

OCD Artesia

Form 3160-5
(February 2005)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.*FORM APPROVED
OM B No. 1004-0137
Expires: March 31, 20075. Lease Serial No.
LC 066445

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Empire J Federal Tank Battery9. API Well No.
Tank Battery10. Field and Pool, or Exploratory Area
EMPIRE; Yates-Seven Rivers11. County or Parish, State
Eddy County, NM

SUBMIT IN TRIPLICATE- Other Instructions on reverse side.

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other2. Name of Operator
Alamo Permian Resources, LLC3a. Address
415 W. Wall Street, Suite 500 Midland, TX 797013b. Phone No. (include area code)
432.897.06734. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 6, T18S, R27E

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input 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 checked="" type="checkbox"/> Other Off-Lease
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Measurement,
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Storage

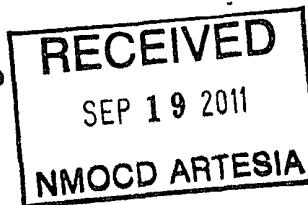
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Alamo Permian Resources, LLC, requests approval of an Off-Lease Measurement, Storage and Surface Commingling Application, the tank battery located at Section 1, T18S-R26E has been in place for many years. The Empire J Federal Lease, Well #2 (API: 30-015-00168) & #3 (API: 30-015-00169) are located in Section 6, T18S-R27E.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record - NMOCB

DES

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Carie Stoker

Title Regulatory Affairs Coordinator

Signature

Carie Stoker

Date

09/12/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

J. D. W. H. H. H. H.

Title LRET

Date

9/14/11

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

CFO

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.

(Instructions on page 2)

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Guidelines for Off-Lease Measurement,
Storage and Surface Commingling Approvals**

At a minimum the following information must be included with any application to combine, store or measure production off-lease:

1. A formal request (Sundry Notice Form 3160-5 or letter) for approval to combine, store, or measure production off-lease with an appropriate explanation and diagram(s) describing the proposed operation in detail.

Sundry Notice Form 3160-5 included

2. A map showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling, off-lease measurement, and/or storage facility. All lease numbers, unitized or communitized areas, producing zones or pools must be clearly illustrated or detailed by suitable means. Any wells or leases proposed to be added to an approved commingling and off-lease storage and or measurement facility must be approved by the Authorized Officer prior to their being included in the facility.

Maps included

3. An updated facility diagram which clearly identifies and places all equipment that will be utilized. This diagram should identify all flow lines, sales points and give location of gas sales (transfer point) meter if it is not at the facility. Include gas sales meter station name and number and location of meter to include ¼ ¼ Section, Township and Range.

Facility diagram included

4. Estimated monthly production from each contributing well, including type of product, gravity, and/or BTU content.

See next page

5. Details of the proposed method for measuring and allocating production for each lease involved. Include calculated "beneficial use" volumes both on and off-lease.

See enclosed

6. A statement that all interest owners have been notified of the proposal.

List of mailing enclosed

7. Evidence that Federal or Indian royalties will not be reduced through approval of the application and the proposed commingling of production is in the interest of conservation and will not result in improper measurement of production.

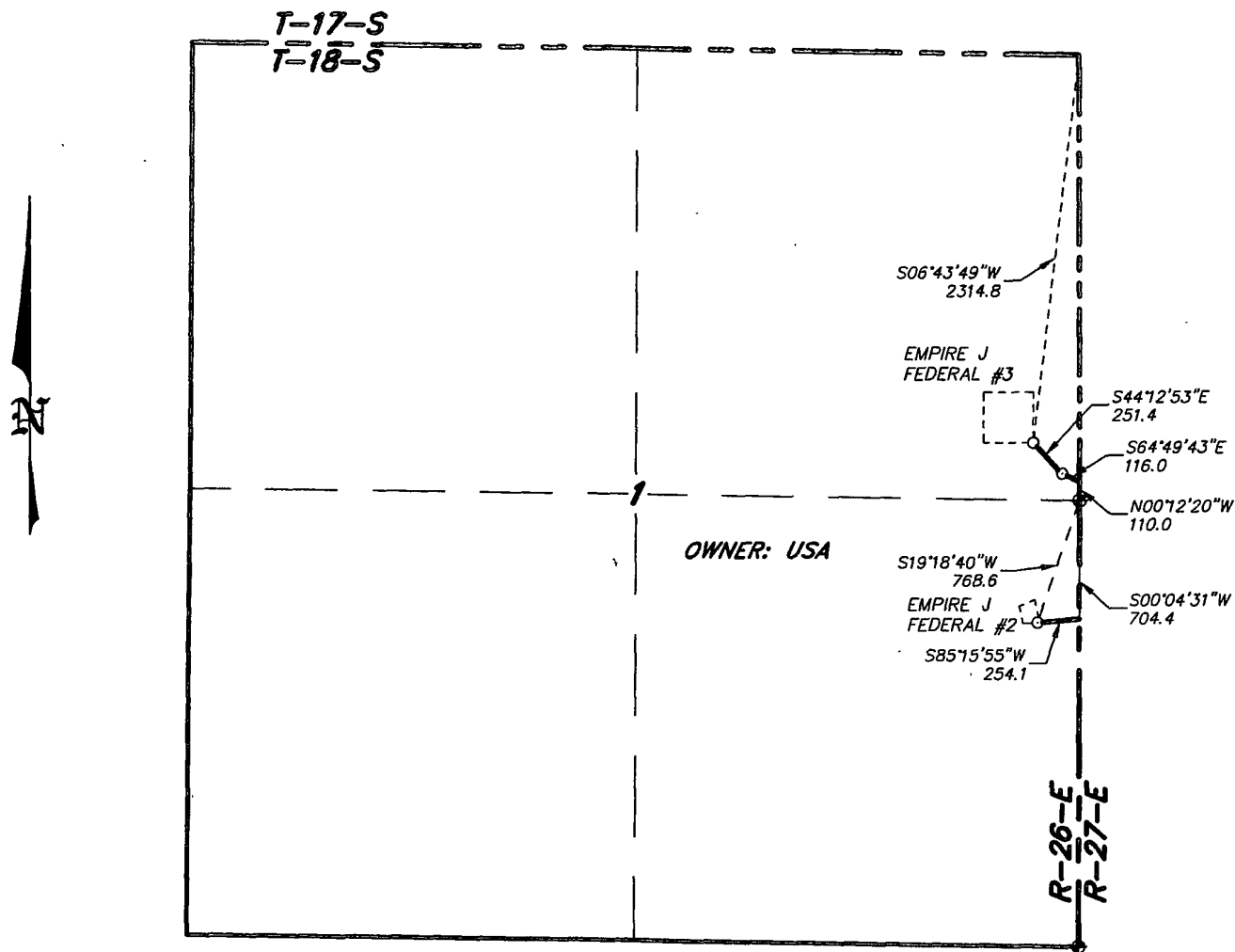
Application is required because existing Empire J Federal Battery was discovered to have been originally installed off of current leasehold acreage. No additional wells will be commingled and current federal royalties will be protected and maintained.

