

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011

Permit 298019

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address ARMSTRONG ENERGY CORP P.O. Box 1973 Roswell, NM 88202		2. OGRID Number 1092
		3. API Number 30-025-49594
4. Property Code 331803	5. Property Name ROCKY RACCOON	6. Well No. 001

7. Surface Location

UL - Lot J	Section 24	Township 18S	Range 35E	Lot Idn J	Feet From 2366	N/S Line S	Feet From 2396	E/W Line E	County Lea
---------------	---------------	-----------------	--------------	--------------	-------------------	---------------	-------------------	---------------	---------------

8. Proposed Bottom Hole Location

UL - Lot J	Section 24	Township 18S	Range 35E	Lot Idn J	Feet From 2366	N/S Line S	Feet From 2396	E/W Line E	County Lea
---------------	---------------	-----------------	--------------	--------------	-------------------	---------------	-------------------	---------------	---------------

9. Pool Information

REEVES;DEVONIAN	51940
-----------------	-------

Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3869
16. Multiple N	17. Proposed Depth 12300	18. Formation Devonian	19. Contractor	20. Spud Date 2/1/2022
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	1900	1655	0
Int1	12.25	9.625	40	4350	1100	0
Prod	8.75	5.5	17	12000	1350	4000

Casing/Cement Program: Additional Comments

8.75" hole will be TD'd at the top of the Devonian/base of the Woodford and 5.5" production pipe will be cemented in place, anticipate around 12,000'. The Devonian will then be open-holed following rig release.
--

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	3750	Shaffer
Double Ram	5000	3750	Shaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable.	OIL CONSERVATION DIVISION	
Signature:		
Printed Name: Electronically filed by Irma Cunningham	Approved By: Paul F Kautz	
Title: Geo Tech	Title: Geologist	
Email Address: icunningham@armstrongenergycorp.com	Approved Date: 11/24/2021	Expiration Date: 11/24/2023
Date: 11/19/2021	Phone: 575-625-2222	Conditions of Approval Attached

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
611 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 746-1283 Fax: (575) 746-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-49594	Pool Code 51940	Pool Name REEVES;DEVONIAN
Property Code 331803	Property Name ROCKY RACCOON	
Well Number 1		
OGRID No. 1092	Operator Name ARMSTRONG ENERGY CORPORATION	
	Elevation 3871.9'	

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	24	18-S	35-E		2366	SOUTH	2396	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div style="text-align: center;"> <p>NAD 83 NME SURFACE LOCATION Y=631340.3 N X=825267.1 E LAT.=32.732192° N LONG.=103.410000° W</p> </div> <div style="text-align: center; margin-top: 20px;"> <p>S.L.</p> </div>	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p style="text-align: right;"> Signature Date 11/19/21 </p> <p> Kyle Alpers Printed Name </p> <p> kalpers@aecnrm.com E-mail Address </p> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p style="text-align: right;"> SEPTEMBER 21, 2021 Date of Survey </p> <p>Signature & Seal of Professional Surveyor</p> <div style="text-align: center;"> </div> <p style="text-align: right;"> 9/30/21 </p> <p> Certificate No. CHAD HARCROW 17777 W.O. #21-807 DRAWN BY: AH </p>
--	--

District I

1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Conditions

Permit 298019

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: ARMSTRONG ENERGY CORP [1092] P.O. Box 1973 Roswell, NM 88202	API Number: 30-025-49594
	Well: ROCKY RACCOON #001

OCD Reviewer	Condition
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
pkautz	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system
pkautz	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud
pkautz	Will require a File As Drilled C-102 and a Deviation Survey with the C-105

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description

Effective May 25, 2021

I. Operator: Armstrong Energy Corporation **OGRID:** 1092 **Date:** 11 / 19 / 21

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Rocky Raccoon #1		UL J Sec 24 T18S R35E	2366' FSL 2396' FEL	130	20	0

IV. Central Delivery Point Name: Versado SE/4 Section 24 connection point [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
Rocky Raccoon #1		2/1/21				

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

If Operator checks this box, Operator will select one of the following:

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature: <i>Kyle Alpers</i>
Printed Name: Kyle Alpers
Title: VP Engineering
E-mail Address: kalpers@aecn.com
Date: 10/20/21
Phone: 575-625-2222
OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form)
Approved By:
Title:
Approval Date:
Conditions of Approval:

**NATURAL GAS MANAGEMENT PLAN ATTACHMENTS:**

VI: Description of how Armstrong Energy Corporation will size separation equipment to optimize gas capture.

