



New Mexico Energy, Minerals and Natural Resources Department

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Cabinet Secretary-Designate

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Division Director
Oil Conservation Division



Administrative Order CTB-638
December 30, 2011

Alamo Permian Resources, LLC
415 W. Wall Street, Suite 500
Midland, TX 79701

Attention: Carie Stoker

It is our understanding that you propose to commingle production of oil from diversely owned lands, limited to one common source of supply, Artesia; Queen, Grayburg, San Andres Pool (3230), through facilities operated by the Alamo Permian Resources, LLC ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 12.10.C(4) [19.15.12.10.C.(4) NMAC]. It is further understood that interests are diverse and you have provided notice to all interest owners in accordance with Rule 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to [surface] commingle oil production from the Artesia; Queen, Grayburg, San Andres Pool (3230) as produced from the following wells and completions located within Eddy County, New Mexico:

Featherstone State Well No. 1 (API No. 30-015-01769), Vertical Well
Unit letter J, Section 2, T18S, R28E, NMPM, 40 acre oil spacing/proration unit

Featherstone State Well No. 3 (API No. 30-015-01771), Vertical Well
Unit letter F, Section 2, T18S, R28E, NMPM, 40 acre oil spacing/proration unit

Featherstone State Well No. 4 (API No. 30-015-01773), Vertical Well
Unit letter K, Section 2, T18S, R28E, NMPM, 40 acre oil spacing/proration unit

Featherstone State Well No. 5 (API No. 30-015-01774), Vertical Well
Unit letter G, Section 2, T18S, R28E, NMPM, 40 acre oil spacing/proration unit

It is our understanding based on your application that Well No's 3 and 5 are commonly owned and Well No. 1 and Well No. 4 each are on separately owned tracts. Division records indicate that production from each of these wells is lower than 10 barrels of oil per day.



The oil from these 4 wells shall be sold through a tank battery and LACT unit located within Unit letter K of Section 2. Natural gas is not approved for surface commingling.

This installation shall be constructed and operated in accordance with applicable Division Rules. As per the application, oil from each well will be metered periodically and those well tests used to allocate production from the sales back to each well. The allocation or test meters shall be calibrated on a schedule based on throughput as per Rule 12.10.C(2) NMAC.

The operator shall notify the District office of the Division prior to implementation of commingling operations. It is the also responsibility of the operator to notify the transporter of this commingling authority.

As per Division Rule 19.15.12.10.C.(4)(h) NMAC, the operator shall not commence commingling prior to approval from the State Land Office if state lands are involved or the US BLM if tribal or federal lands are involved.

Applicant has not provided notice that it is requesting addition of future wells or additional leases or pools to this commingle as per Rule 12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or pools shall not be included in this surface commingle without the operator again making application and providing notice to all owners.

Sincerely,



JAMI BAILEY
Division Director

JB/wvjj

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division