8. Detailed economic justification, when the application to combine production is based on economic necessity, i.e., that approval is necessary to extend the economic life of the Federal or Indian Lease(s). Commingling with State or Fee wells will be on a very limited basis and will have to prove this is the only economical way to keep that well/lease from being plugged.

For limiting surface footprint

Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.

SECTION 1, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 1, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 1 = 621.5 FEET = 37.67 RODS = 0.12 MILES = 0.43 ACRES

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 7977
TEXAS P.L.S.
No. 5074

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 24763 Drawn By: J. M. SMALL

Date: 06-21-2011 Disk: JMS 24763

1000 0 1000 2000 FEET

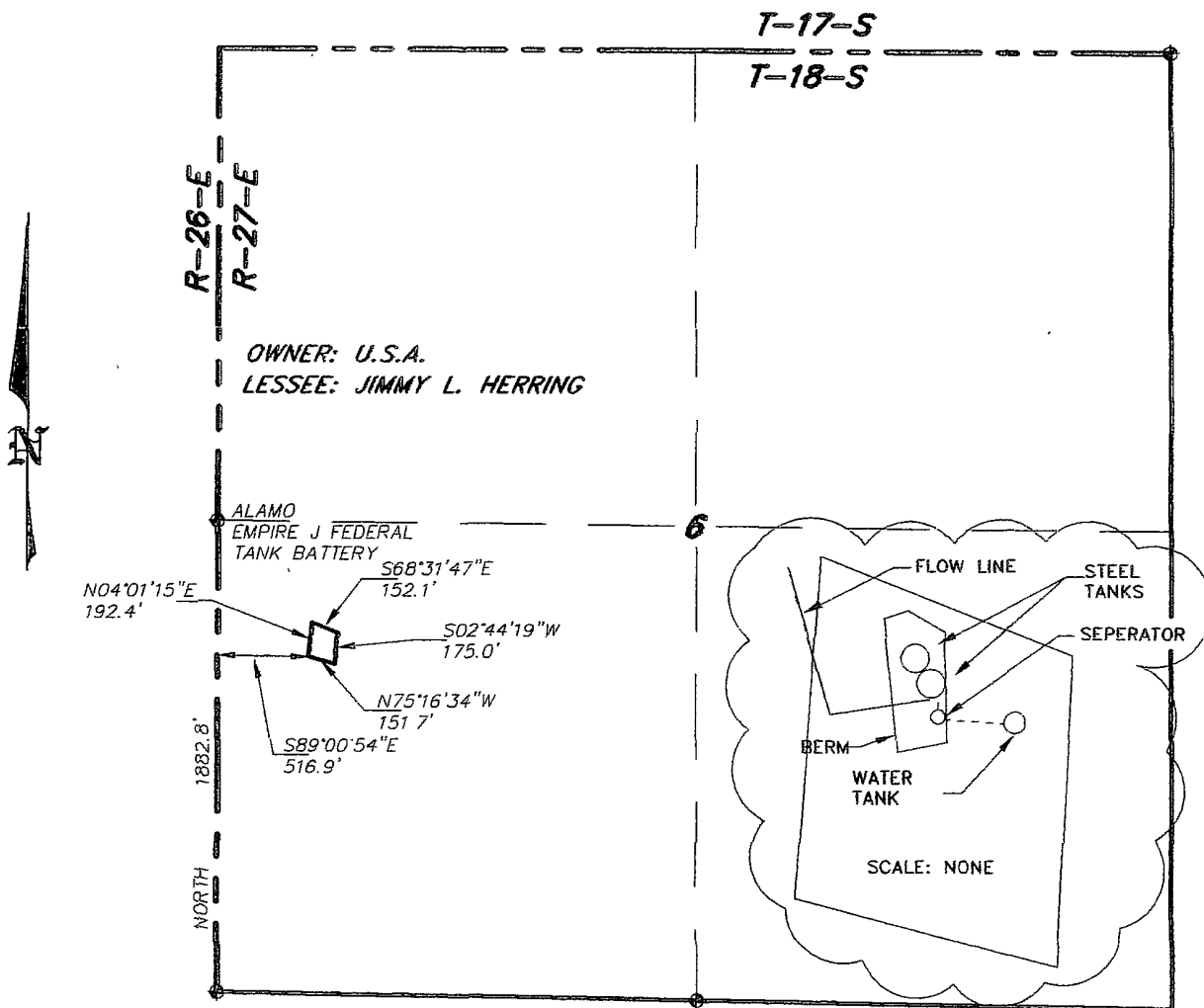
ALAMO PERMIAN RESOURCES, LLC

REF: EMPIRE J FEDERAL #2 & 3 LEASE ROAD

AN EXISTING LEASE ROAD CROSSING USA LAND IN
SECTION 1, TOWNSHIP 18 SOUTH, RANGE 26 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06-20-2011 Sheet 1 of 3 Sheets

SECTION 6, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

A 0.618 ACRE TANK BATTERY SITE, LOCATED IN SECTION 6, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH LIES NORTH, 1882.8 FEET AND S.89°00'54\"E., 516.9 FEET DISTANT FROM THE SOUTHWEST CORNER OF SAID SECTION 6; THENCE N.04°01'15\"E., 192.4 FEET; THENCE S.68°31'47\"E., 152.1 FEET; THENCE S.02°44'19\"W., 175.0 FEET; THENCE N.75°16'34\"W., 151.7 FEET TO THE POINT OF BEGINNING OF SAID TRACT DESCRIBING 0.618 ACRES, MORE OR LESS.

