TYPE CAB

cstoker@helmsoil.com

E-mail Address

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505



Alamo Permian Resources

				1913
	<del></del>	ADMINISTRATIVE APPLI	CATION CHEC	KLIST
TH	HIS CHECKLIST IS M	ANDATORY FOR ALL ADMINISTRATIVE APPLICATI WHICH REQUIRE PROCESSING AT TH		VISION RULES AND REGULATIONS
Applic	[DHC-Dow [PC-Po		roration Unit] [SD-Simu nmingling] [PLC-Pool/ orage] [OLM-Off-Leas ressure Maintenance E njection Pressure Incre	Itaneous Dedication] Lease Commingling] e Measurement] expansion] ease]
[1]	TYPE OF A	PPLICATION - Check Those Which Ap	unly for [A]	30-015-01871
ניי	[A]	Location - Spacing Unit - Simultaneou  NSL NSP SD		Humble *  30-015-02609 Humble #2
	Check	One Only for [B] or [C]		30-015-02011
	[B]	Commingling - Storage - Measuremen  DHC CTB PLC	t ] PC [] OLS []	ν ι ε ι <del>ε   .   .   .   .   .   .   .   .   .   </del>
	[C]	Injection - Disposal - Pressure Increase  WFX PMX SWD	e - Enhanced Oil Recove	ry Votes State# PPR 30-015 - 01875
	[D]	Other: Specify		— Yates State #
[2]	NOTIFICAT [A]	TION REQUIRED TO: - Check Those \  Working, Royalty or Overriding I		
	[B]	☐ Offset Operators, Leaseholders or	Surface Owner	
	[C]	Application is One Which Requir	es Published Legal Notic	ce ·
	[D]	Notification and/or Concurrent A U.S. Bureau of Land Management - Commissioner of	pproval by BLM or SLO of Public Lands, State Land Office	
	[E]	For all of the above, Proof of Not	ification or Publication is	Attached, and/or,
	[F]	Waivers are Attached		
[3]		CURATE AND COMPLETE INFORMATION INDICATED ABOVE.	MATION REQUIRED	TO PROCESS THE TYPE
	/al is <mark>accurate</mark> a	TION: I hereby certify that the informate and complete to the best of my knowledge quired information and notifications are	e. I also understand that	no action will be taken on this
	Note:	Statement must be completed by an individual	with managerial and/or supe	ervisory capacity.
CARIE S Print o	TOKER r Type Name	Carie. Stole	Regulatory Affair Title	s Coordinator Date

# RECEIVED OCD

7017 MAY 23 A 10: 57

May 10, 2013

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
District II
811 S. First St.
Artesia, NM 88210

RE:

Alamo Permian Resources, LLC, wholly owned operating company for

Alamo Resources II, LLC, the title holding company for properties

Application for Approval of Surface Commingling

Part of Section 22, T18S, R28E,

Yates State 001, Yates State 002, Yates State 003, Humble 001, and Humble 002

Eddy County, New Mexico

#### Dear Sirs:

Please be advised that Alamo Resources II, LLC ("Alamo") has notified every individual who has been identified as owning an interest within the above described properties of Alamo's requested approval for surface commingling application for the properties. Attached and labeled Exhibit "A" is the list of notified individuals. Enclosed for your review, is a copy of the correspondence and copies of the certified receipts green cards.

Do not hesitate to contact us should you have any questions or need further data. Thank you for your attention in this matter.

Sincerely,

Carie Stoker

Regulatory Affairs Coordinator

CC:

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Attachment

**Enclosures** 

To: Surface & Interest Owners:

Re: Alamo Resources II, LLC

Application for Approval of Surface Commingling

Part of Section 22, T18S, R28E,

Yates State 001, Yates State 002, Yates State 003, Humble 001, and

Humble 002

Eddy County, New Mexico

Stolre

Ladies and gentlemen:

Please be advised that Alamo Resources II, LLC ("Alamo") has requested approval for a surface commingling application. You have been identified as a surface or interest owner in the above referenced lands therefore, requiring notification of this application. Enclosed for your review, is a copy of the submitted application. Please be advised that any objections must be made in writing to the New Mexico Oil Conservation Division, 1220 S. St. Francis Drive, Santa Fe, NM 87504 within twenty (20) days of this applications filing date.

