

State of New Mexico
Energy, Minerals and Natural Resources Department

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Tony Delfin
Deputy Cabinet Secretary

David Catanach, Division Director
Oil Conservation Division



July 19, 2016

Alamo Permian Resources, LLC
ATTN: Tyler Woodruff
820 Gessner Rd., Suite 1650
Houston, TX 77024

Re: ACOI No. 263-F
Operator: Alamo Permian Resources, LLC; OGRID No. 274841

Dear Mr. Woodruff:

Thank you for letter regarding Inactive Well Agreed Compliance Order 263-F (ACOI-263-F).

Under the terms of ACOI 263-F, Alamo Permian Resources (Alamo) was required to bring 6 of the wells identified in Exhibit "A" of the ACOI into compliance by **August 1, 2016**.

The Oil Conservation Division (OCD) has agreed to an extension of the terms of ACOI 263-F. Alamo has until February 1, 2017 to complete the terms of ACOI 263-F.

If you have any questions, feel free to contact me at (505)476-3493 or at Daniel.sanchez@state.nm.us.

Sincerely yours,

Daniel Sanchez
NMOCD Compliance & Enforcement Manager

CC: Maxey Brown, OCD District I Supervisor
Randy Bayliss, OCD District II Supervisor

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Charlie Perrin, OCD District III Supervisor

Will Jones, OCD District IV Supervisor

Marlene Salvidrez, Management Analyst Supervisor



July 19, 2016

Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis drive
Santa Fe, New Mexico 87505

Attention: Mr. Daniel Sanchez
NMOCD Compliance & Enforcement Manager

Re: ACOI #263-F
Alamo Permian Resources, LLC, OGRID No. 274841

Dear Mr. Sanchez,

Effective February 3, 2016, Alamo Permian Resources, LLC ("Alamo"; OGRID No. 274841), received approval from the Oil Conservation Division ("OCD"), to enter into the Inactive Well Agreed Compliance Order 263-F ("ACOI #263-F") regarding inactive wells operated by Alamo.

Pursuant to Ordering Paragraph (1), Alamo agreed to bring 6 wells identified on the Exhibit "A" attached to ACOI #263-F into compliance with OCD Rule 19.15.23.8 NMAC by August 1, 2016 via returning the wells to production or other beneficial use, placing the wells on approved temporary abandonment, or plugging the wellbores.

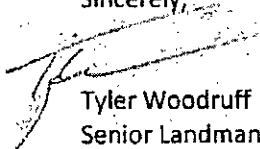
Historically, Alamo has consistently met or exceeded the requirements in every ACOI it has entered into with the OCD. Since entry of ACOI #263-F, Alamo has experienced a number of setbacks that will, for the first time, keep it from fulfilling ACOI requirements. A capital constraint is the dominant factor that is hindering Alamo's ability to fulfill the ACOI #263-F requirements. Persistent adverse market conditions have forced Alamo's capital providers to restrict all 2016 capital expenditures. There are currently no funds available to Alamo to allocate towards addressing the wells associated with ACOI #263-F.

Combined with the capital constraint, Alamo also inaccurately interpreted the guidelines of the newly developed shut-in well ACOI and the ability to transfer wells from ACOI #263-F to the shut-in well ACOI. This misunderstanding caused Alamo to defer economic and operational evaluations on the inactive wells associated with ACOI #263-F in a more timely manner.

Alamo Permian Resources, LLC, hereby requests a six month extension on the ACOI #263-F term to bring 6 wells identified in the Exhibit "A" attached to ACOI #263-F into compliance with OCD Rule 19.15.23.8 NMAC.

Please let me know if you have any questions. My office number is 713-224-2500.

Sincerely,


Tyler Woodruff
Senior Landman