

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO 1004-0135
Expires July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | |
|--|--|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 8. Well Name and No SAUNDERS 10 |
| 2. Name of Operator ALAMO PERMIAN RESOURCES LLC | | 9. API Well No. 30-015-21924-00-S1 |
| 3a. Address 415 WEST WALL STREET SUITE 500 MIDLAND, TX 79701 | | 10. Field and Pool, or Exploratory GRAYBURG |
| 3b. Phone No (include area code) Ph: 432-897-0673 | | 11. County or Parish, and State EDDY COUNTY, NM |
| 4. Location of Well (Footage, Sec, T., R., M., or Survey Description) Sec 13 T17S R27E NESE Lot 1 1980FSL 660FEL | | |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input checked="" type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

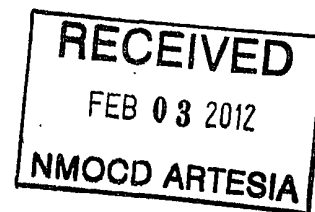
RECOMPLETION TO SEVEN RIVERS

Pull out of hole with pump, rods, and tubing. Run in hole with bit and casing scraper to PBTD at 1,860'

Run casing inspection/caliper/CBL log from PBTD to surface. Verify casing integrity and TOC.

Set Wireline CIBP in 5-1/2" casing at +/- 1,150' above existing Queen perforations at 1,253-63' and Grayburg perfs at 1,612-14', 1,704-14', 1,720-25', & 1,756-68'. Dump 10' of cement on top of CIBP using wireline.

Set CIBP on tubing in 5-1/2" casing at +/- 650'.

Accepted for record
NMOCD**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

| | |
|--|--------------------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #128856 verified by the BLM Well Information System For ALAMO PERMIAN RESOURCES LLC, sent to the Carlsbad Committed to AFMSS for processing by JAMES (JIM) HUGHES on 01/24/2012 (12JLH0352SE) | |
| Name (Printed/Typed) CARIE STOKER | Title REGULATORY AFFAIRS COORDINATOR |
| Signature (Electronic Submission) | Date 01/20/2012 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | |
| Approved By | Title |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | |
| Office | Date |
| Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. | |

APPROVED

JAN 31 2012

WESLEY W. INGRAM
PETROLEUM ENGINEER

Additional data for EC transaction #128856 that would not fit on the form

32. Additional remarks, continued

Perforate Seven Rivers formation at approximately 490-520' (overall).

Acidize formation with 1,000 gal 15% NEFE HCl at low rates.

Run in hole with tubing, rods, & pump.

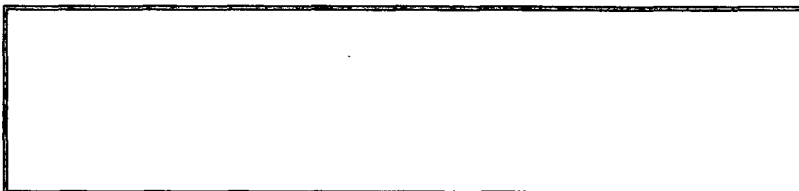
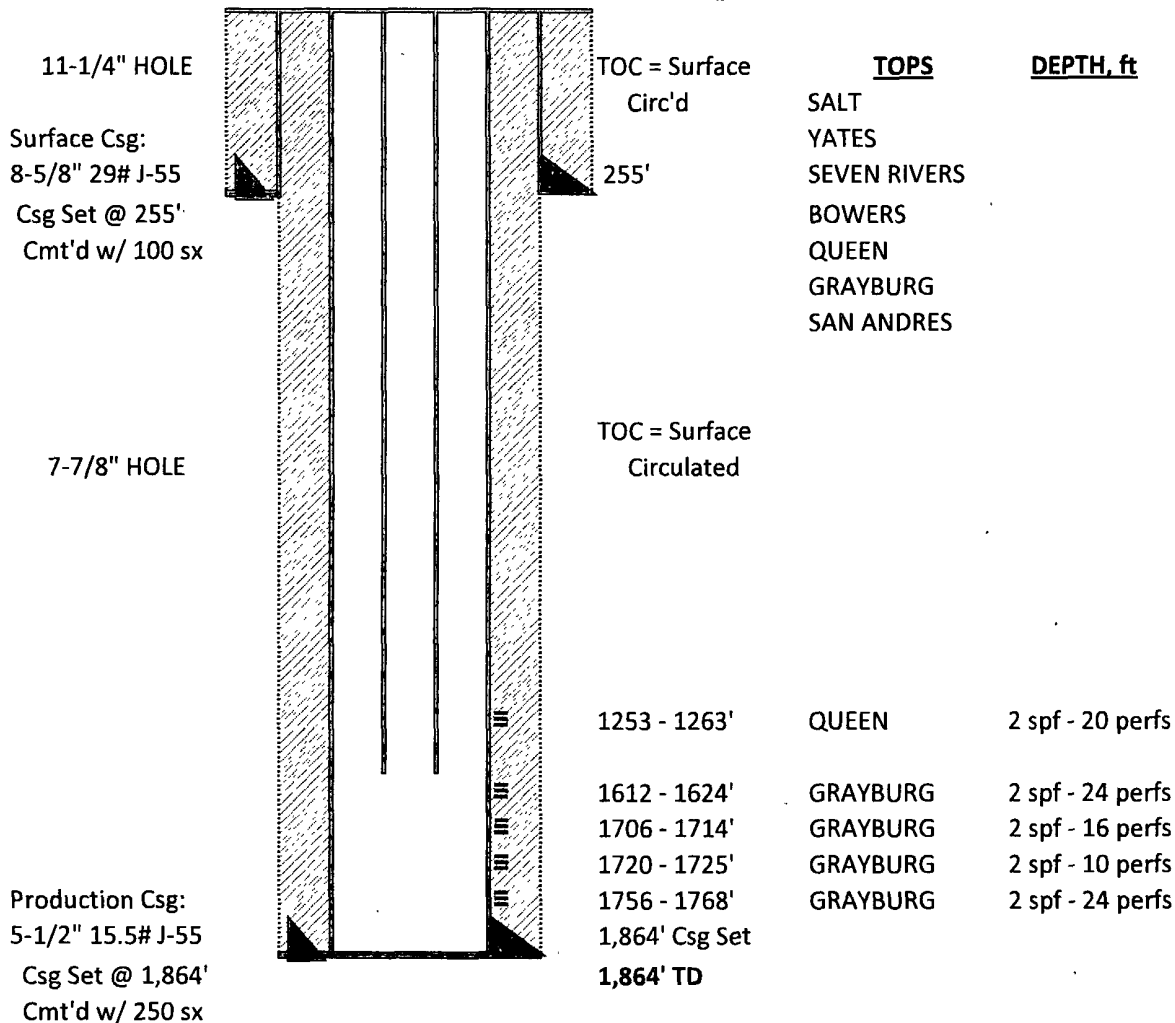
Restore well to production and test.

