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

Form C-101 August 1, 2011

Permit 137612

Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr.

Santa Fe, NM 87505

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

ARMSTRO	Name and Address IG ENERGY CORP	2. OGRID Number 1092		
	. Box 1973 II, NM 88202	3. API Number 30-041-20947		
4. Property Code	5. Property Name	6. Well No.		
38813	PEGGY SUE STATE	001		

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	36	05S	33E	I	2310	S	330	E	ROOSEVELT

8. Pool Information

		ACCORD AND ACCORD AND ACCORD AND ACCORD AND ACCORD ACCORD AND ACCORD ACC
TANNEYHI	ILL:FUSSELMAN, EAST	58067

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4292	
14. Multiple 15. Proposed Depth		16. Formation	17. Contractor	18. Spud Date 9/26/2011	
N	8400) Fussleman			

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC	
Surf	17.5	13.375	54	54 40		0	
Surf	12.25	2.25 8.625 24 2383		2383	1030	0	
Prod	7 875	5.5	17	8400	450	6000	

Casing/Cement Program: Additional Comments

Drill to 2383' w/ fresh water and set 8-5/8" casing. Drill to 8400' with cut brine and set 5-1/2" casing. Test Fusselman Zones. BOP Program: 2383'-8400', Double Ram BOP, 3000 psi WP, 1000 psi test pressure. Maximum SI pressure 500 psi, frac gradient .7 psi/ft at the 8-5/8" casing shoe.

Proposed Blowout Prevention Program

	Troposca Biowout Trevention Trogram									
	Type	Working Pressure	Test Pressure	Manufacturer						
1	DoubleRam	3000	1000							

I hereby certify that the information given above is true and c of my knowledge and belief. I further certify that the drilling pit will be constructed a	OIL CONSERVATION DIVISION
NMOCD guidelines , a general permit , or an (attack OCD-approved plan .	Approved By: Paul Kautz
Printed Name: Electronically filed by Irma Cunnin	gham Title: Geologist
Title: Geo Tech	Approved Date: 9/26/2011 Expiration Date: 9/26/2013
Email Address: icunningham@armstrongenergycor	rp.com
Date: 9/16/2011 Phone: 575-625-	2222 Conditions of Approval Attached

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Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505 Form C-102 August 1, 2011

Permit 137612

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code		3. Pool Name
30-041-20947	58067		LL;FUSSELMAN, EAST
4. Property Code	5. Propert		6. Well No.
38813	PEGGY SU		001
7. OGRID No. 1092		8. Operator Name ARMSTRONG ENERGY CORP	

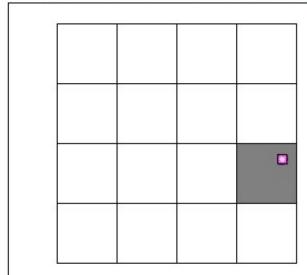
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	36	05S	33E		2310	S	330	E	ROOSEVELT

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot I	dn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedi	cated Acres	13.	Joint or Infill		14. Consolidation Code		Code	15. Order No.		
40	0.00					N/A				

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 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(s) 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.

E-Signed By: Irma Cunningham

Title: Geo Tech Date: 9/16/2011

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.

Surveyed By: Ronald Eidson Date of Survey: 8/25/2011 Certificate Number: 3239

Permit Comments

Operator: ARMSTRONG ENERGY CORP , 1092 Well: PEGGY SUE STATE #001

30-041-20947 API:

Created By	Comment	Comment Date
pkautz	Land s/S	9/16/2011
DMULL	OCD Hobbs office has received form C-144CLEZ. OCD Prmit Number P1-03745.	9/28/2011

Permit Conditions of Approval

Operator: ARMSTRONG ENERGY CORP , 1092 Well: PEGGY SUE STATE #001

API: 30-041-20947

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