



March 15, 2011

Daniel Sanchez
Acting Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Alamo Permian Resources, LLC for Enhanced Oil Recovery
Project Qualification for the Recovered Oil Tax Rate at the West Artesia
Grayburg Unit, Eddy County, New Mexico.

Dear Mr. Sanchez:

Alamo Permian Resources, LLC ("Alamo"), hereby makes application to qualify the West Artesia Grayburg Unit for the recovered oil tax rate as authorized by the Enhanced Oil Recovery Act. Alamo plans to commence waterflood operations in the project area during the 2nd quarter of 2011. Alamo is making application pursuant to the rules promulgated by Oil Conservation Commission Order No. R-9708 entered on August 27, 1992.

In accordance with this Order, Alamo provides the following information:

A. Operator's name and address:

Alamo Permian Resources, LLC
820 Gesnner, Suite 1650
Houston, Texas 77024

B. Description of the project area:

1. Exhibit "A" is a plat outlining the project area
2. The following acreage is located in the project area:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 7:	E/2 SE/4, SE/4 NE/4
Section 8:	NW/4, S/2 NE/4, W/2 SW/4, NE/4 SW/4, N/2 SE/4
Section 17:	N/2 NW/4

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 14611 Exhibit No. 10

Submitted by:

ALAMO PERMIAN RESOURCES, LLC

Hearing Date: March 17, 2011

The proposed project will impact 100% of the Unit area and is more accurately identified as the injection patterns highlighted on Exhibit "A", which includes the wells listed on Exhibit "B".

3. Total acres:

The West Artesia Grayburg Unit contains a total of 640 acres, more or less.

Alamo is targeting 640 acres for this enhanced oil recovery project. All acreage in the Unit Area will be impacted by the initial phase of injection.

4. Subject pool and formation:

The West Artesia Grayburg Unit is within the Artesia-Queen-Grayburg-San Andres Pool.

The unit includes the Grayburg formation.

Exhibit "C" is the type-log identified in the Unit Agreement.

C. Status of operations in the project area:

1. The name of the Unit is the West Artesia Grayburg Unit.
2. The wells in the proposed project will produce on secondary recovery.

D. Method of recovery to be used:

Secondary recovery by water injection.

1. Identify fluids to be injected: Produced Water from the unit wells and make-up water produced from off-unit producing wells that are compatible with injection formation.

E. Description of the project:

1. List of producing wells:

Attached as Exhibit "B" is a list of all producing wells within the project area .

There are plans to drill approximately 12 additional development wells within the project area.

2. List of injection wells:

Attached as Exhibit "B" is a list of all injection wells within the project area.

3. Capital costs of additional facilities:

Description	Cost
Field installations and upgrades	\$ 500,000
Development drilling cost	\$ 3,450,000
Well remediation & misc. costs	\$ 1, 500,000
Injection work	<u>\$ 500,000</u>

4. Total project costs: \$5,950,000

5. Estimated total value of the additional production that will be recovered as a result of this project:

Using an average price for the oil of \$75/BBL and an equivalent barrel based price for the gas, the value of the additional hydrocarbons to be produced from the proposed project (300,000 BBL) is \$ 22,500,000 (Total Sales) and \$16,500,000 net income to the working interest owners.

6. The anticipated date for commencement of injection:

As soon as authorized by the New Mexico Oil Conservation Division.

7. Identify the fluid to be injected and the anticipated volumes:


An average of 600 barrels of produced and makeup water as needed will be injected into each well per day with a maximum of 1,000 barrels of produced and makeup water to be injected into each well per day.

8. Production Data:

Exhibit "D" is a graph with supporting data attached thereto which shows the production and injection history for the project and a forecast of the enhanced recovery of oil, gas, casinghead gas and water anticipated from this project.

Alamo Permian Resources, LLC requests that this application be set for hearing and, if no objections are received, that it be approved.

Very truly yours,
ALAMO PERMIAN RESOURCES, LLC

By: 
Carl D. Campbell
Chief Operating Officer

- Exhibit A: Plat of Project Area
- Exhibit B: Table of Wells in the Project Area
- Exhibit C: Type Log
- Exhibit D: Historical Production Curve and Production Forecast

NMOCD
FORM C-108
Item V.

Alamo Permian Resources, LLC
West Artesia Grayburg Unit Waterflood Project
And Offset Alamo Permian-Operated Leases
Eddy County, New Mexico

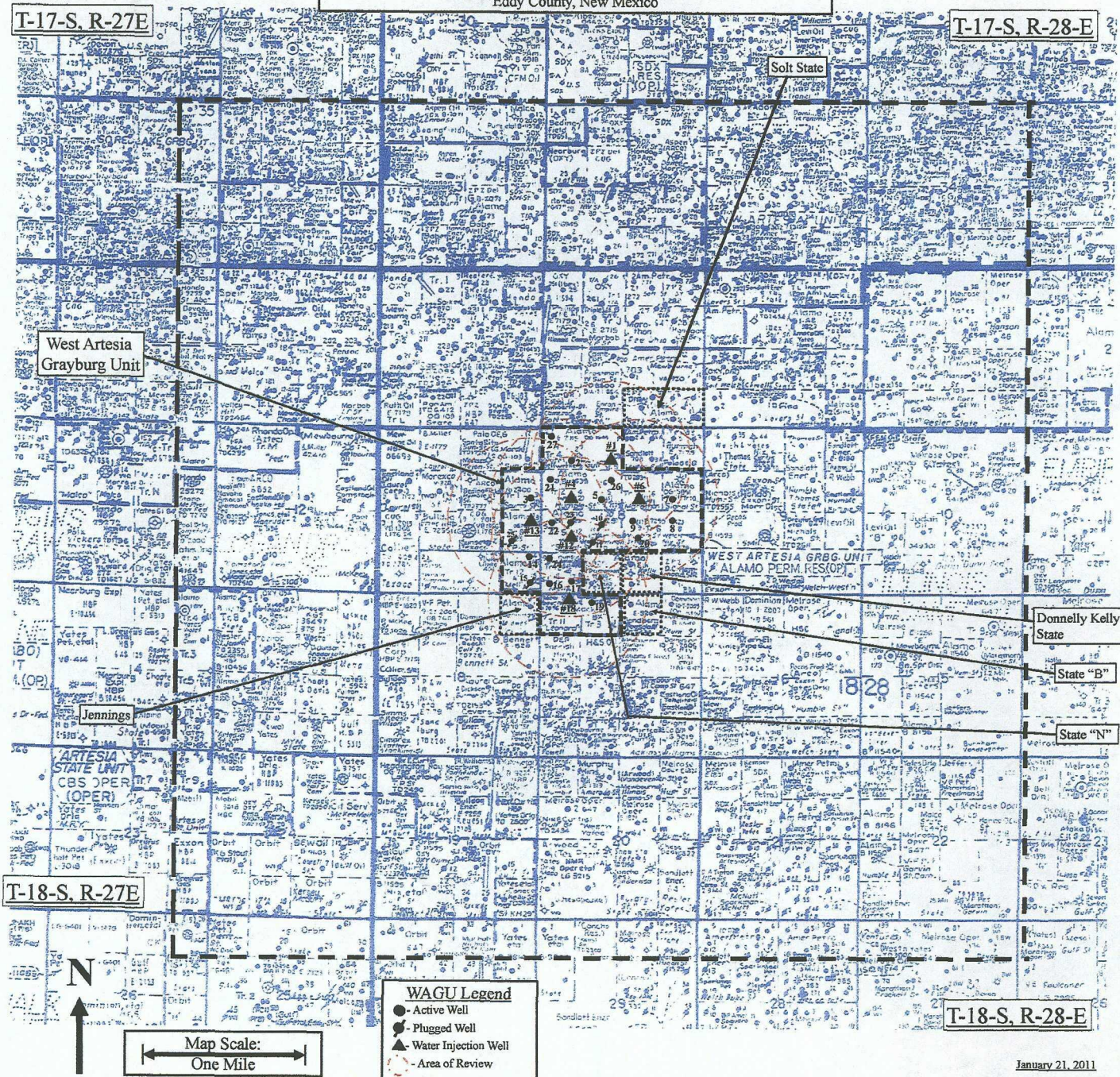


Exhibit B

Attached to that certain Letter Application for Qualification of
a Project for the Incentive Tax Rate Pursuant to the New Mexico Enhanced Oil Recovery Act
Tabulation of West Artesia Grayburg Wells

