

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



Letter Of Violation
IMMEDIATE DIRECTIVE

Armstrong Energy Corp.
P O Box 1973
Roswell, NM 88202

March 19, 2013

HOBBS OCD

MAR 20 2013

RECEIVED

Attn: Bruce Stubbs

RE: PLUGGED WELL SITE CLEANUP REQUIREMENTS
STATE OF NEW MEXICO RULE 19.15.25.10 VIOLATIONS

Dear Mr. Stubbs:

It has come to our attention that the following attached list of wells, have been plugged for over 13 months. According to OCD Rules and Regulations, and as stated in NMOCD Rule 19.15.25.10, these wells must meet cleanup and location release requirements within a given time frame.

According to NMOCD Rule 19.15.25.10 the following should apply:

As soon as practical, but no later than one year after the completion of plugging operations, the operator shall:

- (1) level the location;
 - (3) remove deadmen and other junk; and
 - (4) take other measures necessary or required by the division to restore the location to a safe and clean condition.
- E. The operator shall close all pits and below-grade tanks pursuant to 19.15.17 NMAC.
- F. Upon completion of plugging and clean up restoration operations as required, the operator shall contact the appropriate division district office to arrange for an inspection of the well and location.

Please note, the Hobbs District I OCD office will require that Armstrong Energy Corp. communicate with the District I Supervisor, EL Gonzales, within 10 days of receipt of this letter, the commencement of cleanup process of the wells on the following list.

A required form must be received *for each well* that meets the *complete requirements* of said rule. A *Form C103 Specifically for Subsequent Report of Well Plugging* is to be used for your reporting, regarding these wells. *This form is attached for your convenience.*

If you have any questions, please contact EL Gonzales, at the Hobbs District I office @ 575-393-6161 ext. 102.

Sincerely,

EL Gonzales
District I OCD Supervisor

Att.

MAR 19 2013

Submit One Copy To Appropriate District Office

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Rd., 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-103
Revised November 3, 2011

WELL API NO.

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

8. Well Number

9. OGRID Number

10. Pool name or Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: ☐ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

3. Address of Operator

4. Well Location

Unit Letter _____: _____ feet from the _____ line and _____ feet from the _____ line

Section _____ Township _____ Range _____ NMPM _____ County _____

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

☒ Location is ready for OCD inspection after P&A

☐ All pits have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan.

☐ Rat hole and cellar have been filled and leveled. Cathodic protection holes have been properly abandoned.

☐ A steel marker at least 4" in diameter and at least 4' above ground level has been set in concrete. It shows the

OPERATOR NAME, LEASE NAME, WELL NUMBER, API NUMBER, QUARTER/QUARTER LOCATION OR UNIT LETTER, SECTION, TOWNSHIP, AND RANGE. ALL INFORMATION HAS BEEN WELDED OR PERMANENTLY STAMPED ON THE MARKER'S SURFACE.

☐ The location has been leveled as nearly as possible to original ground contour and has been cleared of all junk, trash, flow lines and other production equipment.

☐ Anchors, dead men, tie downs and risers have been cut off at least two feet below ground level.

☐ If this is a one-well lease or last remaining well on lease, the battery and pit location(s) have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan. All flow lines, production equipment and junk have been removed from lease and well location.

☐ All metal bolts and other materials have been removed. Portable bases have been removed. (Poured onsite concrete bases do not have to be removed.)

☐ All other environmental concerns have been addressed as per OCD rules.

☐ Pipelines and flow lines have been abandoned in accordance with 19.15.35.10 NMAC. All fluids have been removed from non-retrieved flow lines and pipelines.

☐ If this is a one-well lease or last remaining well on lease: all electrical service poles and lines have been removed from lease and well location, except for utility's distribution infrastructure.

When all work has been completed, return this form to the appropriate District office to schedule an inspection.

SIGNATURE _____ TITLE _____ DATE _____

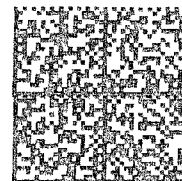
TYPE OR PRINT NAME _____ E-MAIL: _____ PHONE: _____

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

API WELL #	PLUGGING DATE	Well Name	Well #	Operator Name	Type	Stat	County	Land	UL	Sec	Twp	N/S	Rng	W/E	Ft	NS	Ft	EW	Last Insp
30-041-20946-00-00	11/4/2011	LILLIE BELLE	001	ARMSTRONG ENERGY CORP	O	H	Roosevelt	P	H	29	5	S	34	E	2167	N	990	E	11/4/2011

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER 015H14150977
\$0.46
03/19/13
Mailed From 88240
US POSTAGE

Armstrong Energy Corp
ATT: Bruce A Stubbs
P O Box 1973
Roswell, NM 88202