Please do not hesitate to contact us should you have any questions. Thank you for your attention to this matter.

Sincerely,

Carie Stoker

Regulatory Affairs Coordinator

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

E-MAIL ADDRESS: cstoker@helmsoil.com

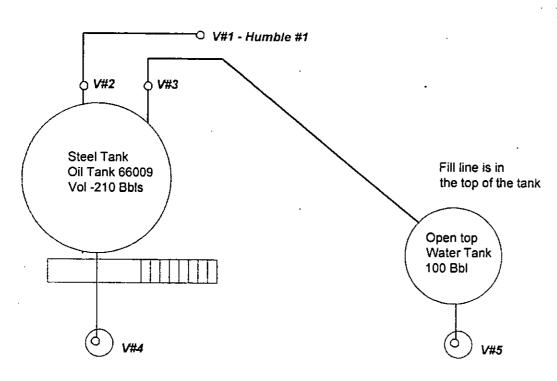
State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B Revised August 1, 2011

### OIL CONSERVATION DIVISION

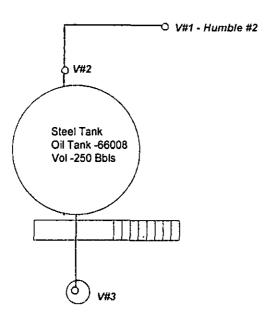
1220 S. St Francis Drive Santa Fe, New Mexico 87505 Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

		COMMINGLING	DIVERSE	OWNERSHIP)				
	Permian Resources, LL							
	Wall Street, Suite 500	Midland, TX 79	701					
APPLICATION TYPE:		<b>–</b>						
☐ Pool Commingling ☐ Lease Comming			Storage and Measur	ement (Only if not Surfac	e Commingled)			
	State   Fed							
Is this an Amendment to existing Ord Have the Bureau of Land Managemer  Yes No					ingling			
		OL COMMINGLIN ts with the following in						
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes			
(2) Are any wells producing at top allow								
(5) Will commingling decrease the value	(B) LEA	SE COMMINGLIN	<b>G</b>	ng snouta be approved				
(1) P-1N		ts with the following in	nformation		<del></del> '			
<ol> <li>Pool Name and Code. 3230-ARTES</li> <li>Is all production from same source o</li> </ol>	· · · · · · · · · · · · · · · · · · ·	Vα						
(3) Has all interest owners been notified t	y certified mail of the pro	posed commingling?	⊠Yes □N					
(4) Measurement type:  Metering	Other (Specify) See att	ached- Commingled Batte	ry testing & allocat	ion procedures				
		LEASE COMMIN		·				
(1) Complete Sections A and E.	riease attach sneet	ts with the following in	itormation	- Colonia de la colonia de				
200	**							
	D) OFF-LEASE ST							
		ets with the following	information					
<ol> <li>ls all production from same source o</li> <li>Include proof of notice to all interest</li> </ol>	• • •							
(E) A	DDITIONAL INFO	ORMATION (for all ts with the following in		pes)	-			
(1) A schematic diagram of facility, incl		o ich site John milg III						
<ul> <li>(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.</li> <li>(3) Lease Names, Lease and Well Numbers, and API Numbers.</li> </ul>								
hereby certify that the information above	is true and complete to the	best of my knowledge and	d belief.					
SIGNATURE: COMOS	× 1.	ITLE: Regulatory Affa		DATE:	10/13			
TYPE OR PRINT NAME Carie Stoker			TELEPHO					



Alamo Permian Resources
Current Battery
Humble #1 (30-015-01871)
Storage facility located at of Section
SW/4 / NE/4 of Section 15 T - 18 - S R - 28 - E
Eddy County, New Mexico

- I. Production Phase Open Valves # 1, 2, 3, Closed Valves # 5, 6
- II. Oil Sales Phase from Tank 66009 Open Valves # 4 Closed Valves # 1-3, 5
- IIII. Water Hauling Open Valves # 5 Closed Valves # 1-4

