendices

Figure 1. - Vicinity Map

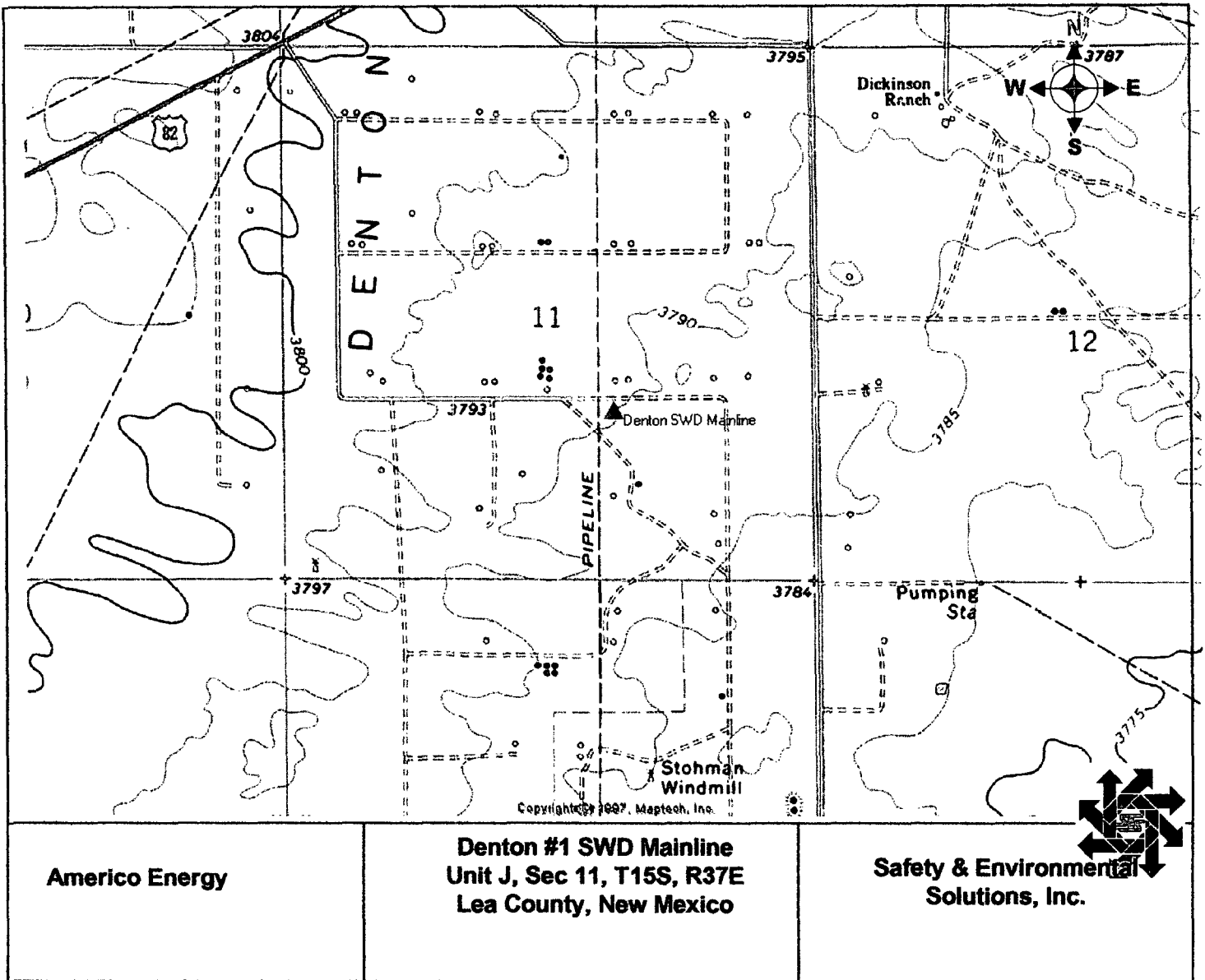
Figure 2. - Site Plan

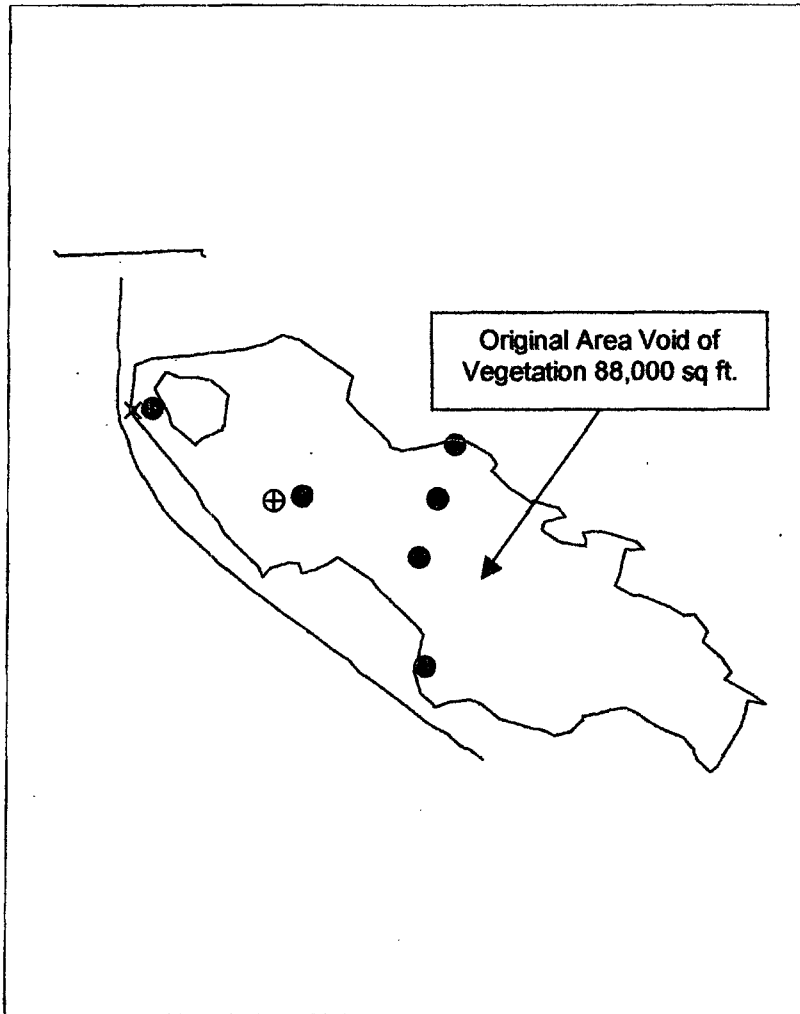
Appendix A - Grid & Analysis of Site

Appendix B - Analytical Results

