District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-129 Revised June 10, 2003

Submit 3 Copies to appropriate District Office

t No. $\frac{1-335}{4}$

OCT 2 3 2006

NFO Permit No. I

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 306

(See Rule 306 and Rule 1129) Applicant Armstrong Energy Corporation A. whose address is P. O. Box 1973, Roswell, NM 88202-1973 hereby requests an exception to Rule 306 for ______365 days or until December 31, 2007, Yr, for the following described tank battery (or LACT): State "MX" Name of Pool Scharb Bone Spring Name of Lease _ Location of Battery: Unit Letter D Section 15 Township 19S Range 35E Number of wells producing into battery _____One (1) 30.025-28164 Based upon oil production of ______barrels per day, the estimated * volume В. of gas to be flared is _____MCF; Value _____ Name and location of nearest gas gathering facility: C. Phillips | Distance Estimated cost of connection D. E. This exception is requested for the following reasons: Uneconomical to connect gas. OIL CONSERVATION DIVISION **OPERATOR** I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above Approved Until is true and complete to the best of my knowledge and belief Signature Armstrong Energy Corporation Printed Name & Title ____Bruce A. Stubbs, Vice President Title OC DISTRICT SUPERVISOR/GENERAL MANAGER Operations Date E-mail Address bastubbs@zianet.com

Telephone No. 505-625-2222

Date 10/19/06

^{*} Gas-Oil ratio test may be required to verify estimated gas volume.