I HEREBY CERTIFY THAT THIS MAP WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES

No. 7977

No. 5074

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 24728

Drawn By: Ed Blevins

Date: 05-26-2011

Disk. ERB 24728

Survey Date: 05-23-2011

Sheet 1 of 1 Sheets

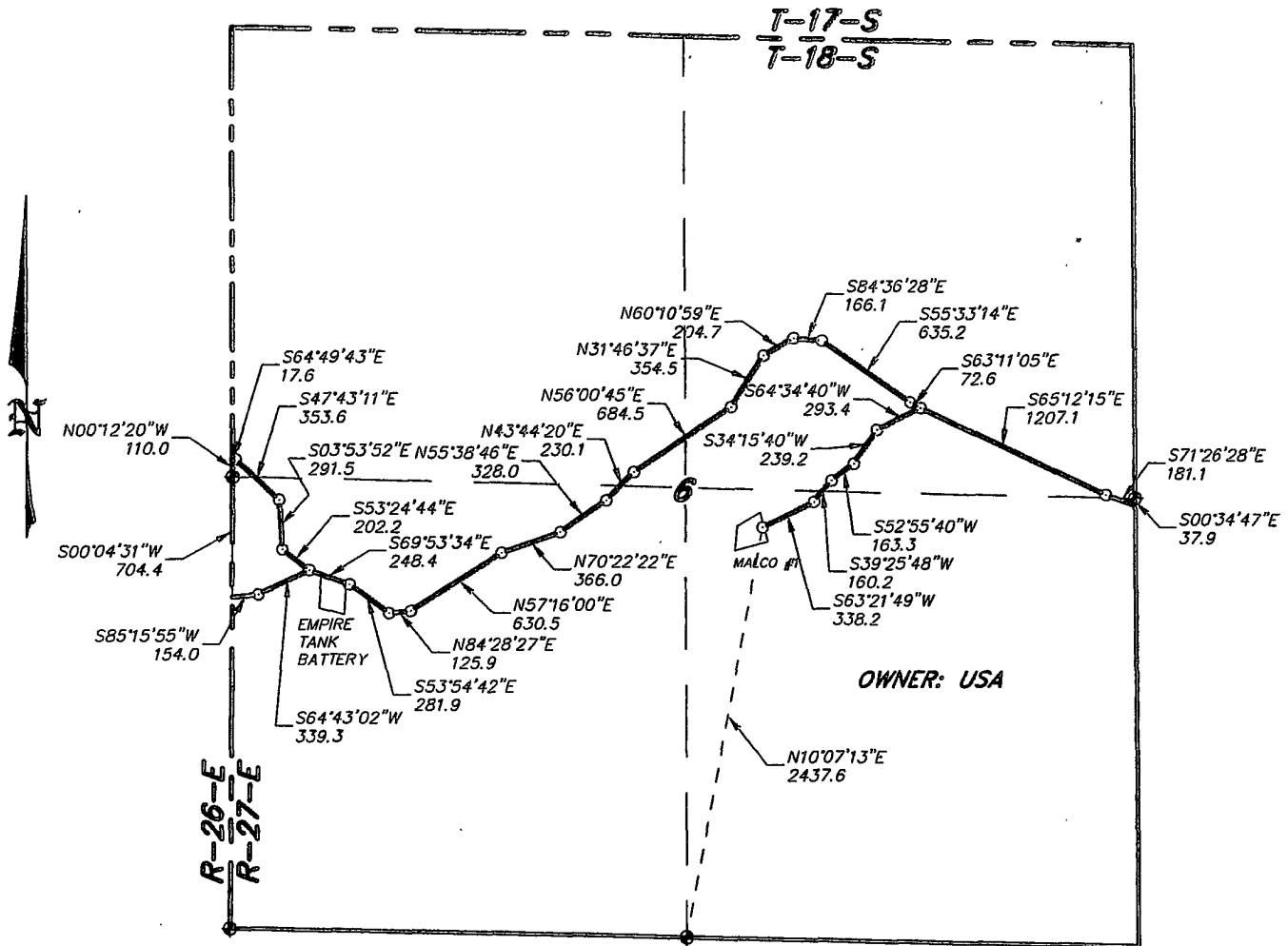
1000 0 1000 2000 FEET

ALAMO PERMIAN RESOURCES, LLC

REF. EXISTING EMPIRE J FEDERAL TANK BATTERY SITE.

ASBUILT EMPIRE J FEDERAL TANK BATTERY IN
SECTION 6, TOWNSHIP 18 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

SECTION 6, TOWNSHIP 18 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED FROM FIELD NOTES OF A MEASUREMENT SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES
No. 7977
TEXAS P.L.S. No. 5074

1000 0 1000 2000 FEET

ALAMO PERMAN RESOURCES, LLC

REF: LEASE ROAD TO EMPIRE J AND MALCO B

AN EXISTING LEASE ROAD CROSSING USA LAND IN
SECTION 6, TOWNSHIP 18 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 24763 Drawn By: J. M. SMALL