Appendix C - Site Photos

Appendix D - C-141





Site Plan 2-27-05

Lat/Long
WGS 1984



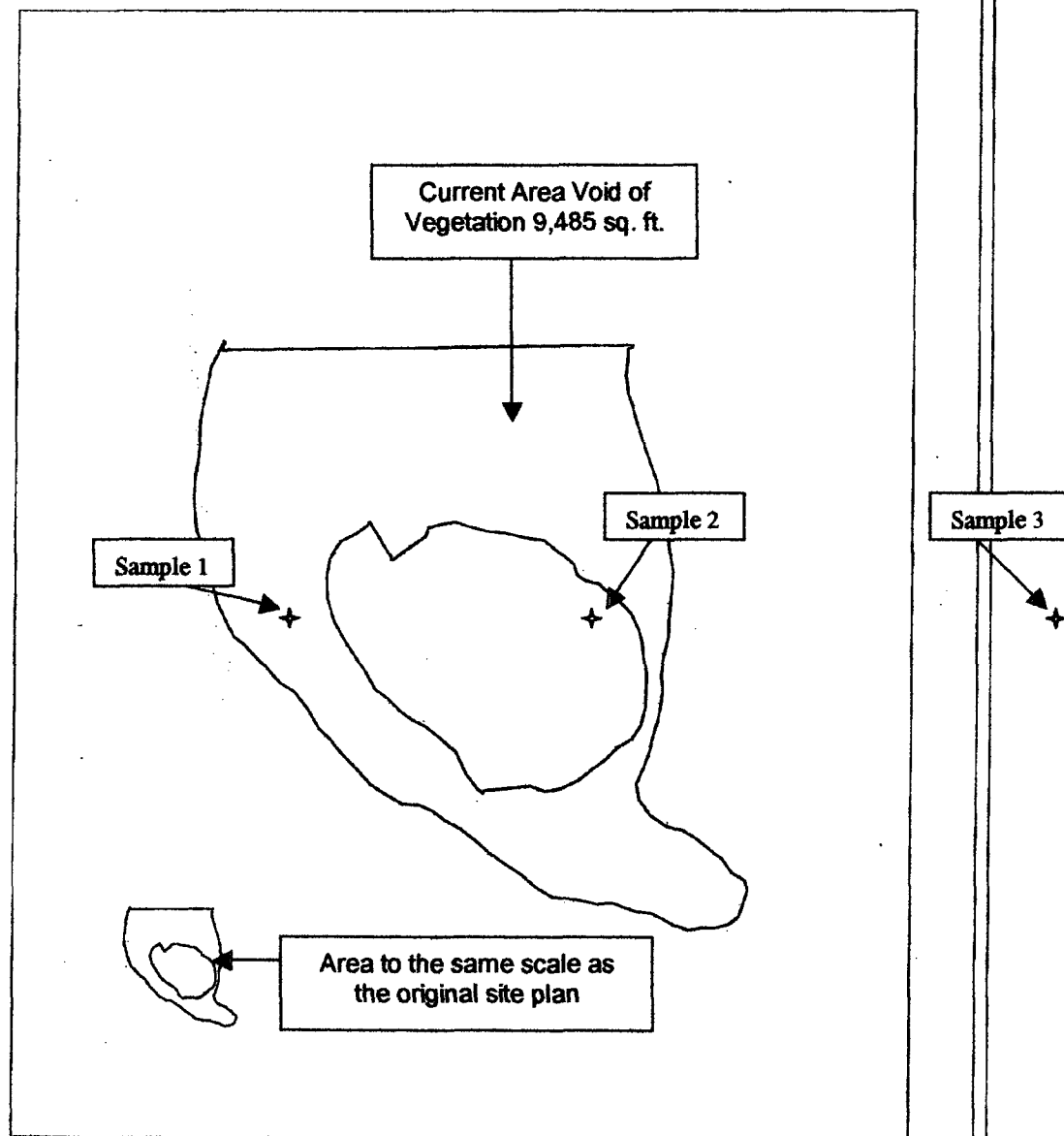
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0 250.0
Feet

