

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		5 Lease Serial No NMLC028785A
2 Name of Operator ALAMO PERMIAN RESOURCES LLC		6 If Indian, Allottee or Tribe Name
3a Address 415 WEST WALL STREET SUITE 500 MIDLAND, TX 79701		7 If Unit or CA/Agreement, Name and/or No
3b Phone No (include area code) Ph 432-897-0673 Fx 432-686-8454		8 Well Name and No S L FEDERAL 1
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 12 T17S R29E SWSW 330FSL 990FWL		9 API Well No 30-015-26541-00-S1
		10 Field and Pool, or Exploratory SQUARE LAKE
		11 County or Parish, and State EDDY COUNTY, NM

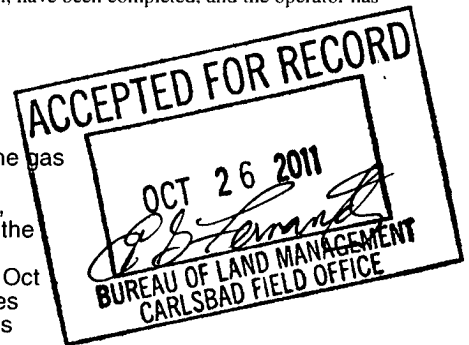
12 CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input checked="" type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" 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 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.)

10/10/2011-10/13/2011

After discovery of the SL Federal non production status (BLM Production Letter-see attached), a facility audit was completed and it was discovered that the routing of the gas through the compressor was non-compatible with production. This caused the gas company to disconnect the gas connection since there was not through put. We since have re-plumbed the surface facilities enabling the compression of the gas to overcome the line pressure to allow gas production. Also, since the well had been in non-production status for some time, we pulled the well and swabbed the existing perfs to determine if additional work needed to be done. After running the pump back in the hole, long stroking the pump, and getting the compressor back online, we had IP 54 MCF on Oct 13th. Subsequently, last week's average was 47 MCF per day. Additional work on surface facilities is under way in order to facilitate oil production and additional stimulation may be needed and has

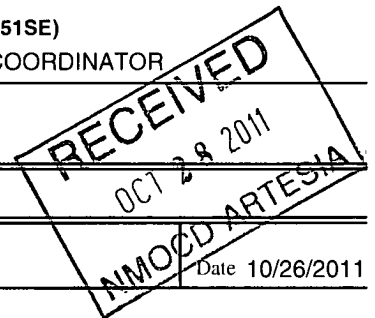


Operator shall provide economic data indicating if well producing in paying quantities

14 I hereby certify that the foregoing is true and correct	
Electronic Submission #121069 verified by the BLM Well Information System For ALAMO PERMIAN RESOURCES LLC, sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 10/25/2011 (12KMS0151SE)	
Name (Printed/Typed) CARIE A STOKER	Title REGULATORY AFFAIRS COORDINATOR
Signature (Electronic Submission)	Date 10/21/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	EDWARD FERNANDEZ Title PETROLEUM ENGINEER
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 Carlsbad



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.

Additional data for EC transaction #121069 that would not fit on the form

32. Additional remarks, continued

tentatively been scheduled for 2012.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



In Reply Refer To:
NMLC028785A
3107 (P0220)

AUG 23 2011

CERTIFIED—RETURN RECEIPT REQUESTED
7008 3230.0002 0987 4861

Alamo Permian Resources II LLC
415 West Wall Street Suite 500
Midland, TX 79701

Gentlemen:

Our records indicate that production on Federal oil and gas lease NMLC028785A (S L Federal #1; 3001526541) has declined to the point that we have determined that this lease is not capable of production in paying quantities. Because the lease is currently in its extended term by reason of production, it will terminate unless the lease is capable of producing hydrocarbons in paying quantities.

Under 43 CFR 3107.2-2, you are allowed 60 days from receipt of this letter in which to begin reworking or drilling operations to restore production in paying quantities on the leasehold. The lease will not terminate so long as approved operations are commenced within the 60-day period and such operations are continued with reasonable diligence until paying production is restored.

If you believe the lease is capable of production in paying quantities to pay the day-to-day operating costs, including rental and/or minimum royalty on a sustained basis, you must submit justification within 60 days of receipt of this letter.

If a reworking/drilling operation proposal or justification that the wells are capable of production in paying quantities is not submitted within 60 days from receipt of this letter, the lease will automatically terminate. A Notice of Intent to Abandon (NIA) the S L Federal #1, located in the SWSW of sec. 12, T. 17.S, R. 29.E, must be filed within 30 days, starting 60 days after receipt of this letter.

Please direct any questions to Edward G. Fernandez, Petroleum Engineer, at 575-234-2220.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. D. Whitlock".

For Don Peterson
Assistant Field Manager,
Lands & Minerals

cc: NM 9210 Team 1