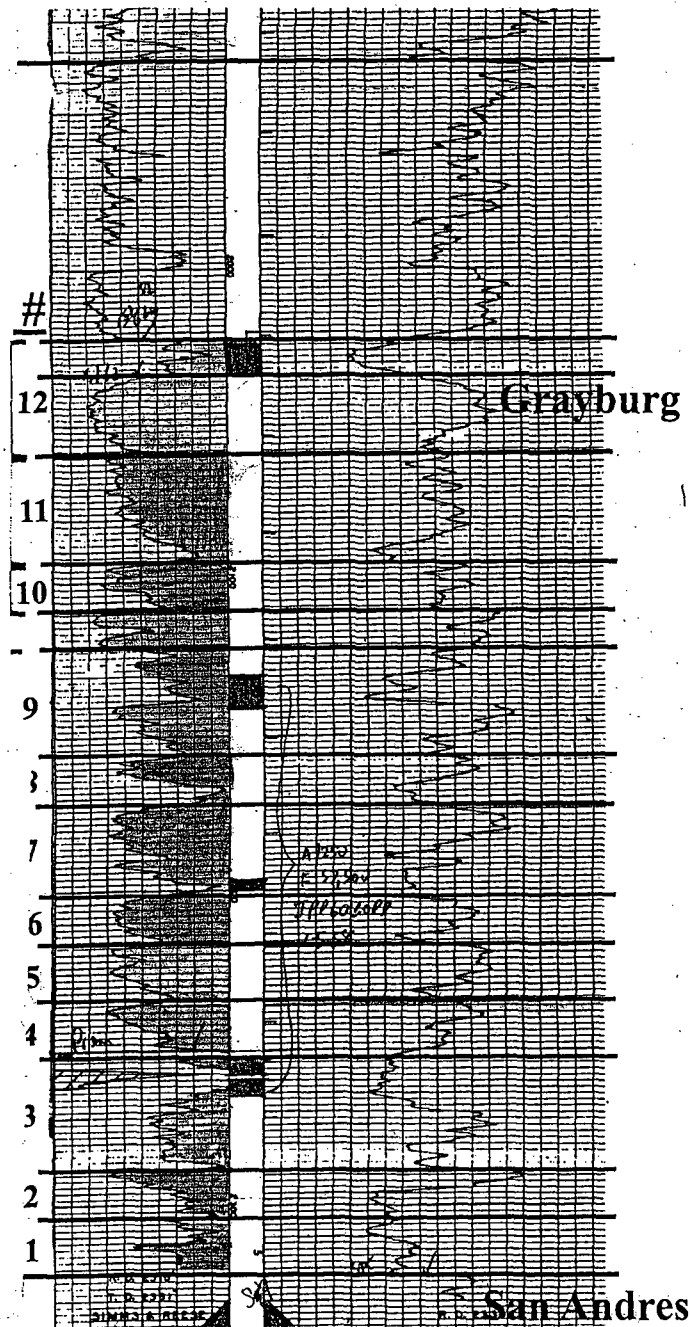
Sorted by Well Status

Lease Name	Well No.	API No.	Operator	LOCATION			Well Type	Well Status
				UL	Sec,Twp,Rge	Footage/Calls		
Current Lease Name	Well#	API#	Company	NM Loc	Legal	Footage/Calls	Type	Status
PRODUCING WAGU WELLS								
WEST ARTESIA GRAYBURG UNIT	3	30-015-02630	ALAMO PERMIAN RESOURCES, LLC	H	S:7, T:18S, R:28E	2310 FNL, 330 FEL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	14	30-015-02635	ALAMO PERMIAN RESOURCES, LLC	P	S:7, T:18S, R:28E	990 FSL, 330 FEL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	2	30-015-02640	ALAMO PERMIAN RESOURCES, LLC	D	S:8, T:18S, R:28E	990 FNL, 990 FSL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	5	30-015-02647	ALAMO PERMIAN RESOURCES, LLC	F	S:8, T:18S, R:28E	2310 FNL, 1980 FSL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	7	30-015-02639	ALAMO PERMIAN RESOURCES, LLC	H	S:8, T:18S, R:28E	2310 FNL, 990 FEL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	8	30-015-02659	ALAMO PERMIAN RESOURCES, LLC	J	S:8, T:18S, R:28E	2310 FSL, 990 FEL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	9	30-015-02658	ALAMO PERMIAN RESOURCES, LLC	J	S:8, T:18S, R:28E	2310 FSL, 2310 FEL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	16	30-015-02641	ALAMO PERMIAN RESOURCES, LLC	M	S:8, T:18S, R:28E	400 FSL, 330 FSL	Oil	Active
