

R. T. HICKS CONSULTANTS, LTD.

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February 27, 2013

Mr. Mike Bratcher
NMOCD District 2
811 South First Street
Artesia, New Mexico 88210

RE: Alamo Permian Cedar Lake #5, API - 30-015-41021

Dear Mike:

On behalf of Alamo Permian Resources, R.T. Hicks Consultants submits the attached C-144 application for the above-referenced well. We will begin building the location no sooner than 30 days from now. We would like to guide you through a site inspection of this location, as the US Fish and Wildlife Service Wetlands Mapper identifies a "wetland" about 260 feet from the proposed temporary pit. Our site investigation demonstrates to our satisfaction that this mapped wetland does not meet the definition in OCD Rules as a wetland. While site evidence clearly shows the mapped wetland is an ephemeral surface water body; we observed no evidence on the ground or in historic aerial photographs that this area is "inundated or saturated by surface or ground water at a frequency and duration sufficient to support, and under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions in New Mexico."

Pit drilling at this location provides a higher net environmental benefit over closed loop due to the presence of high pressure water flows above the pay zone. Approval of pit drilling at this location will reduce the size of the pad and allow the anticipated water flow to be managed in an orderly manner (rather than a long line of water trucks trying to stay ahead of the flow into frac tanks). Pit drilling also minimizes the truck volume entering Highway 82 just over the crest of a hill.

Please note the following:

1. The generic plans were recently approved by OCD (Geoff Leking).
2. The pit is a double horseshoe to segregate, as much as possible, the saline mud and cuttings from the fresh water cuttings/mud.
3. We anticipate "in place" burial of stabilized solids in conformance with the applicable NMOCD Rules. If necessary, the flow-back cell of the temporary pit may be used for trench burial, after modification of this permit and an inspection by OCD.
4. The drilling pad was originally staked for closed-loop drilling. While the location of the well is unchanged, the corners of the drilling pad will be modified to accommodate the use of a temporary pit.
5. The temporary pit is on the south side of the location.
6. This letter is copied to the surface landowner to comply with the notification requirement that the operator intends on-site burial of drilling waste.