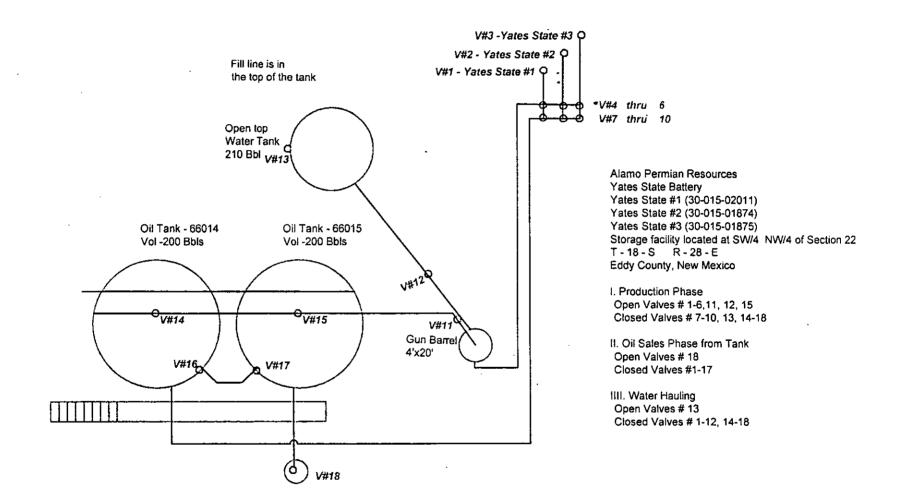


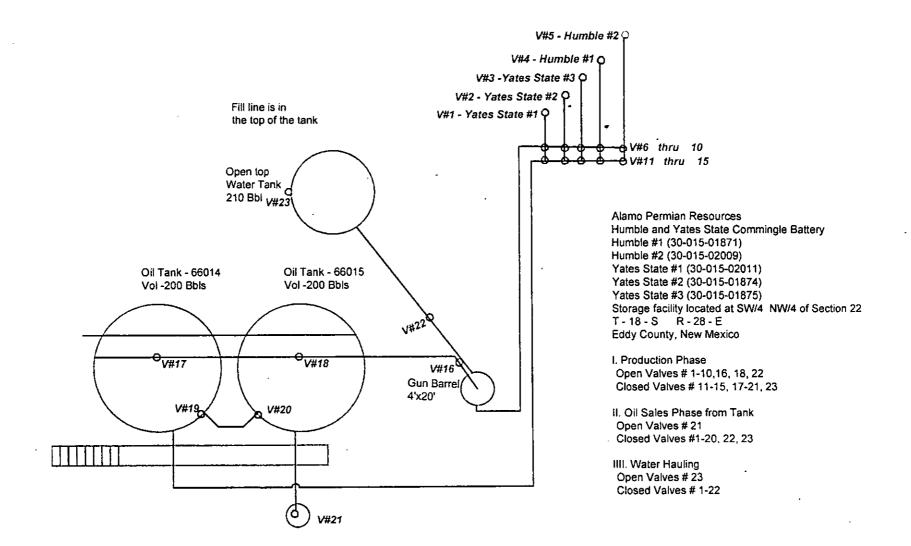
Alamo Permian Resources
Current Battery
Humble State # (30-015-02009)
Storage facility located at of Section
NW/4 / SW/4 of Section 22 T - 18 - S R - 28 - E
Eddy County, New Mexico

I. Production Phase Open Valves # 1, 2, Closed Valves # 3

II. Oil Sales Phase from Tank - 66008 Open Valves # 3 Closed Valves # 1-2

IIII. Water Hauling Open Valves # 3 Closed Valves # 1-2







# ALAMO PERMIAN RESOURCES, LLC Commingled Battery Testing & Allocation Procedures

## **Eddy County, NM**

Alamo Permian Resources, LLC ("Alamo Permian Resources") proposes the surface commingling of its wells on the Yates State Unit and one offset adjacent producing lease, the Humble into a single Commingled Battery (the "Battery") located on the Yates State 001 located at SW/4 NW/4 UL-E, Section 22, Township 18S, Range 28E in Eddy County, New Mexico. The following discussion outlines the basic equipment that will be installed in the Commingled Battery, as well as the basic procedures that will be instituted by Alamo Permian Resources to test producing wells and equitably allocate monthly oil and water production to each well based on well test results.