Date: 06-21-2011 Disk: JMS 24763

Survey Date: 06-20-2011 Sheet 2 of 3 Sheets

HELMS



Oil & Gas

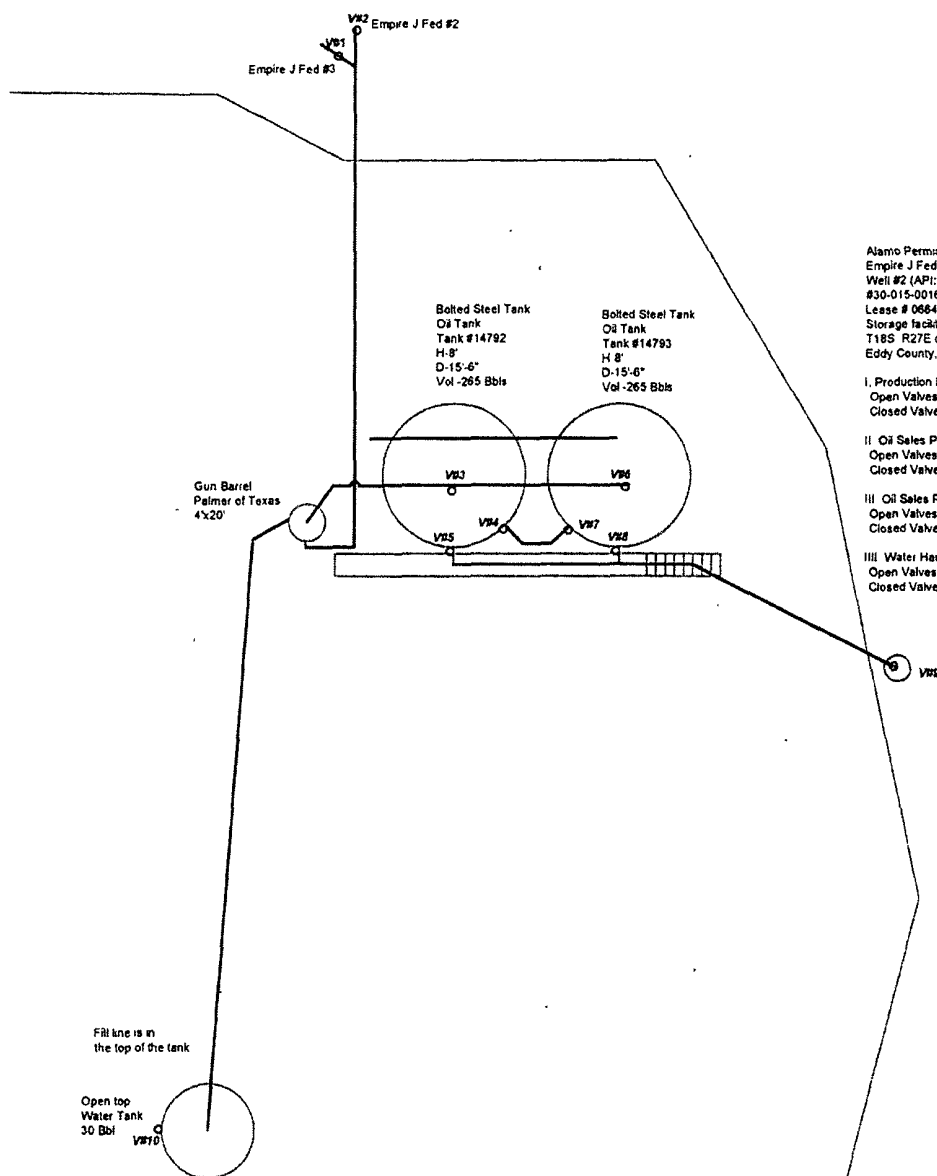
Mailing Address

P.O. Box 52808, Midland, Texas, 79710

Physical Address

3315 Caldera Blvd., Midland, Texas, 79707

Phone 432-682-1122 Fax 432-682-1166



Alamo Permian Resources
Empire J Federal Lease
Well #2 (API: #30-015-00168) & Well #3 (API
#30-015-00169)
Lease # 06645
Storage facility located at NW/4 SW/4 of Section 6
T18S R27E on Lease LC 069274
Eddy County, New Mexico

I. Production Phase
Open Valves # 1,2,3,4,7,6
Closed Valves #5,8,9,10

II. Oil Sales Phase from Tank 147792
Open Valves # 1,2,3,4,7,6,5,9
Closed Valves #8,10

III. Oil Sales Phase from Tank 147793
Open Valves # 1,2,3,4,7,6,8,9
Closed Valves #5,10

III. Water Hauling
Open Valves # 1,2,3,4,7,6,10
Closed Valves # 5,8,9

Whitlock, Jerald D

From: Tyler Woodruff <twoodruff@alamoresources.com>
Sent: Monday, September 12, 2011 9:50 AM
To: Whitlock, Jerald D
Subject: FW: Facilities Description
Attachments: Fac Diagram for Empire J Federal.pdf

Mr. Whitloc,

Attached is the corrected facilities diagram that should meet the BLM requirements. As per our conversation this morning, there were two errors on the battery equipment and vessels portion of the application. Please note that there are in fact 2-265 Bbl steel bolted tanks and 1 4'x20' steel Gun Barrel on the location. The application erroneously listed 2-250 Bbl tanks and 1 36"x12' fiberglass Gun Barrel. If you have any questions please do not hesitate to contact me.

Thank you for your patience and assistance.

Tyler



August 2, 2011

Mr. Duncan Whitlock
Bureau of Land Management
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220;

RE: Application for Approval of Off- Lease Measurement, Storage and Surface
Commingling Application
Parts of Section 1, T18S-R26E and Section 6, T18S-R27E
Empire J Federal Lease, Well #2 (API: 30-015-00168); & Well # 3 (API: 30-015-
00169); Eddy County, New Mexico

Dear Mr. Whitlock:

Alamo Permian Resources, LLC ("Alamo") requests approval of an Off-Lease Measurement, Storage and Surface Commingling Application for the above referenced lease and wells. Alamo's completed application package for this permit is enclosed for your review and approval. All mineral interest owners and surface lessees have been notified by certified mail, a list of these individuals is attached. Alamo has requested that any objections be made in writing to you; within fifteen (15) days of the filing date of this application.

