

NSL-7740

Revised March 23, 2017

RECEIVED: 4/2/18	REVIEWER: LRL	TYPE: NSL	APP NO: PLEL1818355526
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND  
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** Armstrong Energy Corporation **OGRID Number:** 1092  
**Well Name:** Huckleberry State #1 **API:** \_\_\_\_\_  
**Pool:** Wildcat Devonian **Pool Code:** \_\_\_\_\_

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION  
 INDICATED BELOW**

**1) TYPE OF APPLICATION:** Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [ I ] or [ II ]

[ I ] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[ II ] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐

Notice Complete

☐Application  
Content  
Complete

- 3) CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Kyle Alpers

Print or Type Name

*Kyle Alpers*

Signature

June 28, 2018

Date

(575) 625-2222

Phone Number

kalpers@aecnm.com

e-mail Address

# CHASE OIL CORPORATION

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Post Office Box 1767  
Artesia, New Mexico 88211-1767  
Office (575) 746-9853  
FAX (575) 748-7374

July 5, 2018

Mr. Kyle Alpers  
Armstrong Energy Corporation  
500 N. Main Street, Suite 200  
Roswell, New Mexico 88201

RE: Armstrong Energy Corporation  
Application for Administrative Approval – Non-Standard Well Location  
Huckleberry State #1  
2402' FSL & 1610' FEL (NW/SE, Unit J)  
Section 10-T15S-R28E, NMPM  
Wildcat Devonian  
Chaves County, New Mexico

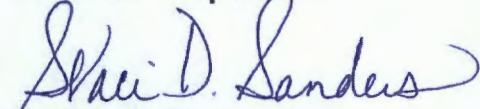
Dear Mr. Alpers:

Chase Oil Corporation is in receipt of Armstrong Energy Corporation's notice for the referenced Non-Standard Well Location. Chase Oil Corporation has no objection to this location and hereby waives the 20 day objection period.

If we can be of further assistance please do not hesitate to contact me [stacis@mec.com](mailto:stacis@mec.com) or by calling (575) 746-9853.

Sincerely,

**Chase Oil Corporation**



Staci D. Sanders  
Vice-President – Land

/ss



500 North Main Street, Suite 200  
P.O. Box 1973  
Roswell, New Mexico 88202-1973  
(575) 625-2222  
Fax (575) 622-2512

06/28/2018 09:47:11 AM

June 28, 2018

Mr. Leonard Lowe  
Oil Conservation Division  
New Mexico Department of Energy, Minerals and Natural Resources  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Armstrong Energy Corporation  
Application for administrative approval – Non-standard well location  
Huckleberry State #1  
2402' FSL & 1610' FEL (NW/SE, Unit J)  
Section 10-T15S-R28E, NMPM  
Wildcat Devonian  
Chaves County, New Mexico

Dear Mr. Lowe:

Armstrong Energy Corporation (AEC) hereby seeks administrative approval pursuant to NMAC 19.15.15.13 for a non-standard well location for its Huckleberry State #1 well ("Well"). The Well will be drilled to approximately 10,000 feet to test Devonian oil production.

The proposed location is 1610' FEL & 2402' FSL, Section 10, T15S-R28E. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units with wells located at least 330 feet from a unit outer boundary. This location is located 290' from the east boundary and 238' from the north boundary of the NW/SE (UL J) 40-acre unit.

This non-standard location is based on a 3-D seismic survey AEC performed last fall. The survey identified a small structure (Exhibit "A") with the apex at X=566490.68, Y=738509.41 (NAD 27). By drilling the proposed Well on the apex of the structure oil and gas recoveries will be maximized and prevent waste.

The proposed Well encroaches on the NE/4<sup>✓</sup>SE/4, SE/4<sup>✱</sup>NE/4 and SW/4<sup>✓</sup>NE/4 quarter sections in Section 10. The mineral/royalty ownership under the NE/4SE/4 and the SW/4NE/4 tracts and the drillsite tract is common to and is subject to AEC Term Assignment from Chase Oil Corporation ("Chase") of State of New Mexico oil and gas lease VB-2305 that covers, among other lands, the SE/4NE/4 and N/2SE/4 of Section 10. The mineral/royalty ownership under SE/4NE/4 of Section 10 is not common to the drillsite track but is also subject to AEC Term Assignment from Chase of Federal oil and gas lease NMNM 132937. The working interest is common throughout

ARMSTRONG ENERGY CORPORATION

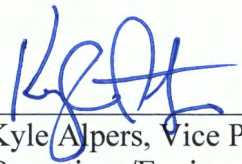
the E/2 of Section 10. Leases and their relation to the 40-acre drillsite are shown in Exhibit B. The affected parties (Exhibit C) have been notified of the application for this non-standard location.

