

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

APPLICATION OF ALAMO PERMIAN RESOURCES, LLC FOR APPROVAL OF THE HIGH LONESOME QUEEN UNIT, ESTABLISHMENT OF A WATERFLOOD PROJECT, AND CERTIFICATION OF THE WATERFLOOD PROJECT AS AN ENHANCED OIL RECOVERY PROJECT PURSUANT TO THE ENHANCED OIL RECOVERY ACT, EDDY COUNTY, NEW MEXICO.

CASE NO. 15116

APPLICATION

ALAMO PERMIAN RESOURCES, LLC ("Alamo"), through its undersigned attorneys, files this application with the New Mexico Oil Conservation Division, along with a complete Form C-108, for an order approving (1) unitization of the High Lonesome Queen Unit Area, (2) a corresponding waterflood project for the unit area, and (3) certification of the waterflood project as an enhanced oil recovery project. In support of this application, Alamo states:

1. The proposed Unit Area for the High Lonesome Queen Unit consists of 680 acres, more or less, of state lands comprising all of Section 16 and the NW/4SW/4 of Section 15, Township 16.South, Range 29.East, N.M.P.M., Eddy County, New Mexico.
2. The unitized interval will be between the surface to a point one-hundred (100) feet below the base of the Penrose Sand in the Queen formation.
3. Alamo is the only interest owner within the High Lonesome Queen Unit.
4. The New Mexico State Land Office has provided preliminary approval of the Unit Agreement and of Alamo as the designated operator.
5. Alamo also seeks establishment of a waterflood project within the High Lonesome Queen Unit and authorization to implement secondary recovery operation in the Unit Area by the injection of produced and make-up water into the Penrose sandstone of the Queen

formation. A copy of Alamo's Application for Authorization to Inject (Form C-108) through six injection wells in the waterflood project area has been filed in conjunction with this application.

6. The proposed waterflood project area consists of all the lands identified above.

7. Applicant requests that the Division establish a procedure for the administrative approval of additional injection wells within the waterflood project area without the necessity for further hearings.

8. Alamo seeks to qualify this project for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act (Laws 1992, Chapter 38, Section 1 through 5).

9. In accordance with the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate adopted under Division Order R-9708, the following is submitted with this Application:

a. Operator's name and address:

Alamo Permian Resources, LLC
820 Gessner, Suite 1650
Houston, TX 77024

b. Description of the Project Area:

(1) **Exhibit A** is a plat outlining the High Lonesome Queen Unit Waterflood Project Area.

(2) Legal description of the High Lonesome Queen Unit Waterflood Project Area:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM

Section 15: NW/4SW/4

Section 16: All

(3) Total acres: 680 more or less

(4) Name of the subject Pool and formation:

High Lonesome; Queen Pool (30780)
Queen Formation

c. Status of operation in the project area:

- (1) (If unitized, name, date and Division Order) N/A
- (2) Alamo seeks approval of the High Lonesome Queen Unit with this application.
- (3) The leases within the project area:
State Lease E-134-5
State Lease B-2885-17
State Lease V-6499-3

d. Method of recovery to be used

A secondary recovery process involving the application of produced and make-up water.

e. Description of the project:

- (1) **Exhibit B** is a list of producing wells.
- (2) **Exhibit C** is a list of proposed injection wells.
- (3) Capital cost of facilities: \$700,000.00 ✓
- (4) Total Project Capital Costs: \$4,000,000.00 ✓
- (5) Estimated total value of the additional production that will be recovered-as-a-result-of-the expansion-of-this-secondary-recovery project:

An additional 836,000 barrels of oil at a gross revenue estimated at \$59,000,000.00 over the life of the project (approximately 38 years). ✓

(6) Anticipated date of commencement of injection:

Third quarter 2014.

(7) The type of fluid to be injected and the anticipated volumes:

Produced and make-up water at 150 BWPd/well on average to a maximum of 200 BWPd/well.

(8) (If application is for an expansion) N/A

f. Production data:

Exhibit D is a graph showing the production history and production forecast.

10. Notice of this application has been provided as required by Division Rules.

11. Approval of this application will afford Alamo the opportunity to produce its just and equitable share of the remaining reserves in the High Lonesome Queen Unit and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Alamo requests that this application be set for hearing before the Oil Conservation Division on April 17, 2014, and after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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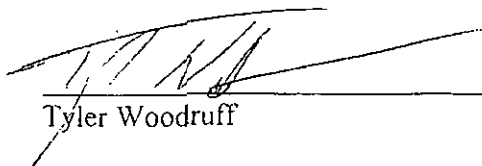
**ATTORNEYS FOR
ALAMO PERMIAN RESOURCES, LLC**

Case No. _____: **Application Of Alamo Permian Resources, LLC For Approval Of The High Lonesome Queen Unit, Establishment Of A Waterflood Project, And Certification Of The Waterflood Project As An Enhanced Oil Recovery Project Pursuant To The Enhanced Oil Recovery Act, Eddy County, New Mexico.** Applicant seeks an order approving (1) unitization of the High Lonesome Queen Unit Area, (2) a corresponding waterflood project for the unit area, and (3) certification of the waterflood project as an enhanced oil recovery project. The project area consists of state lands comprising all of Section 16 and the NW/4SW/4 of Section 15, Township 16 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. Any further information about this Application can be obtained from Alamo representative: Tyler Woodruff, 415 W. Wall Street, Suite 500, Midland, Texas 79701, twoodruff@alamoresources.com, (713) 224-2500.

CERTIFICATION

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, Tyler Woodruff, having been first duly sworn, state that I am a senior landman, a duly authorized representative of Alamo Permian Resources, LLC, have knowledge of the facts herein and therefore certify that the facts set forth in this Application are true and accurate to the best of my own knowledge and belief.



Tyler Woodruff