

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



July 17, 2014

Armstrong Energy Corporation
Attn: Mr. Bruce Stubbs

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL7122
Administrative Application Reference No. pEH1419756984

Armstrong Energy Corporation
OGRID 167733
Whiskey River Well No. 1
API No. 30-041-pending

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
1135 FSL & 1989 FEL	O	15	6S	33E	Roosevelt

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SW/4 SE/4 of Section 15	40	WC-041 G-05 S063315O; Fusselman	98078

Reference is made to your application received on July 16, 2014.

You have requested to drill this well at an unorthodox oil well location described above in the referenced pool or formation. 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 less than 330 feet from a unit outer boundary.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location based on a 3-D seismic survey. Drilling of the well on the apex of the structure will maximize oil and gas recoveries and prevent waste.

July 17, 2014

Page 2

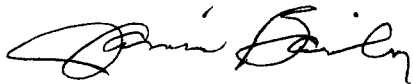
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 9.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on July 17, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs