

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 Road, 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

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

☐ AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

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

¹ Operator Name and Address Armstrong Energy Corporation PO Box 1973 Roswell, NM 88202		² OGRID Number 1092
		³ API Number 30-025-38277
⁴ Property Code 336084	⁵ Property Name Ambrose 36 State Com	⁶ Well No. 001

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
G	36	17S	32E		1650	N	1650	E	Lea

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

⁹ Pool Information

Pool Name	Pool Code
LEAMEX;MORROW, WEST (GAS)	97387

Additional Well Information

¹¹ Work Type E	¹² Well Type O	¹³ Cable/Rotary R	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 3790
¹⁶ Multiple N	¹⁷ Proposed Depth 8890'	¹⁸ Formation Bone Spring	¹⁹ Contractor Lucky	²⁰ Spud Date 8/1/24
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 pits²¹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17.5"	13.375"	48	425'	500	0'
Intermediate	12.25"	9.625"	40	4809'	1750	0'
Production	8.75"	5.5"	17	5943'	500	2900'

Casing/Cement Program: Additional Comments

4" liner cemented from 8850' to 5400' within existing 5.5" casing

²² Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that 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. Signature: <i>Kyle Alpers</i>		OIL CONSERVATION DIVISION	
Printed name: Kyle Alpers			
Title: VP Engineering		Approved By:	
E-mail Address: kelpers@aecnm.com		Title:	
Date: 6/17/24	Phone: 575-625-2222	Approved Date:	Expiration Date:
		Conditions of Approval Attached	

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-38277	² Pool Code 97387	³ Pool Name LEAMEX;MORROW, WEST (GAS)
⁴ Property Code 336084	⁵ Property Name Ambrose 36 State Com	⁶ Well Number #1
⁷ OGRID No. 1092	⁸ Operator Name Armstrong Energy Corporation	⁹ Elevation 3970'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	36	17S	32E		1650	North	1650	East	Lea

¹¹ 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
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>	
	Signature _____ Date _____ Nolan von Roeder Printed Name _____ E-mail Address _____	
GEODETIC COORDINATES NAD 27 NME Y=652996.4 N X=689672.8 E LAT.=32.793656' N LONG.=103.716104' W	¹⁸ SURVEYOR CERTIFICATION <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>	
	November 29, 2006 Date of Survey _____ Signature and Seal of Professional Surveyor: GARY EIDSON 12641 Certificate Number _____	

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:** 07 / 01 / 2024

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
Ambrose 36 State Com 001	30-025-38277	UL G Sec 36 T17S R32E	1650' FNL 1650' FEL	30	100	30

IV. Central Delivery Point Name: P66 - Zia Plant [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
Ambrose 36 State Com 001	30-025-38277	6/2/07	8/4/07	8/1/24	8/5/24	8/5/24

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:
Printed Name:
Title:
E-mail Address:
Date:
Phone:
<div>OIL CONSERVATION DIVISION (Only applicable when submitted as a standalone form)</div>
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.

Armstrong Energy Corporation will utilize a separator of sufficient size to allow adequate retention time of the production stream for separation of gas and fluids based on the lowest possible operating pressure determined by the gas sales line pressure downstream of the vessel. The separator size determination will be made either by typical engineering calculations or operational experience. By operating the separator at the lowest operable pressure AEC will ensure maximum capture of produced gas for sales into the pipeline. Should the line pressure downstream of the separator be too high to ensure good separation, AEC has the ability to utilize low suction pressure compressors to aid in separation and gas capture where applicable.

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.

Armstrong Energy Corporation proposes to re-enter the Ambrose 36 State Com #001 in order to test the Bone Spring formation from 8,688'-8,721', as follows:

1. Blade location and dig out cellar. Remove dry hole marker.
2. Locate Surface and Intermediate stubs, drill out 10sx surface plug in 8 5/8" intermediate. Make any necessary cuts and install corresponding wellhead sections. NUBOP.
3. TIH and drill out 8 5/8" cement plugs @ 475', 1300', and 2825' to 5.5" stub. Mill stub until through cement.
4. TIH and tag 5.5" casing stub @ ~ 2900', dress for tie-in
5. PU Bowl type grapple lead seal external 5.5" casing patch and tie into existing 5.5" casing stub with 5.5" 17# L80 casing to surface.
6. Cut production string and make up 5.5" wellhead at surface. NUBOP.
7. TIH and drill out cement plug and CIBP @ 4800'.
8. Squeeze previous Delaware perforations @ 4919'-5063'
9. Drill out 5.5" cement at Delaware perforations, test squeeze.
10. Continue and drill out 5.5" plug @ 5943', original production shoe.
11. Drill out cement plug in 8.75" hole @ 6800', tag cement plug @ 8890'.
12. TOOH, PU 3450' of 4" liner and liner hanger and run in hole.
13. Set liner hanger @ 5400', cement liner @ 8850'
14. TOOH, RIH w/WL and perforate Bone Spring 8688'-8721' to test