Site Plan 2-27-05.ssf

8/11/2005

GPS Pathfinder[®] Office





Site Plan 8-5-05

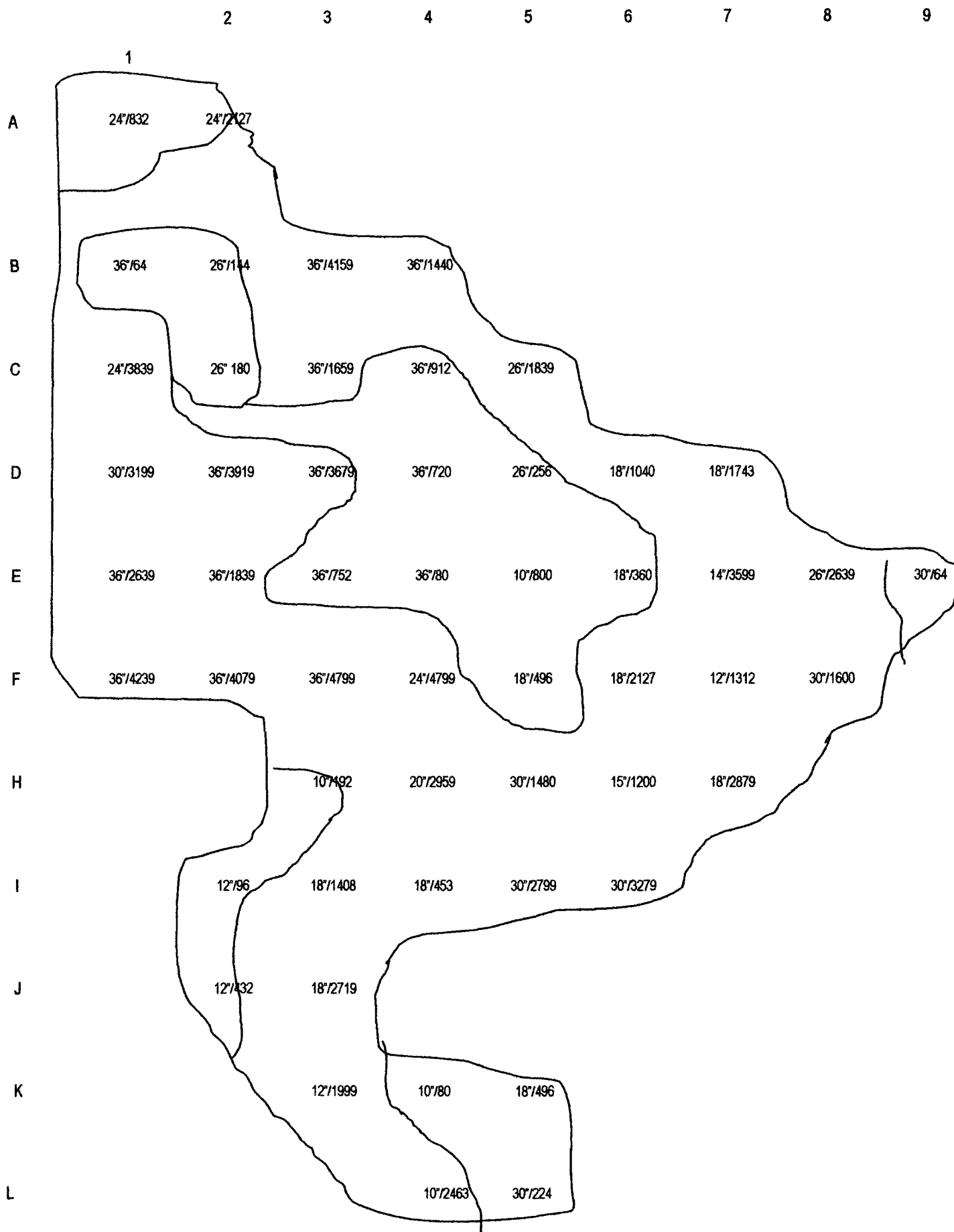
Lat/Long
WGS 1984



Scale 1:500
0 60.00
Feet

Site Plan 8-5-05.ssf
8/11/2005

GPS Pathfinder[®] Office
Trimble.



