



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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March 30, 2014

Alamo Permian Resources, LLC
820 Gessner Rd., Suite 1650
Houston, TX 77024

Attn: Mr. Tyler Woodruff

Re: Preliminary Approval
Proposed High Lonesome Queen Waterflood Unit
Eddy County, New Mexico

Dear Mr. Woodruff:

This office has received the unexecuted copy of the unit agreement, which you have submitted for the proposed High Lonesome Queen Waterflood Unit area, Eddy County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases, until final approval and an effective date have been given. It is our understanding that no fresh water will be used in this project.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.

**BEFORE THE OIL CONVERSION
DIVISION**

Santa Fe, New Mexico

Exhibit No. 5

Submitted by: **ALAMO PERMIAN RESOURCES**
Hearing Date: April 30, 2014

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4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Initial Plan of Operation.
8. Re-designation of all well names and numbers.
9. Please submit a \$60.00 filing fee.
10. Please date the agreement on the first page.
11. On Section 2 (k), 2 (m) and 2 (n), please clarify the tract participation formula so that we can verify the tract percentages on Exhibit "C".

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

Terry Warnell
Oil, Gas and Minerals Division
(505) 827-5744
RP/TW/pm

cc: Reader File,
NMOCD Attention: Mr. Ed Martin