Should you need any additional information, please call me at 575-624-2800.

Sincerely,

ARMSTRONG ENERGY CORPORATION

By:

  
\_\_\_\_\_  
Kyle Alpers, Vice President of  
Operations/Engineering

KA/vs  
Enclosures



# EXHIBIT "B"

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240  
Phone: (575) 392-6161 Fax: (575) 392-0720

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) 478-3480 Fax: (505) 478-3482

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 <b>HUCKLEBERRY STATE</b>	Well Number <b>1</b>
OGRID No.	Operator Name <b>ARMSTRONG ENERGY CORPORATION</b>	Elevation <b>3592.8'</b>

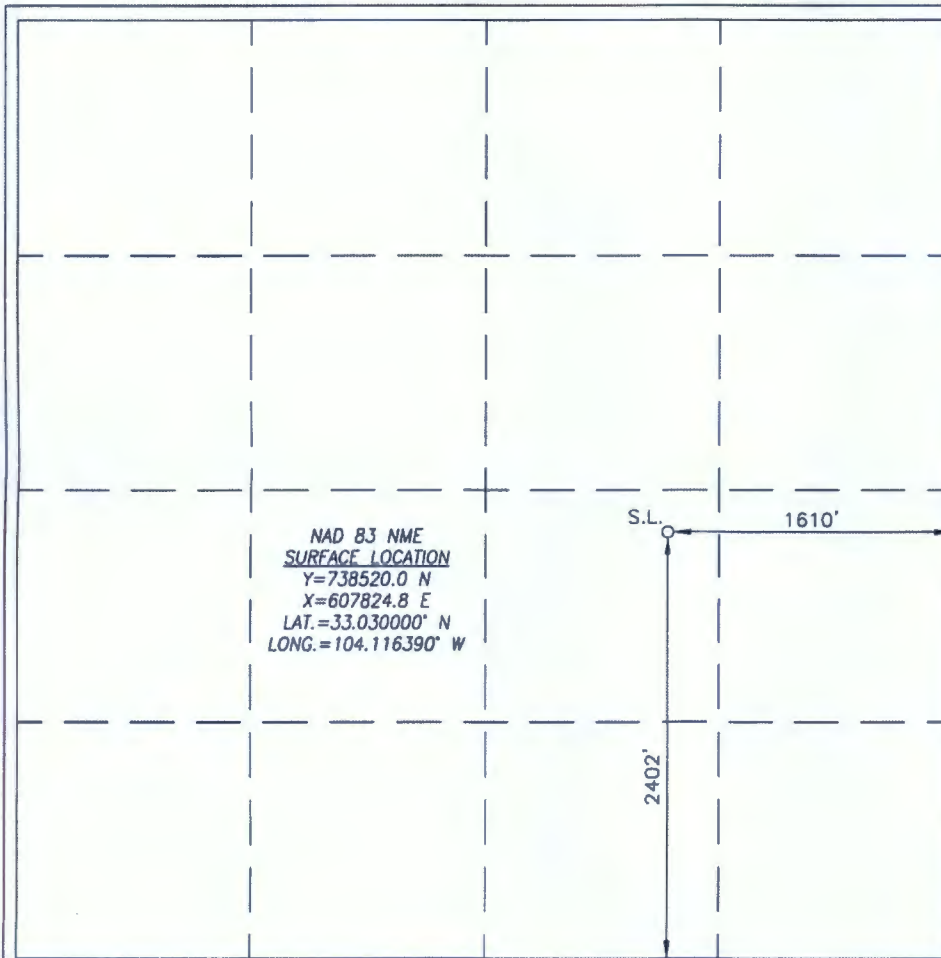
### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	10	15-S	28-E		2402	SOUTH	1610	EAST	CHAVES

### 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



### OPERATOR CERTIFICATION

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.