#### **Battery Equipment & Vessels**

A Commingled Battery permitted and constructed by Alamo Permian Resources with the basic equipment, vessels, and facilities in its design in order to test producing wells on a regular basis and equitably allocate oil and water production between all wells producing into the Battery. This Battery equipment will include:

- Inlet Well Header(s) which allow the switching of each well tied into the Battery from production to the Test Tank(s) individually;
- Test Tank(s) for the isolation and testing of each well. The number of Test Tanks will be dependent on the number of wells producing into the Battery;
- At least 2 steel Oil Tanks where total oil production is gauged and oil is sold;
- One to two fiberglass Water Tanks, depending on the amount of water produced on a daily basis from the wells and how it is handled;
- A Gun Barrel as a secondary separation vessel to separate the remaining water from the oil and send the oil to the Oil Tanks; and
- A Circulating Pump to allow for transfer of oil and water between Test Tanks, separation vessels, Oil Tanks, and Water Tanks in the Battery.

#### Tank Gauging

Each day, each Oil Tank, Water Tank, and Test Tank in the Battery will be gauged by the Alamo Permian Resources Pumper using a steel tape line. The amount of oil and water is measured by using water-finding paste ("color-cut") on the steel tape line. The gauge levels of oil and water in the battery tanks are recorded in the daily field gauge report and used to calculate the total daily and monthly oil and water production volumes for the Battery. The daily Battery oil and water production are sent to the Alamo Permian Resources – Midland, Texas office each day and are used at the end of each month to determine the Total Monthly Battery Production – oil and water production volumes.

Additionally, a record is kept of the number of Producing Days each month for each well. This information is recorded by the Pumper each day on a monthly "Days On and Off Report" form which tracks the days on production and the days off production for each well over the course of the month. This report is sent to the Alamo Permian Resources – Midland, Texas office at the end of each month to be used in the allocation process.

#### **Well Testing**

Prior to each Well Test, the Test Tank is emptied using Circulating Pump to move contents to the FWKO. The remaining volume in the Test Tank, if any, is gauged and color-cut to determine the oil and water volumes in the tank at the start of the Well Test.

- At the Well Header at the entry to the Battery, the well selected to be tested is switched from Production to Test by opening and closing the appropriate valves on the header manifold to route the produced fluids from the well to a Test Tank.
- Each well producing into the Battery is to be tested at least once per month, but will be tested as many times as practical.
- The well will be left "on test" until a stabilized daily production rate is established, with a minimum test time of 48 hours.
- After the well has been on test a minimum of 24 hours, the produced fluids in the Test Tank will be gauged and color-cut. If the color-cut demarcation between oil and water is not clear, a fluid sample will be taken from the Test Tank using a "thief" sample catcher which allows the sampling of fluids in the tank at any desired depth in order to verify the composition of the produced fluids in the tank, both oil and water.
- Once the volumes of oil and water in the Test Tank have been determined, the well's Test Volumes over the preceding 24 hours are determined by subtracting the Test Tank volumes at the start of the test period from the Test Tank volumes recorded at the end of the period.
- The 24-hour Test Volumes of Oil and Water production from the well are recorded and sent to the Alamo Permian Resources Midland, Texas office.
- At the conclusion of each Well Test, the produced oil and water volumes in the Test Tank are sent to the Battery FWKO by Circulating Pump.

#### **Monthly Production Allocations**

Each month, the Total Monthly Battery oil and water production volumes are allocated to each producing well producing into the Battery based on the well's Well Tests during the month and its number of Producing Days during the month. The Monthly Production Allocations methodology is as follows:

- The Total Monthly Battery Production (oil and water) is determined from the daily field gauge reports from the Pumper.
- The representative Well Test for each well is selected from the Well Tests run during the month. If more than one Well Test is run on a well during the month and all are determined to be representative, then the arithmetic average of the individual Well Tests is used as the Well Test for the well during the month.

- For each well producing into the Battery, the Well Test for the month is multiplied by the well's Producing Days during the month to calculate the Well Pseudo-Production for the month.
- The Well Pseudo-Production for each well is calculated and then all are summed for the month to calculate the Total Battery Pseudo-Production for the month.
- The Monthly Well Allocation Factor is then calculated for each well by dividing the Well Pseudo-Production for the month by the Total Battery Pseudo-Production for the month. Individual allocation factors are determined for both oil and water production for each well in the Battery by this method.
- The Monthly Allocated Production for each well is then calculated by multiplying the well's Monthly Well Allocation Factor by the Total Monthly Battery Production. Individual monthly oil and water allocated production volumes for each well in the Battery are determined by this method.
- Monthly Oil Sales for each well are also determined using the Monthly Well Allocation Factors and the Total Monthly Battery Oil Sales volumes for the Battery.

#### **Example Monthly Well Allocation**

The Gusher #1 well is producing into the Battery. Determine the Monthly Allocated Production (oil and water) for the Gusher #1:

Total Monthly Battery Production: 4,500 BO & 3,000 BW Gusher #1 Well Test for the month: 20 BOPD & 10 BWPD

Gusher #1 Producing Days in the month: 25 Days

Gusher #1 Well Pseudo-Production: (20 BOPD x 25 Days) = 500 PBO (10 BWPD x 25 Days) = 250 PBW

**Total Battery Pseudo-Production:** 6,250 PBO & 5,000 PBW

Gusher #1 Monthly Well Allocation Factor: (500 PBO / 6.250 PBO) = 0.08 for Oil

(250 PBW / 5,000 PBW) = 0.05 for Water

Gusher #1 Monthly Allocated Production:  $(0.08 \times 4.500 BO) = 360 BO$ 

 $(0.05 \times 3,000 \text{ BW}) = 150 \text{ BW}$ 

# EXHIBIT A

065776 XTO ENERGY INC

ATTN: REVENUE ACCOUNTING 810 HOUSTON STREET

FORT WORTH, TX 76102-6298 . --

	ed Apr 17, 2013 HOLLYFRONTIER 1:33:45 Division of 3	REFINING & MARKETING LLC Interest - Exhibit	REPORT: DC3 PAGE: 1 of 1
G/L Comp Operator	o 66 Division 48 Period 03- r 064025 Name ALAMO PERMIAN RESOU	RCES, LLC Division Of Type	Pay
Owner 000001	Name COMMISSIONER OF PUBLIC LANDS P O BOX 1148 SANTA FE, NM 87504-1148	Interest Interest 0.05000000 RI	<u>Code</u> GS
005038	JAMES WARREN HANSON PO BOX 9 GLENCOE, NM 88324-0009	0.02500000 OR	AC
054988	RUTH ANN JEFFERS CALVERT S/P P O BOX 65 ARTESIA, NM 88211-0065	0.03675000 OR	PA
054989	GEORGIE E JOHNSON S/P PO BOX 1473 ARTESIA, NM 88211-1473	0.01575000 OR	PA
064004	ALAMO RESOURCES II LLC 820 GESSNER SUITE 1650 HOUSTON, TX 77024	0.8100000 WI	, AC

Interest Total

1.00000000

0.06250000

"THIS INFORMATION IS FURNISHED AS A COURTESY. HOLLYFRONTIER REFINING & MARKETING LLC ASSUMES NO LIABILITY FOR ACCURACY OR CORRECTNESS OF THE INFORMATION HEREIN SET OUT."

DATE: TI	nu May 09, 2013 HOLLYFRONTIER R 1:20:49 Division of In				R PAGE:	EPORT:	DC3
G/L Comp Operator	e 00012214 Sub Name H 0 66 Division 48 Period 03-2 r 064025 Name ALAMO PERMIAN RESOURC  Name  COMMISSIONER OF PUBLIC LANDS P 0 BOX 1148 SANTA FE, NM 87504-1148	013	Interest	irene			Pay Code GS
005038	JAMES WARREN HANSON PO BOX 9 GLENCOE, NM 88324-0009	0.0250000	OR				AC
054988	RUTH ANN JEFFERS CALVERT S/P P O BOX 65 ARTESIA, NM 88211-0065	0.03675000	OR				PA
054989	GEORGIE E JOHNSON S/P PO BOX 1473 ARTESIA, NM 88211-1473	0.01575000	OR				PA
064004	ALAMO RESOURCES II LLC 820 GESSNER SUITE 1650 HOUSTON, TX 77024	0.8100000	WI				AC
065776	XTO ENERGY INC ATTN: REVENUE ACCOUNTING 810 HOUSTON STREET FORT WORTH, TX 76102-6298	0.06250000	OR .				SW

Interest Total

1.00000000

"THIS INFORMATION IS FURNISHED AS A COURTESY. HOLLYFRONTIER REFINING & MARKETING LLC ASSUMES NO LIABILITY FOR ACCURACY OR CORRECTNESS OF THE INFORMATION HEREIN SET OUT."