Location	Depth (in.)	Field Result (mg/Kg)	Lab Result (mg/Kg)		Location	Depth (in.)	Field Result (mg/Kg)	Lab Result (mg/Kg)
A1	12	336	928		E4	12	<112	--
A1	24	716	832		E4	24	<112	--
A2	18	1,064	1,360		E4	36	<112	80
A2	24	1,908	2,127		E5	10	--	800
A3	18	180	--		E6	18	--	360
A3	26	260	--		E7	14	--	3,599
					E8	18	800	--
B1	12	336	--		E8	26	--	2,639
B1	24	336	--		E9	18	<112	--
B1	36	<112	64		E9	30	--	64
B2	18	<112	--					
B2	26	<112	144		F1	12	244	--
B3	18	112	--		F1	24	312	--
B3	36	--	4,159		F1	36	--	4,239
B4	12	<112	--		F2	18	388	--
B4	24	600	--		F2	36	--	4,079
B4	36	--	1,440		F3	18	2,448	--
					F3	36	--	4,799
C1	12	2,400	--		F4	12	4,980	--
C1	24	--	3,839		F4	24	--	4,799
C2	18	<112	--		F5	18	500	496
C2	26	--	180		F6	18	--	2,127
C3	18	<112	--		F7	12	--	1,312
C3	36	--	1,659		F8	18	1,092	--
C4	18	<112	--		F8	30	--	1,600
C4	24	456	--					
C4	36	--	912		H3	10	--	192
C5	18	600	--		H4	12	624	--
C5	26	--	1,839		H4	18	3,056	--
					H4	20	--	2,959
D1	12	1,368	--		H5	18	776	--
D1	24	2,112	--		H5	30	--	1,480
D1	30	1,064	3,199		H6	15	--	1,200
D2	18	244	--		H7	18	--	2,879
D2	36	--	3,919					
D3	18	305	--		I2	12	--	96
D3	36	--	3,679		I3	18	600	1,408
D4	12	<112	--		I4	18	--	453
D4	24	<112	--		I5	12	432	--
D4	36	--	720		I5	24	2,448	--
D5	18	132	--		I5	30	--	2,799
D5	26	--	256		I6	18	548	--
D6	18	--	1,040		I6	30	--	3,279
D7	18	--	1,743					
					J2	12	--	432
E1	12	156	--		J3	18	--	2,719
E1	24	1,888	--		K3	12	--	1,999
E1	36	--	2,639		K4	10	--	80
E2	18	<112	--		K5	18	--	496
E2	36	--	1,839					
E3	18	132	--		L4	10	--	2,463
E3	36	--	752		L5	18	<112	--
					L5	30	<112	224



ARDINAL LABORATORIES

PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2328 • 101 E. MARLAND • HOBBS, NM 88240

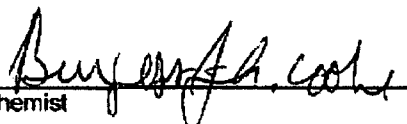
ANALYTICAL RESULTS FOR
SAFETY & ENVIRONMENTAL SOLUTIONS, INC.
ATTN: BOB ALLEN
703 E. CLINTON, #102
HOBBS, NM 88240
FAX TO: (505) 393-4388

Receiving Date: 06/22/05
Reporting Date: 06/23/05
Project Number: AME-04-001
Project Name: DENTON SWD MAINLINE
Project Location: LEA COUNTY, NM

Sampling Date: 06/21/05
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: BC

LAB NUMBER	SAMPLE ID	BENZENE	TOLUENE	ETHYL	TOTAL
		(mg/L)	(mg/L)	BENZENE	XYLENES
				(mg/L)	(mg/L)
ANALYSIS DATE		06/23/05	06/23/05	06/23/05	06/23/05
H9883-1	MW 1	<0.002	<0.002	<0.002	<0.006
Quality Control		0.103	0.091	0.098	0.300
True Value QC		0.100	0.100	0.100	0.300
% Recovery		103	91.0	97.9	100
Relative Percent Difference		5.7	0.4	3.2	5.0

METHOD: EPA SW-846 8260


Chemist

6/23/05
Date

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable services. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



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ANALYTICAL RESULTS FOR SAFETY & ENVIRONMENTAL SOLUTIONS, INC.

ATTN: BOB ALLEN
703 E. CLINTON, #102
HOBBS, NM 88240
FAX TO: (505) 393-4388

Receiving Date: 06/22/05
Reporting Date: 06/27/05
Project Number: AME-04-001
Project Name: DENTON SWD MAINLINE
Project Location: LEA CO, NM

Sampling Date: 06/21/05
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: HM

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (uS/cm)	T-Alkalinity (mgCaCO ₃ /L)
------------	-----------	--------------	--------------	--------------	-------------	-------------------------	--

ANALYSIS DATE:	06/23/05	06/23/05	06/23/05	06/23/05	06/23/05	06/23/05
H9883-1 MW 1	74	64	11	1.55	754	228
Quality Control	NR	51	46	4.96	1322	NR
True Value QC	NR	50	50	5.00	1413	NR
% Recovery	NR	102	92.0	99.2	93.6	NR
Relative Percent Difference	NR	12.0	0	0.0	0.7	NR
METHODS:	SM3500-Ca-D	3500-Mg E		8049	120.1	310.1

Cl ⁻ (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)
---------------------------	---------------------------	---------------------------	----------------------------	--------------	---------------

ANALYSIS DATE:	06/23/05	06/23/05	06/23/05	06/23/05	06/23/05	06/24/05
H9883-1 MW 1	40	81	0	278	6.47	585
Quality Control	1020	50.92	NR	985	7.00	NR
True Value QC	1000	50.00	NR	1000	7.00	NR
% Recovery	102	102	NR	98.5	100	NR
Relative Percent Difference	1.0	7.9	NR	0.9	0.4	1.1
METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1

Amy Hill
Chemist

6/27/05
Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analysis. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable analysis. **H9883-1** shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



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PHONE (505) 393-2325 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
SAFETY & ENVIRONMENTAL SOLUTIONS, INC.
ATTN: BOB ALLEN
703 E. CLINTON, #102
HOBBS, NM 88240
FAX TO: (505) 393-4388

Receiving Date: 06/22/05
Reporting Date: 06/27/05
Project Number: AME-04-001
Project Name: DENTON SWD MAINLINE
Project Location: LEA CO, NM

Analysis Date: 06/23/05
Sampling Date: 06/21/05
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: HM

LAB NUMBER	SAMPLE ID	Cl ⁻ (mg/Kg)
H9883-2	1-20' E. OF PIPELINE	16395
H9883-3	2-100' E. OF PIPELINE	64
H9883-4*	3-200' E. OF PIPELINE	544
Quality Control		1020
True Value QC		1000
% Recovery		102
Relative Percent Difference		1.0

METHOD: Standard Methods 4500-Cl⁻B

Note: Analyses performed on 1:4 w/v aqueous extracts.

*Matrix interference (color) observed.

Amy Hill
Chemist

6/27/05
Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analysis. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. **h9883c** Cardinal shall be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



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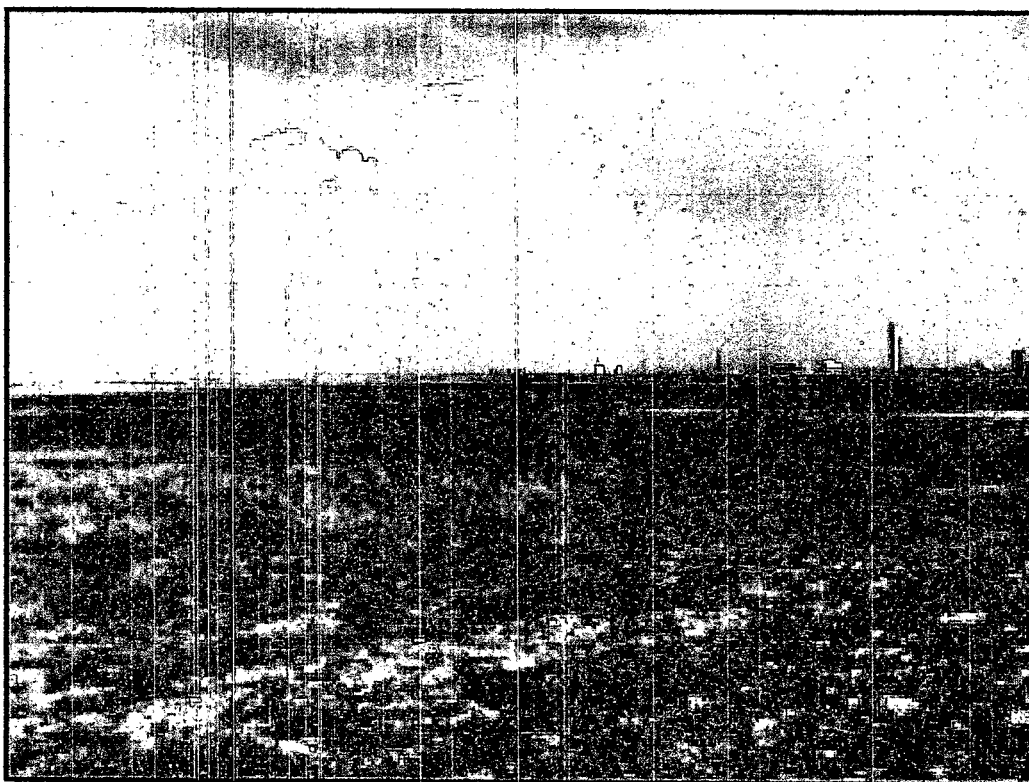
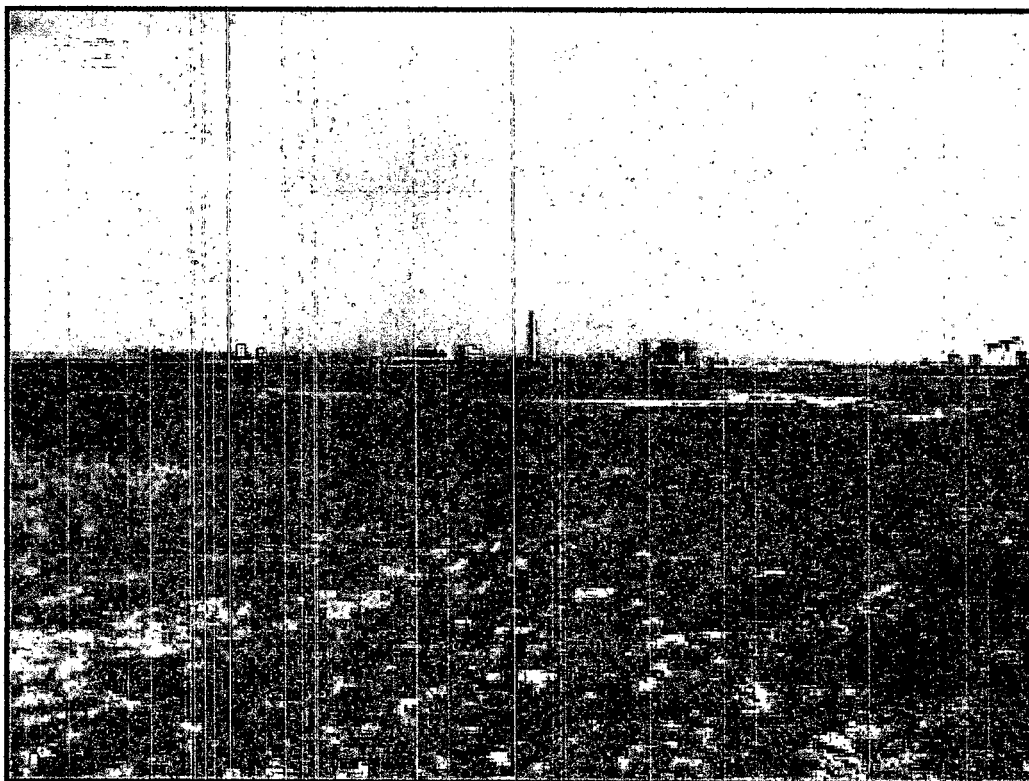
2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
(915) 673-7001 Fax (915) 673-7020 (505) 393-2328 Fax (505) 393-2476

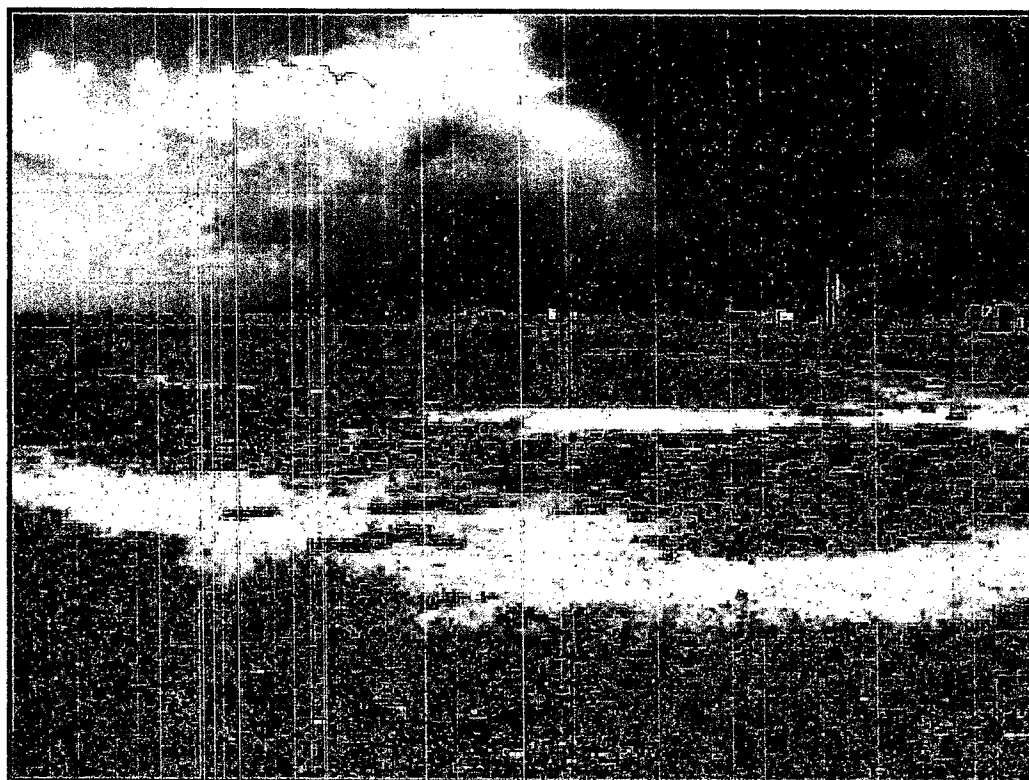
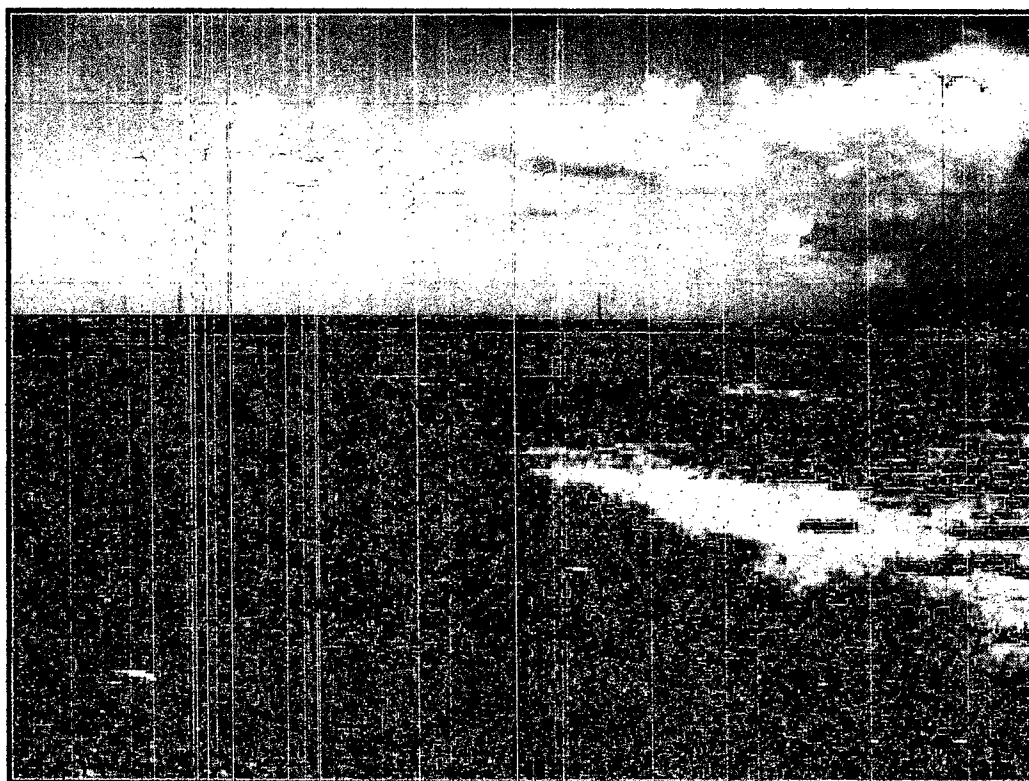
CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