(See attached WB Diagram)

ALAMO PERMIAN RESOURCES, LLC
WELLBORE DIAGRAM

| | | | |
|-----------------|----------------------------------|----------------|--------------------|
| Lease/Well No.: | SAUNDERS FEDERAL No. 10 | ELEVATION, GL: | 3,548 ft. |
| Location: | 1,980' FSL & 660' FEL | | |
| | UL: I, SEC: 13, T: 17-S, R: 27-E | FIELD: | RED LAKE; QN-GB-SA |
| | EDDY County, NM | | |
| LEASE No.: | LC 064023 | Spudded: | 10/22/1976 |
| API No.: | 30-015-21924 | Drlg Stopped: | 10/27/1976 |
| | | Completed: | 12/7/1976 |
| | | LAT: | |
| | | LONG: | |

ROTARY TOOLS



HPS: 07/28/2011

SAUNDERS FEDERAL No. 10

WELL PERFORATION, ACID JOB, FRAC JOB, & WELL TEST DETAILS

| PERFS | | | ACID JOB(S) | | | FRAC JOB(S) | | | | | | INITIAL POTENTIAL TEST | | | |
|-----------------------------|--------|----------|-------------|-------|---------|-------------|------------|------------|--------|------|---------|------------------------|------|------|-------|
| | | | | ACID | ACID | | FRAC FLUID | FLUID | SAND | SAND | | TEST | OIL | GAS | WATER |
| 1 | BOTTOM | ZONE | DATE | GALS | TYPE | DATE | GALS | TYPE | LBS | SIZE | REMARKS | DATE | BOPD | MCFD | BWPD |
| 3 | 1,263 | Queen | 12/10/1976 | 500 | 15% HCL | 12/10/1976 | 21,000 | Gelled Wtr | 20,000 | | | 12/10/1976 | 12 | 208 | 15 |
| Tested All 5 Zones Together | | | | | | | | | | | | | | | |
| 2 | 1,624 | Grayburg | 12/10/1976 | 1,000 | 15% HCL | 12/10/1976 | 42,000 | Gelled Wtr | 40,000 | | | | | | |
| 6 | 1,714 | Grayburg | " | " | " | " | " | " | " | | | | | | |
| 0 | 1,725 | Grayburg | " | " | " | " | " | " | " | | | | | | |
| 6 | 1,768 | Grayburg | " | " | " | " | " | " | " | | | | | | |

**Saunders 10
30-015-21924
Alamo Permian Resources LLC
January 31, 2012
Conditions of Approval**

Contact BLM at 575-361-2822 a minimum of 24 hours prior to commencing work. Setting of CIBPs and tagging plug.

Work to recomple to be completed within 90 days.

- 1. Surface disturbance beyond the originally approved pad must have prior approval.**
- 2. Closed loop system required.**
- 3. Operator to have H2S monitoring equipment on location.**
- 4. A minimum of a 2000 (2M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.**
- 5. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.**
- 6. Operator shall submit copy of casing inspection/caliper/CBL to BLM.**
- 7. CIBP in 4-1/2" casing shall be set at 1,150' with 35' of Class C cement bailed on top of CIBP. Tag cement at 1,115' or shallower. Tag required due to bailing inconsistencies.**
- 8. Operator to perform a 72 hour well test with independent tester that is bonded and can provide a certified copy of test results.**
- 9. Submit subsequent sundry with detail of work completed and current well bore diagram. Also submit new completion report for Seven Rivers.**

WWI 013112