BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

APPLICATION OF ALAMO PERMIAN RESOURCES, LLC FOR REINSTATEMENT OF A WATERFLOOD PROJECT FOR ITS WEST ARTESIA GRAYBURG WATERFLOOD UNIT AREA AND QUALIFICATION OF SAID PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, EDDY COUNTY, NEW MEXICO

>)) ss.

CASE NO. 14611

AFFIDAVIT

STATE OF NEW MEXICO

COUNTY OF SANTA FE

Ocean Munds-Dry, attorney in fact and authorized representative of Alamo Permian Resources, LLC, the Applicant herein, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.

Notary Public

My Commission Expires:

3-11)-12

BEFORE THE OIL CONSERVATION DIVISION Santa Fc, New Mexico Case No. 14611 Exhibit No. 2 Submitted by: <u>ALAMO PERMIAN RESOURCES, LLC</u> Hearing Date: <u>March 17, 2011</u>



Affidavit of Publication

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21559

STATE OF NEW MEXICO

County of Eddy:

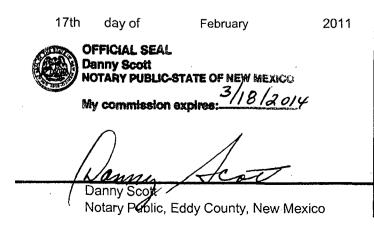
alter L. Ireen Walter L. Green

being duly sworn, says that he is the <u>Publisher</u> of the Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said					
Artesia Daily Press, a daily newspaper duly qualified					
for that purpose within the meaning of Chapter 167 of					
the 1937 Session Laws of the state of New Mexico for					
1 Consecutive weeks/days on the same					
day as follows:					
First Publication	February 17, 2011				
Second Publication					
Third Publication					
Fourth Publication	·				
Fifth Publication					

Subscribed and sworn to before me this



Copy of Publication:

LEGAL NOTICE

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8.15 A.M. on March 17, 2011, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing please contact. Florene Davidson at 505-476-3458 or through the New Mexico Relay Network. 1:800-659,1779 by March 7: 2011. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

Photo Anti-Hosteri	STATE OF NEW MEXICO TO:	0
4	Il named parties and persons	ŝ,
	naving any right, title, interest	i i i i
Q	or claim in the following cases	
查试 计同时分数	and notice to the public	ŝ,
	ions herein refer to the New Mexico Principal M	ie K
her or not so stated.)		j,
CASE NO. 14611:	and the second	
	o Permian Resources, LLC for Reinstatement	
	ject for its West Artesia Grayburg Waterflood	
	fication of said Project for the Recovered OIL	
	to the Enhanced Oil Recovery Act, Eddy	
	 Applicant in the above-styled cause, seeks ap- 	12.25
	esia Grayburg Unit Waterflood Project comprised	「「「
of 640 acres, more o	r less of State and Fee lands located in Eddy	1
County New Mexico	more particularly described as follows	ĉ,
TOWNELID 19 SOLI	TH RANGE 28 EAST NMPM	
Section 7.	E/2 SE/4 SE/4 NE/4	N.
Section 8:	NW/4. S/2 NE/4. W/2 SW/4	
	NE/4 SW/4 N/2 SE/4	
Section 17:	N2/NW/4	i. M
A PARTICIPATION AND A PART	orization to inject water into the Grayburg forma-	÷.
	Grayburg San Andres Pool, through the following	N.
	est Artesia Grayburg Unit #1, API # 3001502645,	5
	est Allesia Glayburg Chill#1 AFI # 3001302045	2