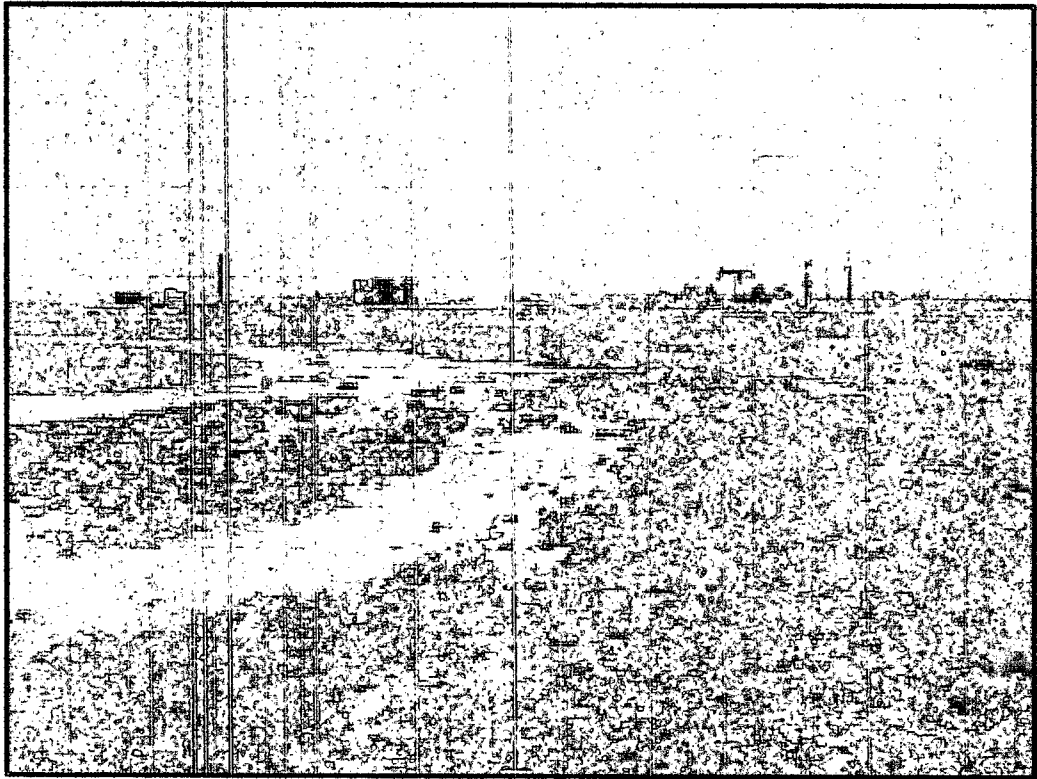
Page 1 of 1

Company Name: SAFETY & ENVIRONMENTAL SOLUTIONS		P.O. #:		ANALYSIS REQUEST	
Project Manager: <i>Bob McKen</i>		Company: SAME			
Address: 703 F. CLINTON, #102		Attn:			
City: HOHHS		State: NM		Zip: 88240	
Phone #: (505) 397-0510		Fax #: (505) 393-4388			
Project: <i>AME-04-001</i>		Project Owner: <i>Americo</i>			
Project Name: <i>Deaton Seed Mine</i>		State: NM		Zip:	
Project Location: <i>Key Mining NM</i>		Phone #:			
Sample Name: <i>From Core</i>		Fax #:			
FOR LAB USE ONLY		PRESERV.		SAMPLING	
Lab ID.	Sample I.D.	(G)RAD OR (C)COMP.			
		CONTAINERS			
Lab ID.	Sample I.D.	GROUNDWATER			
		WASTEWATER			
		SOIL			
		OIL			
		SLUDGE			
		OTHER:			
		ACID/BASE:			
		ICE / COOL			
		OTHER:			
		DATE		TIME	
49883-1	MULT	6-21	1005	X	
-2	2-20' EAST OF PPEUNE	6-21	1100	X	
-3	2-100' EAST OF PPEUNE	6-21	1100	X	
-4	3-200' EAST OF PPEUNE	6-21	1120	X	
REMARKS:		1. Name and Description: Material will be shipped as a 2000 ml sample in 30 days and due at the rate of 20% per annum from the 10th day of receipt, and all costs of collection, handling, attorney's fees.			
Sampler Requisitioned By: <i>Donna</i>		Date: <i>6/21/05</i>		Received By: <i>Bob McKen</i>	
Requisitioned By: <i>Donna</i>		Date: <i>6/21/05</i>		Received By: <i>Bob McKen</i>	
Delivered By: (Circle One)		Sample Condition		Checked By:	
Sample: Yes - No - Other:		Temp. C		Temp. F	
		Yes No		Yes No	

† Cardinal cannot accept verbal changes. Please fax written changes to (915) 673-7020.







Director
1825 N. French Dr., Hobbs, NM 88201
District II
1301 W. Central Avenue, Artesia, NM 88210
District III
1600 Rio Grande Blvd., Azusa, 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, 2001
Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 to back
side of form

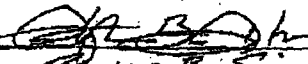
Release Notification and Corrective Action

OPERATOR		☒ Initial Report	☐ Final Report
Name of Company	AMERICAN ENERGY RESOURCES		
Address	1825 N. French Dr., Hobbs, NM 88201		
Facility Name	NORTH SAND #1		
Contact	Steve Smith		
Telephone No.	441-8726		
Facility Type	SALT WATER DISCOVERY LINE		
Surface Owner	JACK ARNOLD		
Mineral Owner			
Lessor No.			

LOCATION OF RELEASE							
Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line
	11	155	395	UNK	UNK	UNK	UNK
				County	LEA		

Latitude _____ Longitude _____

NATURE OF RELEASE	
Type of Release	SALT WATER
Source of Release	WATER LINE
Was Immediate Notice Given?	☒ Yes ☐ No ☐ Not Required
By Whom?	Steve Smith / Gary Wink
Was a Watercourse Reached?	☐ Yes ☒ No
If a Watercourse was Impacted, Describe Fully.	
Describe Cause of Problem and Remedial Action Taken. 10" RAN THROUGH FIBERGLASS PIPING, SPECIALLY REPAIRED. SHOT DOWN LINE, ESTIMATION OF DAMAGE, REMOVED BURNED SECTION OF PIPE AND REPLACED WITH NEW.	
Describe Area Affected and Cleanup Action Taken. APPROXIMATELY 500' X 1000' PASTURE GRASS. CONTACTED LAND OWNER, HE ADVISED HE WANTED ENTIRE AREA EXCAVATED AND NEW DIRT PUT IN the GULL.	
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 poses 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.	

OIL CONSERVATION DIVISION	
Signature: 	Approved by District Supervisor:
Printed Name: STEPHEN B. SMITH	Approval Date:
Title: DISTRICT SUPERVISOR, DISTRICT II	Expiration Date:
E-mail Address: SMITHS@NEMOCD.COM	Conditions of Approval:
Date: 8/15/04 Phone: 441-0926	Attached ☐

Attach Additional Sheets If Necessary