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

Sincerely,

A handwritten signature in black ink, appearing to read "A. F. Pelletier". The signature is fluid and cursive, with a long horizontal stroke at the end.

A.F. (Tony) Pelletier
President & CEO
Alamo Permian Resources, LLC

Enclosures



August 2, 2011

To: Interest Owners or Surface Lessee:

RE: Application for Approval of Off- Lease Measurement, Storage and Surface
Commingling Application
Parts of Section 1, T18S-R26E and Section 6, T18S-R27E
Empire J Federal Lease, Well #2 (API: 30-015-00168); & Well # 3 (API: 30-015-
00169); Eddy County, New Mexico

Ladies and gentlemen:

Please be advised that Alamo Permian Resources, LLC ("Alamo") has requested approval for an Off-Lease Measurement, Storage and Surface Commingling Application. As a mineral interest owner or surface lessee in the above referenced lease, you are hereby notified 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 Bureau of Land Management – Carlsbad Field Office; 620 E. Greene St.; Carlsbad, NM 88220; ATTN: Mr. Duncan Whitlock; within fifteen (15) days of the filing date of this application.

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

Sincerely,

A handwritten signature in black ink, appearing to read "A.F. Pelletier".

A.F. (Tony) Pelletier
President & CEO
Alamo Permian Resources, LLC

Enclosures

James Warren Hanson
P.O. Box 9
Glencoe, NM 88324-0009

Bureau of Land Management
P.O. Box 27115
Santa Fe, NM 87502-0115

Chase Oil Corporation
P.O. Box 1767¹
Artesia, NM 88211-1767

Jimmy Herring
P.O. Box 1044
Artesia, NM 88210

Minerals Management of Interior-MMS
Royalty Management Program
P.O. Box 5760
Denver, CO 80217-5760



ALAMO PERMIAN RESOURCES, LLC

**Off-Lease Battery Testing & Allocation Procedures
Empire J Federal Battery
Eddy County, NM**

Alamo Permian Resources, LLC ("Alamo") employs the following procedures for determining production from the wells producing into the Empire J Federal Battery based on allocation factors determined from individual well test results. Currently, only two (2) wells produce into the Empire J Federal battery, the Empire J Federal #2 (API: 30-015-00168) and Empire J Federal #3 (API: 30-015-00169). As requested by the Bureau of Land Management, the following is a discussion of the Battery equipment and procedures used by Alamo to test producing wells and equitably allocate monthly oil and water production to each well based on well test results.

Battery Equipment & Vessels

The Empire J Federal Battery contains the following equipment and vessels that are used to produce and test wells on a monthly basis that are producing into the Battery. This equipment includes:

265

* sec
ATT. E-mail
Change
next
pg.

- *• 2 – ~~250~~ Bbl steel Oil Tanks where total oil production is gauged and oil is sold;
- 1 – 30-Bbl fiberglass Water Tank for produced water, which is trucked to disposal (a larger fiberglass water tank will be installed pending the results of ongoing workovers;
- *• 1 – 36"x42' fiberglass Gun Barrel to separate produced water from the oil, sending oil to the Oil Tanks and water to the Water Tank;
- Currently the 2 wells share a common flowline into the Empire J Federal battery – the installation of individual flowlines from each well is planned pending the results of ongoing workovers; and
- Installation of a steel Test Tank is also planned for the Empire J Federal battery, pending the results of ongoing workovers, along with a Circulating Pump which will allow the oil and water in the Test Tank to be sent to the Gun Barrel prior to entering the Oil Tanks.

Tank Gauging

Each day, each Oil Tank and the Water Tank in the Battery is gauged by the Alamo Permian Resources Pumper using a steel tape line. The amount of oil and water in the Oil Tanks 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 field gauges 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 – both 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

Each well producing into the Empire J Federal Battery will be tested monthly or as often practical or necessary in order to determine the current oil and water production capacity of each well. Since the 2 wells producing into this Battery currently share a common flowline, the only way to test one of the wells will require the shut-in of the second producing well during the time of the test.

Currently when, for example, Well #3 is to be tested:

- Well #2 will be shut-in for the duration of the test.
- Well #3 will be left "on test" (producing alone into the Oil Tanks) until a stabilized daily production rate is established, with a minimum test time of 48 hours and an average total test time of 72 hours.
- After each 24-hour period that Well #3 is "on test", the amount of oil produced into the Oil Tank and water produced into the Water Tank over the preceding 24-hour is recorded as the Daily Test Volumes for Well #3.
- This practice is continued for each 24-hour period that Well #3 is left "on test".
- The Daily Test Volumes of Oil and Water produced from Well #3 are recorded and sent to the Alamo Permian Resources – Midland, Texas office each day.
- Once Well #3 has been satisfactorily tested, the same procedures are used to test Well #2.

At such time the installation of individual flowlines from each well is justified, along with the installation of an inlet Well Production Header, Test Tank and Circulating Pump in the Empire J Federal Battery, the testing procedure for wells producing into the Battery will be modified as follows:

- Prior to each Well Test, the Test Tank will be emptied using Circulating Pump to move contents to the Gun Barrel. 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 the 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 or necessary.
- The well will be left "on test" until a stabilized daily production rate is established, with a minimum test time of 48 hours and an average total test time of 72 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 Daily 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 Daily Test Volumes of Oil and Water produced from the well are recorded and sent to the Alamo Permian Resources – Midland, Texas office on a daily basis.
- At the conclusion of each Well Test, the produced oil and water volumes in the Test Tank are sent to the Battery Gun Barrel by Circulating Pump, and on to the Oil Tanks.