990 FNL & 2,310 FWL (Unit C) Section 8, T18S; R28E, Injection Interval (Perforations) 1,982:2,264; (2) West Artesia Grayburg Unit #4 API # 3001502648, 2,310 FNL & 990 FWL (Unit E), Section 8, T18S R28E Injection Interval (Perforations) 1.966 (2.270) (3) West Artesia Grayburg Unit #6, API # 3001510328, 2.310 FNL & 1.980 FEL(Unit G), Section 8, T18S, R28E, Injection Interval (Perforations) 2,114 (2.277) (4) West Artesia Grayburg Unit #12: API # 3001502649, 1.650 FSL & 990 FWL (Unit L), Section 8, T18S, R28E, Injection Interval (Perfora tions) 2 114 - 2 253 ; (5) West Artesia Grayburg Unit #13. API # 3001502636 : 2 310 FSL & 330 FEL (Unit I) Section 7 / T18S R28E Injection Interval (Perforations) 1,932'-2,208', (6) West Artesia Grayburg Unit #18. API # 3001501899, 330 FNL & 990 FWL (Unit.D). Sec-tion 17, T18S, R28E, Injection Interval (Perforations) 2,009, 2,279 Applicant (urther proposes to inject at maximum rates of 1,000 barrels of water per day at a maximum pressure of 1275 psi, into the Gray burg formation. The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said water-flood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced. Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5) Said unit is located approximately 12.5 miles east/southeast of Artesia; New Mexico

Given under the Seal of the State of New Mexico Oll Conservation Division at Santa Fe, New Mexico on this 16th day of February/2011.

a free to deal

STATE OF NEW MEXICO OIL CONSERVATION DIVISION Daniel J- Sanchez, Acting Director Published in the Artesia Daily Press, Artesia, N.M., February 17, 2011, Legal No. HOLLAND&HART

Ocean Munds-Dry omundsdry@hollandhart.com

February 15, 2011

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO: ALL AFFECTED INTEREST OWNERS

Re: Application of Alamo Permian Resources, LLC for Reinstatement of a Waterflood Project for its West Artesia Grayburg Waterflood Unit Area and Qualification of said project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Alamo Permian Resources, LLC has filed the enclosed application with the New Mexico Oil Conservation Division seeking authority to implement secondary recovery operations in its West Artesia Grayburg Unit. A copy of this application is enclosed for your information. Oil Conservation Division Form C-108 with all attachments was previously sent to you by letter dated January 31, 2011.

This application has been set for hearing before a Division Examiner at 8:15 AM on March 17, 2011. The hearing will be held in Porter Hall, in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing but, as the owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,

cean Munds-k Ocean Munds-Drv

Attorney for Alamo Permian Resources, LLC

Holland & Hart up

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208 Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.

<u>EXHIBIT B</u> <u>ALAMO PERMIAN RESOURCES, LLC</u> <u>APPLICATION FOR WEST ARTESIA GRAYBURG UNIT</u> <u>NOTICE LIST</u>

SURFACE OWNERS:

COG OPERATING LLC 550 W. TEXAS, SUITE 100 MIDLAND, TEXAS 79701

NEW MEXICO STATE LAND OFFICE 310 OLD SANTA FE TRAIL SANTA FE, NEW MEXICO 87504

LEASEHOLD OPERATORS:

CAMERON OIL & GAS, INC. P.O. BOX 1456 ROSWELL, NM 88202-1456

EOG RESOURCES, INC. P.O. BOX 2267 MIDLAND, TX 79702

I&W, INC. P.O. BOX 98 LOCO HILLS, NM 88255

DCP MIDSTREAM, LP 370 17TH ST. SUITE 2500 DENVER, CO 80202

MOREXCO, INC. P.O. BOX 51208 MIDLAND, TX 79710 RAY WESTALL P.O. BOX 4 LOCO HILLS, NM 88255

CHASE OIL CORP. P.O. BOX 1767 ARTESIA, NM 88211

KERSEY & CO. P.O. BOX 1248 FREDERICKSBURG, TX 78624

COG OPERATING, LLC 550 W. TEXAS, SUITE 100 MIDLAND, TX 79701

SANDLOTT ENERGY BREWER DBA) P.O. BOX 711 LOVINGTON, NM 88260 (JACKIE

BP AMERICA PRODUCTION CO. 501 WESTLAKE PARK BLVD. HOUSTON, TX 77079

EXHIBIT A

MEWBOURNE OIL CO. P.O. BOX 5270 HOBBS, NM 88241

CHESAPEAKE OPERATING, INC. P.O. BOX 18496 OKLAHOMA CITY, OK 73154

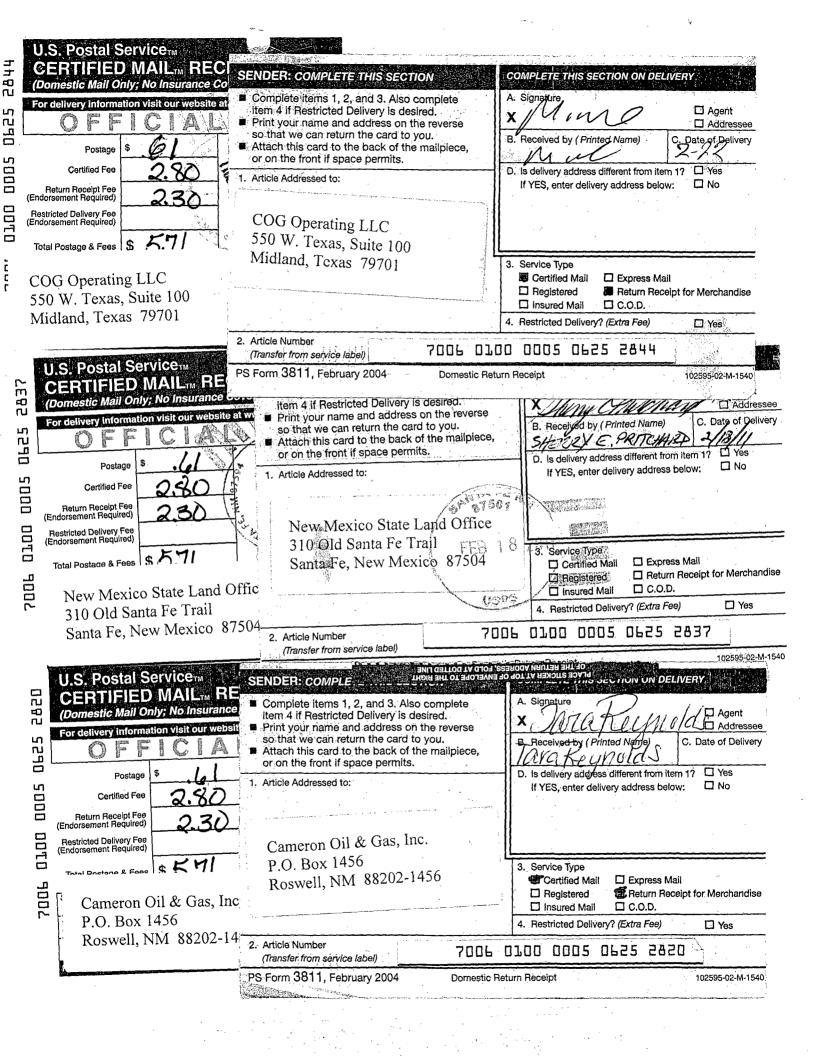
EASTLAND OIL CO. P.O. BOX 3488 MIDLAND, TX 79702