WEST ARTESIA GRAYBURG UNIT	17	30-015-02642	ALAMO PERMIAN RESOURCES, LLC	M	S:8, T:18S, R:28E	330 FSL, 987 FSL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	20	30-015-23113	ALAMO PERMIAN RESOURCES, LLC	J	S:8, T:18S, R:28E	1650 FSL, 1980 FEL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	21	30-015-23619	ALAMO PERMIAN RESOURCES, LLC	E	S:8, T:18S, R:28E	1650 FNL, 330 FSL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	24	30-015-23724	ALAMO PERMIAN RESOURCES, LLC	M	S:8, T:18S, R:28E	970 FSL, 330 FSL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	26	30-015-23784	ALAMO PERMIAN RESOURCES, LLC	F	S:8, T:18S, R:28E	1710 FNL, 2274 FSL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	27	30-015-23869	ALAMO PERMIAN RESOURCES, LLC	D	S:8, T:18S, R:28E	330 FNL, 330 FSL	Oil	Pumping
WEST ARTESIA GRAYBURG UNIT	19	30-015-01897	ALAMO PERMIAN RESOURCES, LLC	C	S:17, T:18S, R:28E	330 FNL, 1650 FSL	Oil	Pumping

WAGU INJECTION WELLS

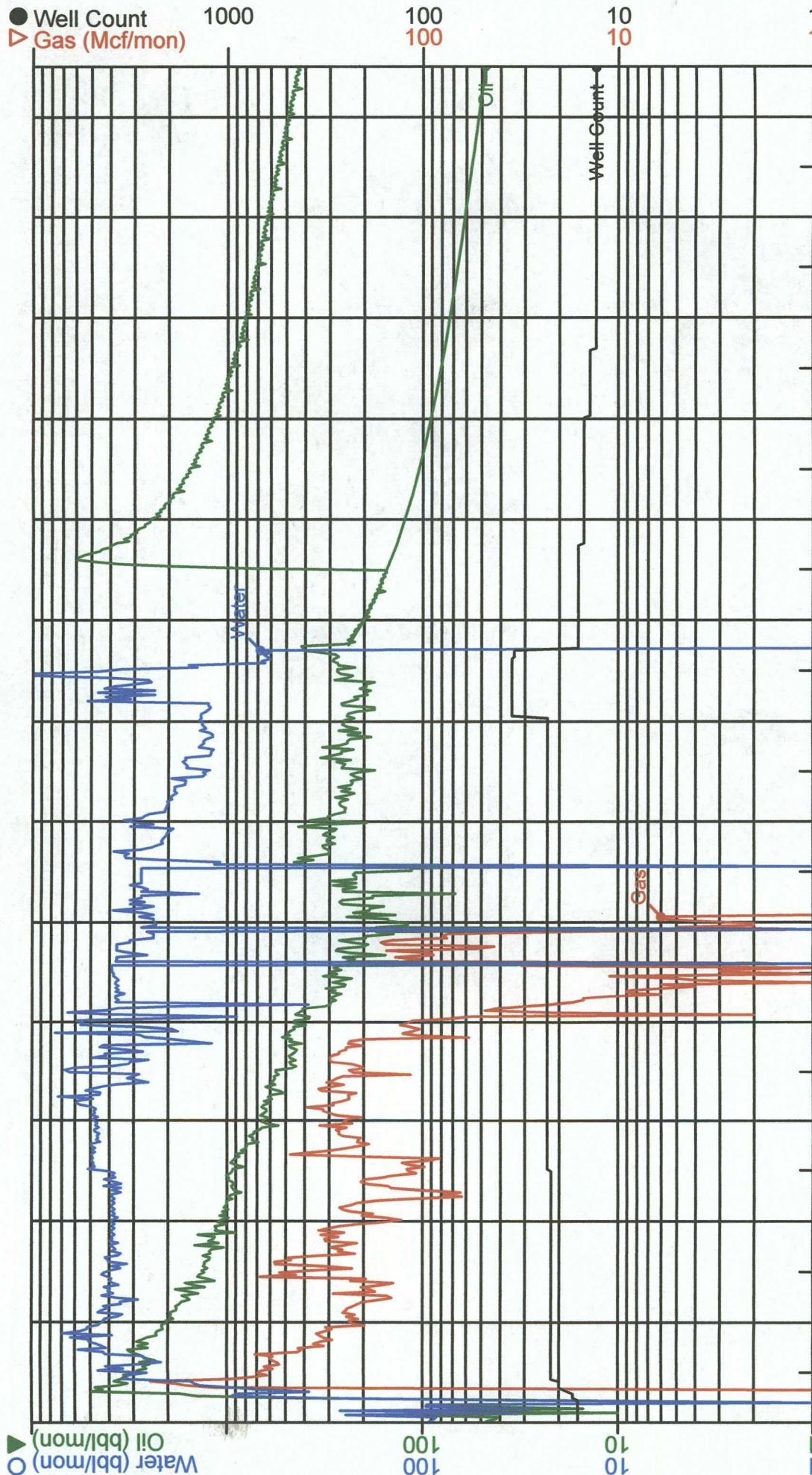
WEST ARTESIA GRAYBURG UNIT	13	30-015-02636	ALAMO PERMIAN RESOURCES, LLC	I	S:7, T:18S, R:28E	2310 FSL, 330 FEL	Inj	Injection
WEST ARTESIA GRAYBURG UNIT	1	30-015-02645	ALAMO PERMIAN RESOURCES, LLC	C	S:8, T:18S, R:28E	990 FNL, 2310 FSL	Inj	Injection
WEST ARTESIA GRAYBURG UNIT	4	30-015-02648	ALAMO PERMIAN RESOURCES, LLC	E	S:8, T:18S, R:28E	2310 FNL, 990 FSL	Inj	Injection
WEST ARTESIA GRAYBURG UNIT	6	30-015-10328	ALAMO PERMIAN RESOURCES, LLC	G	S:8, T:18S, R:28E	2310 FNL, 1980 FEL	Inj	Injection
WEST ARTESIA GRAYBURG UNIT	12	30-015-02649	ALAMO PERMIAN RESOURCES, LLC	L	S:8, T:18S, R:28E	1650 FSL, 990 FSL	Inj	Injection
WEST ARTESIA GRAYBURG UNIT	18	30-015-01899	ALAMO PERMIAN RESOURCES, LLC	D	S:17, T:18S, R:28E	330 FNL, 990 FSL	Inj	Injection