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: $(20 \text{ BOPD} \times 25 \text{ Days}) = 500 \text{ PBO}$
 $(10 \text{ BWPD} \times 25 \text{ Days}) = 250 \text{ PBW}$
- Total Battery Pseudo-Production: 6,250 PBO & 5,000 PBW
- Gusher #1 Monthly Well Allocation Factor: $(500 \text{ PBO} / 6,250 \text{ PBO}) = 0.08 \text{ for Oil}$
 $(250 \text{ PBW} / 5,000 \text{ PBW}) = 0.05 \text{ for Water}$
- Gusher #1 Monthly Allocated Production: $(0.08 \times 4,500 \text{ BO}) = \underline{360 \text{ BO}}$
 $(0.05 \times 3,000 \text{ BW}) = \underline{150 \text{ BW}}$

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

	TITLE	OFFICE	DIRECT	CELL	FAX	EMAIL
A.F. (Tony) Pelletier	President / CEO	713-224-2500	832-657-8002	281-413-4578	713-224-6096	tony@alamoresources.com
Carl D. Campbell	Exec VP / COO	713-224-2500	832-657-8006	713-299-1353	713-224-6096	carl@alamoresources.com
Tyler Woodruff	Landman	713-224-2500	832-657-8005	281-796-1097	713-224-6096	twoodruff@alamoresources.com
Joan Robilio	Exec Assistant	713-224-2500	832-657-8003	713-816-7818	713-224-6096	joan@alamoresources.com

Alamo Permian Resources, LLC - Midland
415 West Wall St., Suite 500
Midland, TX 79701

	TITLE	OFFICE	DIRECT	CELL	FAX	EMAIL
Pat Seale	Sr. VP Engineering	432-897-0673		713-899-1712	432-686-8454	pseale@alamoresources.com
Tom Fekete	Geologist	432-686-1808		432-559-4253		jordanrubicon@msn.com
Carla Manning	Production Analyst	432-897-0673		432-296-0002	432-686-8454	cmanning@alamoresources.com

Alamo Permian Resources, LLC - Artesia Field Office
11387 Lovington Highway, Artesia NM 88210
Midland, TX 79701

Al Perry's Hobbs Office
1601 N. Turner, Suite 110
Hobbs, NM 88240

	TITLE	OFFICE	DIRECT	CELL	FAX	EMAIL
Al Perry	Area Superintendent			575-703-0090	575-208-7235	aperry@alamoresources.com
Victor Williams	Pumper			575-365-5704		
Richard (Ricky) Rodriquez	Pumper			575-703-6425		
Jimmy Davis	Contract Pumper					
Jose Cabello	Contract Pumper					

HeLMS Oil & Gas, LLC
P.O. Box 52808
Midland, TX 79710

Office 432-682-1122
Fax 432-682-1166

	TITLE	OFFICE	EXTENSION	CELL	HOME	EMAIL
Michael Stewart	President (Engr)	432-682-1122	17	432-638-9009		mstewart@helmsoil.com
Hollie Lamb	Engineer	432-682-1122	12	432-634-5446	432-699-6525	hlamb@helmsoil.com
Steven Mastin	Operation Manager	432-682-1122		432-557-5847	432-272-3297	smastin@helmsoil.com
Nicole Luna	Production Assistant	432-682-1122	11	432-664-9631		nluna@helmsoil.com
Carrie Stoker	Regulatory/ Prod	432-682-1122				cstoker@helmsoil.com
David Stewart	Field Supervisor	432-682-1122	14	303-550-1656		dstewart@helmsoil.com
Ash Stoker	Field Foreman	432-682-1122	13	432-664-4204		astoker@helmsoil.com

Alamo Permian Resources, LLC (Operator's Name) is requesting approval for surface commingling and off-lease storage and measurement of Federal Lease No. **LC 066445**

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec. Twp. Rng.</u>	<u>Formation</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Empire J Federal #2	30-015-00168	NE/SE Sec 1-T18S-R26E	51300 Red Lake; QN-GB-SA	1.3	34.5	0	N/A
Empire J Federal #3	30-015-00169	SE/NE Sec 1-T18S-R26E	51300 Red Lake; QN-GB-SA	0.7	34.5	0	N/A

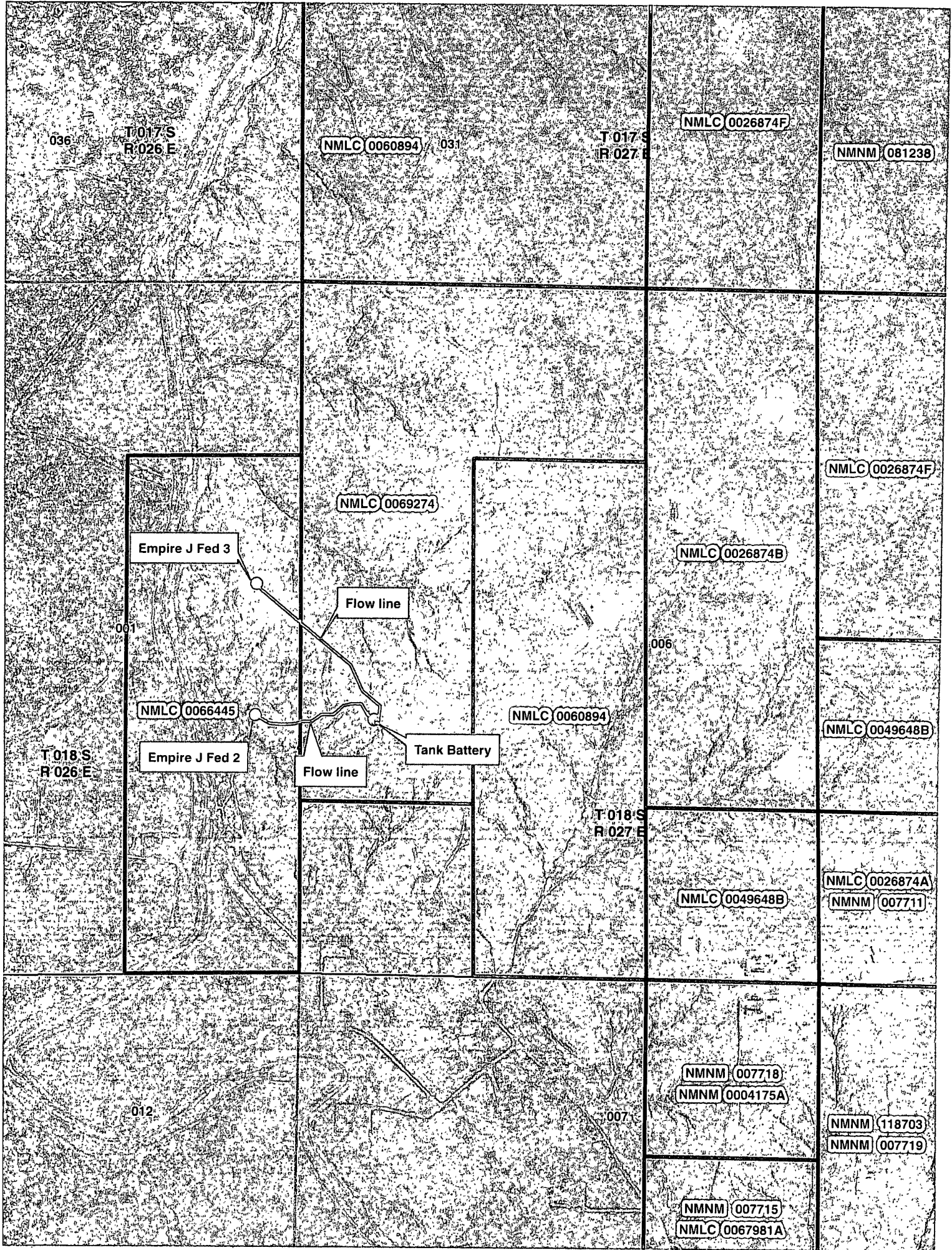
With hydrocarbon production from: **Empire J Federal Lease**
Federal Lease No. **LC 066445**