Separation equipment will be sized by Armstrong Energy Corporation's engineering staff based on anticipated volumes to allow adequate retention time of the produced fluids within the vessel.

VII: Descriptions of the actions Armstrong Energy Corporation will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC

- A. Armstrong Energy Corporation will maximize the recovery of natural gas by minimizing waste of natural gas through venting and flaring. AEC will ensure that our wells will be connected to a natural gas gathering system with sufficient capacity to transport 100% of the produced natural gas. Should a natural gas gathering system be unfeasible, an alternative beneficial use will be found for the gas.
- B. All drilling operations will be equipped with a properly sized flare stack located at least 100 feet from the surface hole location. The flare will be utilized to combust any natural gas that is brought to surface during normal drilling operations. In the case of emergency or malfunction, any flared volumes will be reported appropriately.
- C. During completion operations any natural gas produced by the well will be flared. Following completion and flowback operations, the production stream will flow to portable separation equipment until well facility is completed, at which point fluids will be directed to permanent separation equipment. The separated natural gas will be sent to a gas gathering line. If the natural gas does not meet gathering pipeline specifications, gas will be flared for 60 days or until the gas meets pipeline specifications. The flare stack will be properly sized and equipped with an automatic igniter or continuous pilot. Gas samples will be taken twice per week and natural gas will be routed into a gathering system as soon as the pipeline specifications are met.
- D. During production operations natural gas will not be flared unless an exception as listed in 19.15.27.8(D)(1-4) is met. If there is no adequate takeaway for the produced natural gas, the well will be shut-in until a gas gathering system or alternative beneficial use is available, with exception of emergency or malfunction situations.
- E. Armstrong Energy Corporation will comply with performance standards as listed in 19.15.27.8(E)(1-8). All equipment will be designed and sized to handle maximum pressure in order to minimize waste. Storage tanks that are routed to a flare or other control device will be equipped with automatic gauging systems to reduce venting of natural gas. Flare stacks will be equipped with an automatic ignitor or continuous pilot. AEC conducts AVO inspections as



described in 19.15.27.8(E)(5)(a) at frequencies specified in 19.15.27.8(E)(5)(b) and (c). All emergencies or malfunctions will be resolved as quickly and safely as possible to minimize waste.

- F. The volume of natural gas that is vented, flared or beneficially used during drilling, completion, or production operations, will be measured or estimated and reported accordingly. AEC will install equipment to measure the volume of natural gas flared from a facility associated with a well authorized by an APD after May 25, 2021 that has an average daily production greater than 60,000 cubic feet of natural gas. If metering is not practicable due to circumstances such as low flow rate or low pressure venting or flaring, AEC will estimate the volume of flared or vented natural gas. Measuring equipment will conform to industry standards and will not be equipped with a bypass around the metering element except for the sole purpose of inspecting and servicing the metering equipment.

VIII: Description of Armstrong Energy Corporation's best management practices to minimize venting during active and planned maintenance.

For active and planned maintenance activities, venting will be limited to the depressurization of the subject equipment to ensure safe working conditions. For maintenance of production equipment, the producing well associated with the equipment will be shut-in to prevent venting.

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name ROCKY RACCOON	
OGRID No.	Well Number 1	
Operator Name ARMSTRONG ENERGY CORPORATION		Elevation 3871.9'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	24	18-S	35-E		2366	SOUTH	2396	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div style="text-align: center;"> <p>NAD 83 NME SURFACE LOCATION Y=631340.3 N X=825267.1 E LAT.=32.732192° N LONG.=103.410000° W</p> </div> <div style="text-align: center; margin-top: 20px;"> <p>S.L.</p> </div>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p style="text-align: right;"><i>Kyle Alpers</i> 11/19/21</p> <p>Signature Date</p> <p>Printed Name</p> <p>kelpers@aecnrm.com</p> <p>E-mail Address</p> <hr/> <p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p style="text-align: center;">SEPTEMBER 21, 2021</p> <p style="text-align: center;">Date of Survey</p> <p>Signature & Seal of Professional Surveyor</p> <div style="text-align: center;"> </div> <p style="text-align: right;"><i>Chad Harcrow</i> 9/30/21</p> <p>Certificate No. CHAD HARCROW 17777</p> <p>W.O. #21-807 DRAWN BY: AH</p>
--	---