Unit Type Log
(Wilson State 8-1)
And Key to
Perforated Intervals
WAGU #9



Case Name: West Artesia GB Unit Summary PDP PUD
County, State: Eddy County, NM
Major Phase: Oil

Oper: Alamo Permian Resources, LLC
Field: Artesia
Reservoir: Grayburg



Time	Oil (bbl/mon)	Gas (Mcf/mon)	Water (bbl/mon)	Well Count	Default Oil (ARPs)	Default Gas (ARPs)	Default Water (ARPs)	Default Well Count (ARPs)
80	100	100	100	10	Segment: 1 of 1 Cum: 854,926 bbl Rem: 308,853 bbl EUR: 1,163,779 bbl 12/29/2010 - 09/15/2071 Q1: 241 / Qact: 418 Q2: 10 D: 18,509 / Dmin: 4.000 B: 1.20000	Segment: N/A Cum: 591,569 Mcf Rem: 0 Mcf EUR: 591,569 Mcf Q1: N/A / Qact: N/A Q2: N/A D: N/A / Dmin: N/A B: N/A	Segment: N/A Cum: 1,507,281 bbl Rem: 0 bbl EUR: 1,507,281 bbl Q1: N/A / Qact: N/A Q2: N/A D: N/A / Dmin: N/A B: N/A	Segment: N/A Cum: N/A Rem: N/A EUR: N/A Q1: N/A / Qact: N/A Q2: N/A D: N/A / Dmin: N/A B: N/A
88	100	100	100	10				
96	100	100	100	10				
04	100	100	100	10				
12	100	100	100	10				
20	100	100	100	10				
28	100	100	100	10				

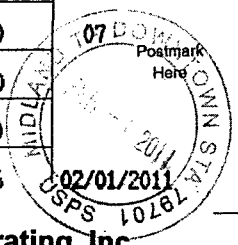
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