Current Wellbore Diagram

LAST UPDATED
6/25/2024

3,790' GR

Rustler - 1,255

7 Rivers - 3,055'

Queen - 3,731'

San Andres - 4,330'

Delaware - 4,794'

Wolfcamp - 9,494'

Strawn - 12,309'

Penn - 12,684'

Mississippian - 13,654'

17.5" hole

10 sx surface plug (P&A 2008)

80sx C @ 475' (P&A 2008)

13.375" 48#/ft J55 @ 425'

500sx C, circ

12.25" hole

60sx C @ 1300' (P&A 2008)

60sx C @ 2825' (P&A 2008)

25 sx C @ 3500' (P&A 2008)

CIBP @ 4800' w/20' cement (P&A 2008)

9.625" 40#/ft J-55 @ 4,809'

1750sx circ 450sx

Delaware

4,919'-4,946'

STIMULATION

2000gal 10% acid

5,028'-5,063'

2000gal 10% acid, Frac w/17k gal & 40k lbs
16/30 sand

5.5" 17# J-55 @ 5,943'

500sx C, original TOC @ 2950' CBL

60sx plug 6,900'-6,800' (P&A 2008)

60sx plug 8,890'-8,990' (P&A 2008)

70sx plug 11,750'-11,650' (P&A 2008)

8.75" hole drilled to 13,740' (Morrow) 25sx cement

Armstrong Energy Corporation

Ambrose 36 State

Com #001

Unit G 1650' FNL & 1650' FEL
Section 36, T17S, R32E
Lea County, New Mexico

API Number **30-025-38277**

Spud Date: 6/2/2007

Downhole Production
Equipment

Surface Production
Equipment

Notes

Drilled by Patterson Petroleum
P&A 2008 by CML Exploration



PROPOSED WELLBORE DIAGRAM

LAST UPDATED
5/22/2024

Rustler - 1,255

7 Rivers - 3,055'

Queen - 3,731'

San Andres - 4,330'

Delaware - 4,794'

Wolfcamp - 9,494'

Strawn - 12,309'

Penn - 12,684'

Mississippian - 13,654'

3,790' GR

17.5" hole

13.375" 48#/ft J55 @ 425'

500sx C, circ

12.25" hole

Proposed

Bowl type grapple lead seal external 5.5" casing patch @ 2900' (previous cut from P&A, 2008) with new 5.5" 17# L80 from 2900' to surface.

9.625" 40#/ft J-55 @ 4,809'

1750sx circ 450sx

Delaware	STIMULATION
4,919'-4,946'	2000gal 10% acid
5,028'-5,063'	2000gal 10% acid, Frac w/17k gal & 40k lbs 16/30 sand
Proposed - squeeze Delaware perms	

5.5" 17# J-55 @ 5,943'

500sx C, original TOC @ 2950' CBL

Proposed

4" liner cemented @ 5400' -8850'

Bone Spring - Proposed	STIMULATION
8,688'-8,721'	2000gal 15% acid

60sx plug 8,890'-8,990' (P&A 2008)

70sx plug 11,750'-11,650' (P&A 2008)

8.75" hole drilled to 13,740' (Morrow) 25sx cement

Armstrong Energy Corporation

Ambrose 36 State
Com #001
Unit G 1650' FNL & 1650' FEL
Section 36, T17S, R32E
Lea County, New Mexico

API Number **30-025-38277**
Spud Date: 6/2/2007

Downhole Production Equipment

Surface Production Equipment

Notes
Drilled by Patterson Petroleum

Armstrong

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1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 332057

CONDITIONS

Operator: ARMSTRONG ENERGY CORP P.O. Box 1973 Roswell, NM 88202	OGRID: 1092
	Action Number: 332057
	Action Type: [C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By	Condition	Condition Date
pkautz	None	7/15/2024