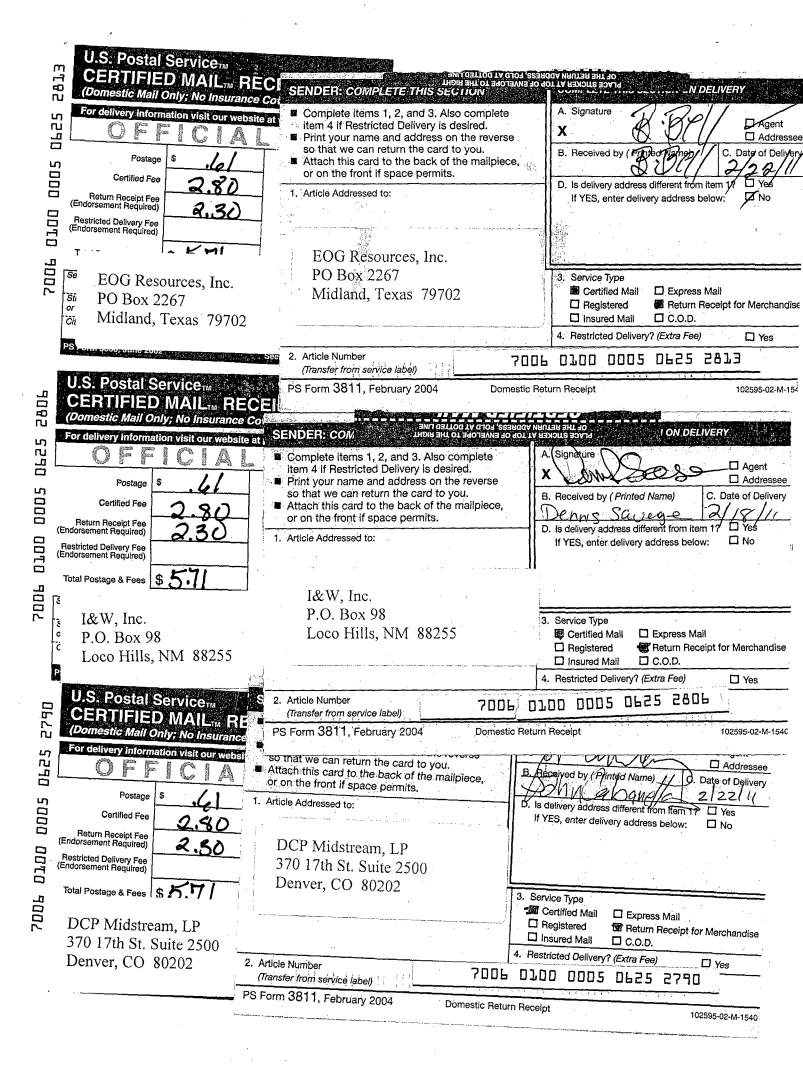
H&S OIL, LLC P.O. BOX 186 ARTESIA, NM 88211

SMITH & MARRS, INC. P.O. BOX 863 KERMIT, TX 79745

CO FULTON P.O. BOX 1176 ARTESIA, NM 88210

V-F PETROLEUM INC. P.O. BOX 1889 MIDLAND, TX 79702





7006 0100 0005 0625 2783	U.S. Postal Servicem CERTIFIED MAIL M (Domestic Mail Only: No Insuran For delivery Information visit our web OFFICIA Postage Certified Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees Total Postage & Fees Morexco, Inc. P.O. Box 51208 Midland, TX 79710	Complete items 1, 2, and 2, Alex commuted	A. Signature A. Signature A. Signature Addressee B. Received bol (Printed Name) C. Date of Delivery 2.22.1/ D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No 3. Service Type Certified Mail Express Mail Registered Insured Mail C.O.D. A. Bestifeted Deliver (Cond.)
	Intratation, international	2. Article Number	
	a construction of the second s	(Transfer from service label) 7006 (3100 0005 0625 2783
ייייר מעמר מממג מגב ב776	(Domestic Mail Only; No Insura For delivery information visit our we OFF Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required)	PS Form 3811. February 2004	COMPLETE THIS SECTION ON DELIVERY A. Signature X Agent X Addressee B. Received by (Printed Name) C. Date of Delivery X X D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
	Total Postage & Fees \$ 5.71 Ray Westall P.O. Box 4 Loco Hills, NM 88255	Loco fills, NM 88255 2. Article Number	3. Service Type Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes
-		(Transfer from service label)	2006 0100 0005 0625 2776
	U.S. Postal Service CERTIFIED MAIL (Domestic Mail Only; No Insu For delivery Information visit our OFFICI Postage \$	 Complète items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	COMPLETE THIS SECTION ON DELIVERY Agent A. Signature Agent A. Signature Agent B. Regenved by (Aryted Name) Addressee D. Is delivery address different Orbit Artific Uses Yes
C C	Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Face	1. Article Addressed to: Chase Oil Corp. P.O. Box 1767 Artesia, NM 88211	If YES, enter delivery address below: INO 3. Service Type Provide Mail IND Express Mail
L L	- Chase Oil Corp.		□ Registered <>>™ Return Receipt for Merchandise □ Insured Mail □ C.O.D.
	P.O. Box 1767		4. Restricted Delivery? (Extra Fee)
	Artesia, NM 88211	2. Article Number (Transfer from service label)	0100 0005 0625 2998
		PS Form 3811, February 2004 Domestic Ret	urn Receipt 102595-02-M-1540



