

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



June 19, 2013

Alamo Permian Resources, LLC
415 W Wall St, Suite 500
Midland TX 79701

DENIAL OF REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

Re: Alamo Permian Resources, LLC OGRID 274841
State 647 #204 P-25-T17S-R28E, 660' FSL, 790' FEL
API 30-015-41077 Eddy County, New Mexico

Dear Operator:

The Oil Conservation Division (OCD) denies your request for allowable and authorization to transport for the wells identified above because your company is out of compliance with 19.15.5.9(A) NMAC [Part 5.9(A)]. See 19.15.16.19(A)(4) NMAC.

Your company is out of compliance with Part 5.9(A) on the following ground(s):

 x Financial assurances. Your company is in violation of the financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. See 19.15.5.9(A)(1) NMAC. Specifically, your company [has not posted the required blanket financial assurance] [has not posted the single-well financial assurances required for state or fee wells which have been inactive for more than two years. The wells requiring single-well financial assurances are identified in the attached sheet.]

 Corrective action. Order , issued on after notice and hearing, found your company to be in violation of an order requiring corrective action. See 19.15.5.9(A)(2) NMAC.

 Unpaid penalties. Your company has not paid the penalties assessed against your company in , issued on . More than 70 days have passed since the issuance of the order assessing the penalty. See 19.15.5.9(A)(3) NMAC.

___ Inactive wells. According to the attached inactive well list, your company has too many wells in violation of the inactive well rule (19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order. See 19.15.5.9(A)(4) NMAC. As an operator of ___ wells, your company may have no more than ___ wells in violation of the inactive well rule. Your company has ___ wells in violation of the inactive well rule. In addition,

I have enclosed an information sheet explaining the requirements of Part 5.9. You may re-submit your request after your company has returned to compliance with Part 5.9.

Respectfully yours,

Daniel Sanchez,
Compliance and Enforcement Manager

Ec: Theresa Duran-Saenz, Legal Assistant, Santa Fe
Elidio L Gonzales, District 1 Supervisor
Randy Dade, District 2 Supervisor
Charlie Perrin, District 3 Supervisor
Ed Martin, District 4 Supervisor