DATE: Fri May 03, 2013

TIME: 17:11:53

## HOLLYFRONTIER REFINING & MARKETING LLC

Division of Interest - Exhibit

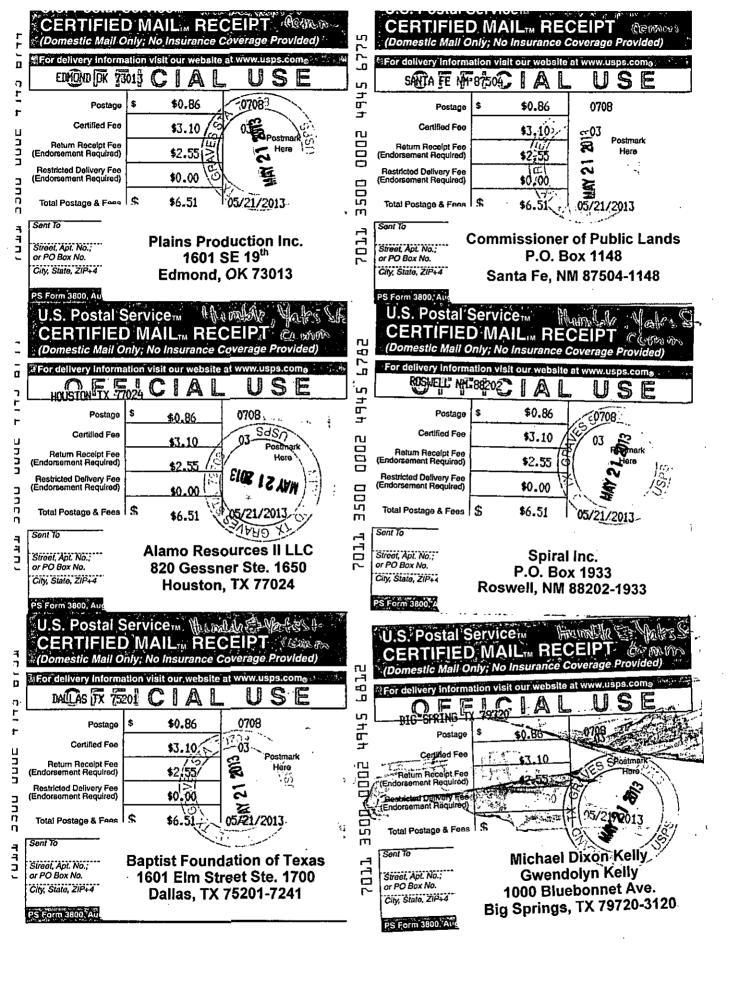
REPORT: DC3
PAGE: 1 of 1

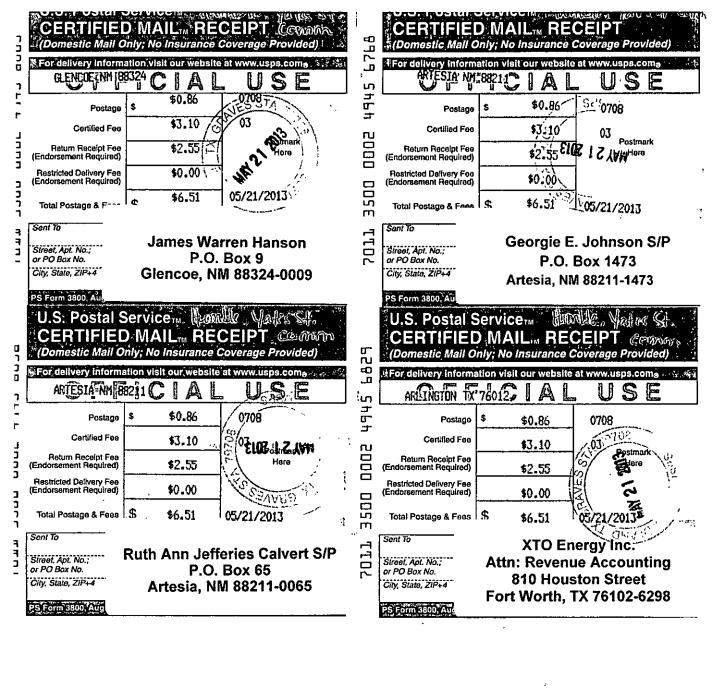
TIME: 17	;11;55 DIVISION OF	interest - Exhit	)IC	-	MOL.	1 01 1
G/L Comp Operator	e 00012299 Sub Name o 66 Division 48 Period 0 o 064025 Name ALAMO PERMIAN RESO	3-2013	Username Type	diane		Pay Code
	COMMISSIONER OF PUBLIC LANDS P O BOX 1148 SANTA FE, NM 87504-1148	0.05000000				GS
002089	BAPTIST FOUNDATION OF TEXAS 1601 ELM ST STE 1700 DALLAS, TX 75201-7241	0.01367190	OR			AC
	JAMES WARREN HANSON PO BOX 9 GLENCOE, NM 88324-0009	0.02500000	OR			AC
005164	SPIRAL INC PO BOX 1933 ROSWELL, NM 88202-1933	0.01562500	OR			PA
015398	MICHAEL DIXON KELLY GWENDOLYN KELLY 1000 BLUEBONNET AVE BIG SPRINGS, TX 79720-3120	0.01562500	OR			PA
051529	PLAINS PRODUCTION INC 1601 SE 19TH EDMOND, OK 73013	0.06250000	OR			<b>PA</b>
054988	RUTH ANN JEFFERS CALVERT S/P P O BOX 65 ARTESIA, NM 88211-0065	0.00530467	OR			Ad
054989	GEORGIE E JOHNSON S/P PO BOX 1473 ARTESIA, NM 88211-1473	0.00227343	OR · .			Aq
064004	ALAMO RESOURCES II LLC 820 GESSNER SUITE 1650 HOUSTON, TX 77024	0.81000000	wi .			AC

Interest Total