*[Signature]* 6/28/18  
Signature Date

Kyle Alpers  
Printed Name

kelpers@aecnm.com  
E-mail Address

### SURVEYOR CERTIFICATION

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.

JUNE 25, 2018

Date of Survey

Signature & Seal of Professional Surveyor

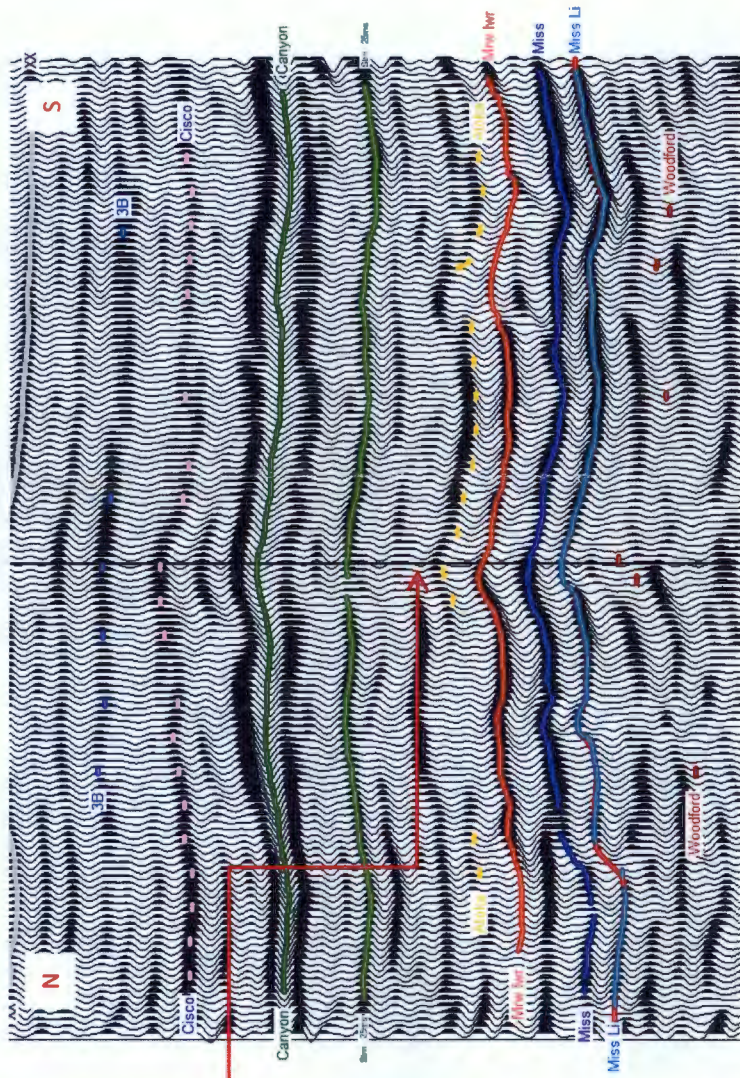
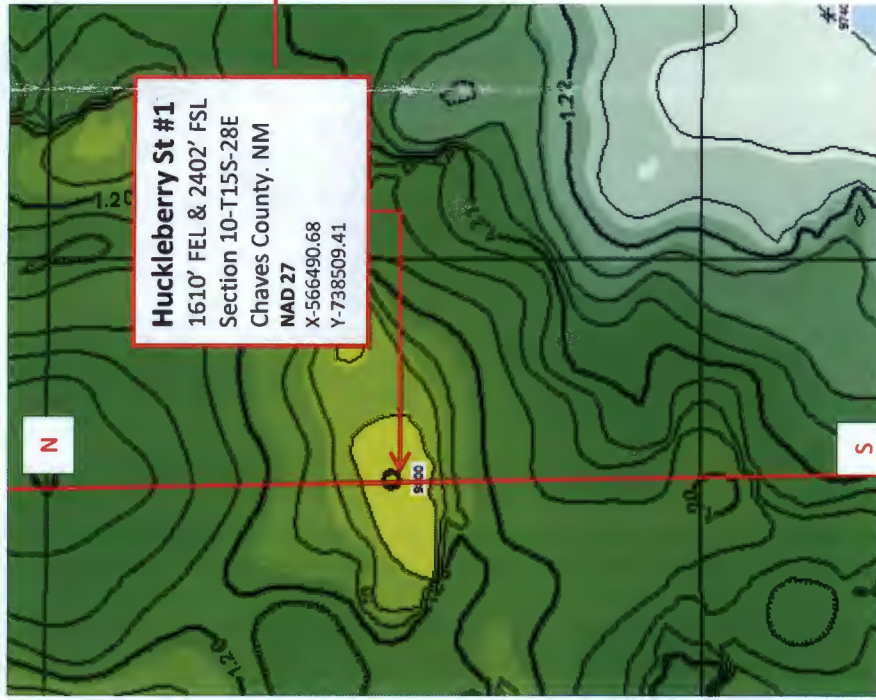