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec. Twp. Rng.</u>	<u>Formation</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Empire J Federal #2	30-015-00168	NE/SE Sec 1-T18S-R26E	51300 Red Lake; QN-GB-SA	1.3	34.5	0	N/A
Empire J Federal #3	30-015-00169	SE/NE Sec 1-T18S-R26E	51300 Red Lake; QN-GB-SA	0.7	34.5	0	N/A

The storage and measuring facility is located at **NW/4 SW4** , Sec. **6**, T **18S**, R **27E** , On Lease No. **LC-069274**
Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources are as follows:

See enclosed



036

T 017 S
R 026 E

NMLC 0060894

031

T 017 S
R 027 E

NMLC 0026874F

NMNM 081238

001

Empire J Fed 3

NMLC 0069274

Flow line

NMLC 0066445

Empire J Fed 2

Flow line

Tank Battery

NMLC 0060894

006

NMLC 0026874B

NMLC 0026874F

NMLC 0049648B

T 018 S
R 026 E

T 018 S
R 027 E

NMLC 0049648B

NMLC 0026874A

NMNM 007711

012

007

NMNM 007718

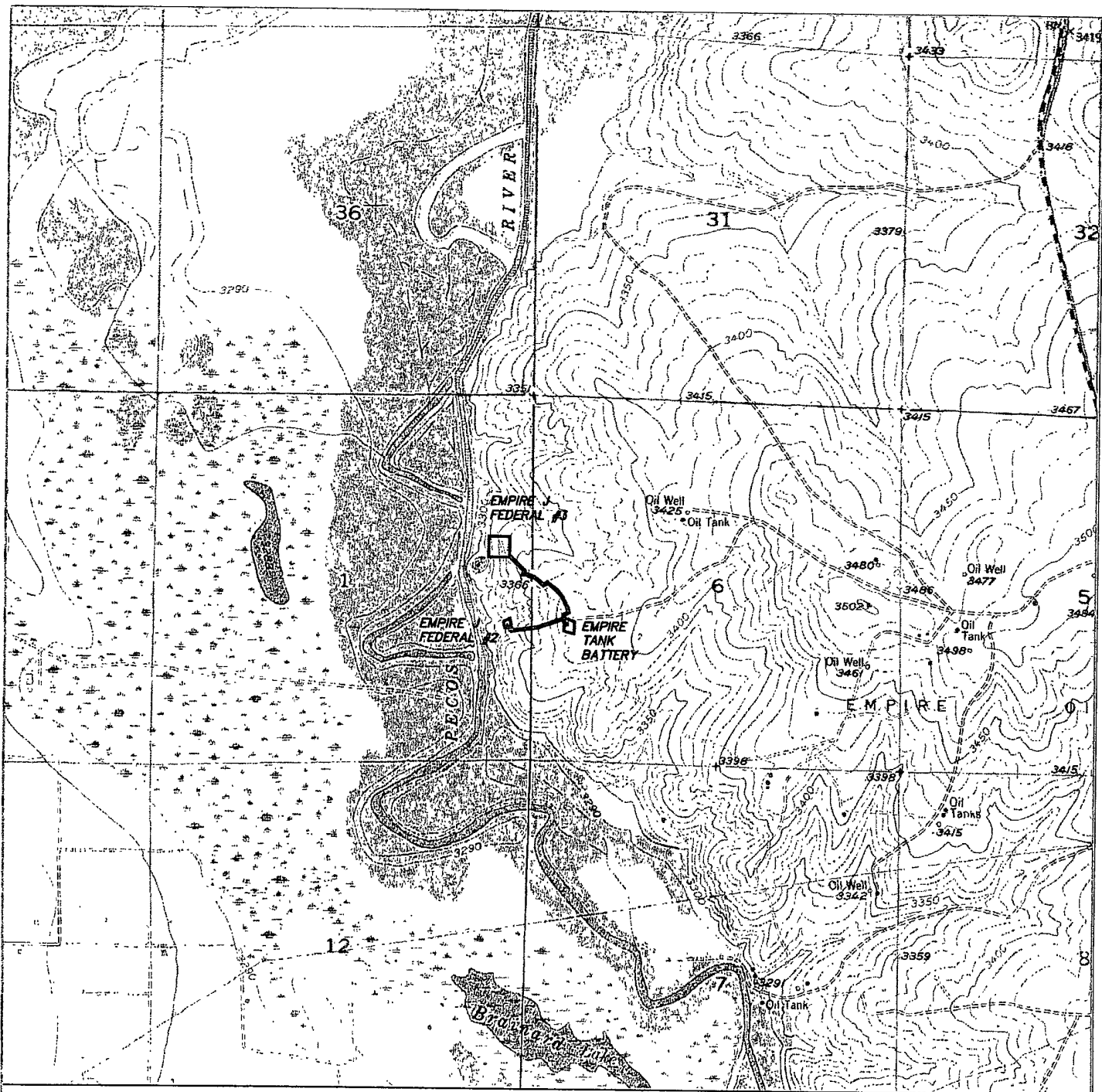
NMNM 0004175A

NMNM 118703

NMNM 007719

NMNM 007715

NMLC 0067981A



EMPIRE J FED. #2 & #3 FLOWLINES TO TANK BATTERY.
 Section 1, Township 18 South, Range 26 East,