1.00000000

"THIS INFORMATION IS FURNISHED AS A COURTESY. HOLLYFRONTIER REFINING & MARKETING LLC ASSUMES NO LIABILITY FOR ACCURACY OR CORRECTNESS OF THE INFORMATION HEREIN SET OUT."





API No. 14 Digit	API No. 10 Digit	OPERATOR NAME:	LEASE NAME	WELU NUM	PROD ZONE NAME	Lease	SEC	TWP	RNG	E/W N	//S Unit Letter	Location  FOOTAGE CALLS	LAT	LDNG
30-015-01871-0000	30-015-01871	ALAMO PERMIAN RESOURCES LLC	HUMBLE	1	QUEEN / GRAYBURG / SAN ANDRES	State					s G	2310 FML 2310 FEL	32 7487586	-104 1630263
30-015-02009-0000	30-015-02009	ALAMO PERMIAN RESOURCES LLC	HUMBLE	2	QUEEN / GRAYBURG / SAN ANDRES	State	22	18	28	Ę	5 L	2310 FSL 990 FWL	32 7323663	-184 1691414
30-015-02011-0000	30-015-02011	ALAMO PERMIAN RESOURCES LLC	YATES STATE	1	QUEEN / GRAYBURG / SAN ANDRES	State	22	18	28	E	S E	1650 FNL 990 FWL	32 7359838	-104 1591433
30-015-01874-0000	30-015-01874	ALAMO PERMIAN RESOURCES LLC	YATES STATE	2	QUEEN / GRAYBURG / SAN ANDRES	State	15	18	28	E	5 N	330 FSL 1850 FWL	32.7414535	-104 1869886
30-015-01875-0000	30-015-01875	ALAMO PERMIAN RESOURCES LLC	YATES STATE	3	QUEEN / GRAYBURG / SAN ANDRES	State	15	18	28	E	s N	990 FSL _ 2310 FWL	32 7432947	-104 1648324

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