6/28/18  
Certificate No. CHAD HARCROW 17777  
W.O. #18-697 DRAWN BY: AM



# ARMSTRONG ENERGY CORPORATION

Huckleberry St. #1



The location for the **Huckleberry St. #1** is based on the NAD 27, X-Y coordinates, X-566490.68, Y-738509.41, from a 3D Seismic Survey that Dawson Geophysical shot for Armstrong Energy Corporation, (AEC), September-2017. By utilizing the 3D seismic survey AEC was able to pick a location that will best drain the small Devonian Structure with only one well. Because of economics and the size of the Devonian Feature 3D seismic and well placement is critical.

EXHIBIT "A"

## **Exhibit C**

### **Affected Parties Notification List**

Chase Oil Corporation  
Staci Sanders, Landman  
11352 Lovington Hwy  
Artesia, NM 88210



500 North Main Street, Suite 200  
P.O. Box 1973  
Roswell, New Mexico 88202-1973  
(575) 625-2222  
Fax (575) 622-2512

June 28, 2018

***CERTIFIED MAIL - RETURN RECEIPT REQUESTED***

Chase Oil Corporation  
Staci Sanders, Landman  
11352 Lovington Hwy  
Artesia, New Mexico 88210

Re: Armstrong Energy Corporation  
Application for administrative approval – Non-standard well location  
Huckleberry State #1  
2402' FSL & 1610' FEL (NW/SE, Unit J)  
Section 10-T15S-R28E, NMPM  
Wildcat Devonian  
Chaves County, New Mexico

Dear Ms. Sanders:

Enclosed please find a copy of the proposed application by Armstrong Energy Corporation ("AEC") for authorization to drill the Huckleberry State #1 at the non-standard oil well location described above to test the Devonian formation. The well will be dedicated to a 40-acre spacing and proration unit comprising the NW/4SE/4 of Section 10.


This non-standard location is based on a 3-D seismic survey AEC performed last fall. The survey identified a small structure with the apex at X=566490.68, Y=738509.41 (NAD 27). By drilling the proposed well on the apex of the structure oil and gas recoveries will be maximized and prevent waste.

As owners of an interest that may be affected by the proposed non-standard oil well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within twenty (20) days from the date this notice was sent to you. If no objections are received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

Should you have any questions, please call me at 575-625-2222.

Sincerely,

ARMSTRONG ENERGY CORPORATION

By:   
\_\_\_\_\_  
Kyle Alpers, Vice President of  
Operations/Engineering

KA/vs  
Enclosure(s)



## **Lowe, Leonard, EMNRD**

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**From:** Ron Hillman <[rhillman@aecnm.com](mailto:rhillman@aecnm.com)>  
**Sent:** Friday, June 29, 2018 8:03 AM  
**To:** Lowe, Leonard, EMNRD  
**Cc:** [kalpers@aecnm.com](mailto:kalpers@aecnm.com)  
**Subject:** RE: Non-Standard Location  
**Attachments:** Revised Exhibit C.PDF

Good morning Mr. Lowe:

The application got out before I could revise the Notification List. I have attached a copy to this email. Please let me know if you need us to send a hardcopy as well.

On another note, we measured footage per your instructions and the SE/4NE/4 (BLM lease) is more than 330 feet from the NSL.

Thanks for all your help in getting the application in, and I hope you have a great 4<sup>th</sup> !