 Section 6, Township 18 South, Range 27 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number: JMS 24763

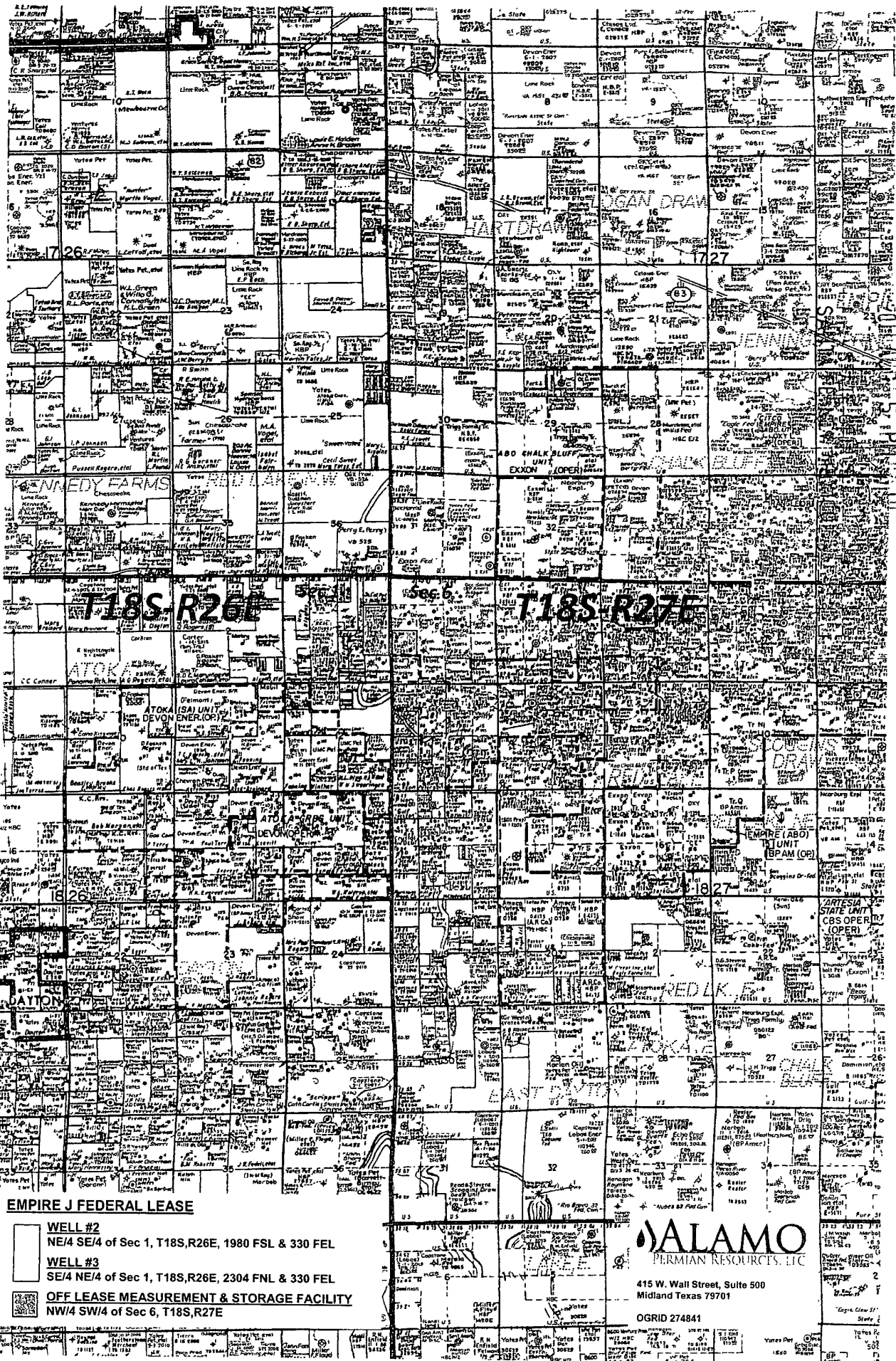
Survey Date: 06-20-2011

Scale: 1" = 2000'

Date: 06-21-2011

ALAMO PERMIAN
RESOURCES,
LLC

RECEIVED
B.L.M.-MAILROOM



EMPIRE J FEDERAL LEASE

WELL #2
NE 1/4 SE 1/4 of Sec 1, T18S, R26E, 1980 FSL & 330 FEL

WELL #3
SE 1/4 NE 1/4 of Sec 1, T18S, R26E, 2304 FNL & 330 FEL

OFF LEASE MEASUREMENT & STORAGE FACILITY
NW 1/4 SW 1/4 of Sec 6, T18S, R27E

ALAMO
PERMIAN RESOURCES, L.P.

415 W. Wall Street, Suite 500
Midland Texas 79701

OGRID 274841

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Off-Lease Measurement

Conditions of Approval: Alamo Permian Resources, LLC

Empire J Federal Tank Battery

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented without proper measurement and prior approval. Any gas vented must be flared.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease measurement from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "standard Environmental Colors" – Shale Green, Munsell Soil Color No. 5Y 4/2.