Best,  
Ron  
**Ronald D. Hillman**  
Vice President & General Counsel  
Armstrong Energy Corp.  
PO Box 1973  
Roswell, NM 88202  
575-625-2222  
575-622-2512 fax  
[rhillman@aecnm.com](mailto:rhillman@aecnm.com)



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**From:** Lowe, Leonard, EMNRD [<mailto:Leonard.Lowe@state.nm.us>]  
**Sent:** Thursday, June 28, 2018 4:06 PM  
**To:** Ron Hillman  
**Subject:** RE: Non-Standard Location

Mr. Hillman,

**Revised Exhibit C****To**

Armstrong Energy Corporation Application for administrative approval – Non-standard well  
location: Huckleberry State #1

**Affected Parties Notification List**

Chase Oil Corporation  
Staci Sanders, Landman  
11352 Lovington Hwy  
Artesia, NM 88210

NE/4SE/4, SE/4NE/4, SW/4NE/4 Section 10.

U.S. Postal Service  
**CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Certified Mail Fee	\$ 3.45
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$ 2.75
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$ 0.68
Total Postage and Fees	\$ 6.88

Sent to  
Chase Oil Corporation Staci Sanders, Landman  
Street and Apt. No., or PO Box No.  
11352 Lovington Hwy  
City, State, ZIP+4®  
Artesia, NM 88210

PS Form 3800, April 2015 PSN 7530-02-000-9042 See Reverse for Instructions

ROSWELL, NM  
JUN  
Postmark  
2018  
USPS 88201

## **Lowe, Leonard, EMNRD**

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**From:** Kyle Alpers <kalpers@armstrongenergycorp.com>  
**Sent:** Tuesday, July 24, 2018 10:42 AM  
**To:** Lowe, Leonard, EMNRD  
**Cc:** Jones, William V, EMNRD; 'Ron Hillman'; 'Bob Watson'  
**Subject:** FW: NSL application Huckleberry State Well No. 1

Mr. Lowe,

Please see my response below regarding your questions. Additionally, since my last response, the APD has been approved and the Pool Information is as follows:

WC 005 1528S10 J Devonian 98290

Please let me know if you've got anything else you need from me.

Thanks

**Kyle Alpers**  
Vice President of Operations  
[kalpers@aecn.com](mailto:kalpers@aecn.com)  
PO Box 1973  
Roswell, NM 88202  
(O) 575-623-2999 Ext. 305  
(C) 575-626-2727  
(F) 575-622-2512



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**From:** Kyle Alpers <kalpers@armstrongenergycorp.com>  
**Sent:** Monday, July 2, 2018 4:10 PM  
**To:** 'Lowe, Leonard, EMNRD' <Leonard.Lowe@state.nm.us>



**From:** [Lowe, Leonard, EMNRD](#)  
**To:** ["kalpers@aecnm.com"](mailto:kalpers@aecnm.com)  
**Cc:** [Mike Bratcher \(mike.bratcher@state.nm.us\)](#); [Cordero, Gilbert, EMNRD](#); [Holm, Anchor E.](#); [Martin, Ed](#); ["lisa@rwbyram.com"](mailto:lisa@rwbyram.com); [Jones, William V, EMNRD](#); [McMillan, Michael, EMNRD](#); [Goetze, Phillip, EMNRD](#); [Dawson, Scott, EMNRD](#)  
**Subject:** APPROVED NSL-7740\_Armstrong Energy Corporation\_Huckleberry State Well No. 1\_SEC 10 15S 28E  
**Date:** Friday, August 3, 2018 8:32:00 AM  
**Importance:** High

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**Mr. Kyle Alpers,**

The following Administrative Order has been issued.

**ORDER: NSL-7740**  
**OPERATOR: Armstrong Energy Corporation**  
**POOL: WC 005 1528S10 J Devonian [98290]**  
**WELL: Huckleberry State Well No. 1**  
**API NO: 30-005-64315**

The Order will soon be available on the Division's web site:  
<http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

Thank you!

**Leonard Lowe**

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Cell: 505-930-6717

Fax: 505-476-3462

E-mail: [leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)

Website: <http://www.emnrd.state.nm.us/ocd/>