

NSL Initial Application

Received: 10/02/20

P.O. No. WGQXT-201002-NSL000

Revised March 23, 2017

RECEIVED: 10/02/20	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL2027663009
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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:** Ruth 20 #2**API:** 30-025-36866**Pool:** Shoe Bar; Wolfcamp, North**Pool Code:** 56295

**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.

Brian Wood

Print or Type Name

Signature

10-2-20

Date

505 466-8120

Phone Number

brian@permitswest.com

e-mail Address



**NON-STANDARD LOCATION (NSL) APPLICATION
ARMSTRONG ENRGY CORPORATION
RUTH 20 #2
API 30-025-36866
523' FNL & 841' FWL
SECTION 20, T. 16 S., R. 36 E., LEA COUNTY, NM**

I. This existing Lovington; Upper Penn, West (40750) oil well is on NM State Land Office (NMSLO) surface and NMSLO oil and gas lease V0-4719-0002 (120 acres) that comprises the N2NW4 & SWNW of Section 20. The well is standard for the Lovington; Upper Penn, West.

Armstrong (OGRID 1092) has isolated the Upper Penn and plans to develop the Shoe Bar; Wolfcamp, North (56295). Their Wolfcamp APD pack is attached as Exhibit A.

The well is non-standard (too far east) for the Shoe Bar; Wolfcamp, North. Pool rules require such a well to be within 150' of the center of the quarter-quarter. The well is 31' too far east. In Armstrong's opinion, it is not economical to develop the Wolfcamp by drilling a new or directional well at or to a standard location.

Armstrong will dedicate 160 acres to the Wolfcamp via a pending communitization agreement. All 160 acres will be comprised of two NMSLO leases (V0-4719-0002 and A0-1469-0012) with common working and royalty interests.

II. Forms C-102 showing the well, current 40 acre Upper Penn dedication, and proposed 160 acre Wolfcamp dedication are attached as Exhibit B.

Exhibit C shows the NMSLO lease boundaries and Wolfcamp wells and acreage dedications. The only existing and bordering or cornering Wolfcamp dedication is the SW4 of Section 20.

III. Lease boundaries (all State) are shown on EXHIBIT C. The well encroaches to the east, toward the interior of the communitization agreement. Only offset bordering or cornering Wolfcamp well is to the south. Its dedication boundary is 2117' south. This information is current and correct.

IV. Exhibit C shows the proposed NSL well, existing dedications, and leases.

V. Archaeology is not an issue.

VI. The need to prevent waste, recover additional reserves, and minimize surface use drives the need for this nonstandard location. One existing well bore tapping a second zone in a low-price environment will recover additional reserves and prevent waste by minimizing development costs.

VII. Armstrong does not believe directional drilling to a standard location is cost effective for this project. The Wolfcamp drilling window does not overlay the well.

VIII. Armstrong is the operator of the 160-acre dedication toward which the well will encroach. Working and royalty interests are common and consolidated via a communitization agreement. Therefore, no notice is required.

Brian Wood

Brian Wood, Consultant

9-30-20

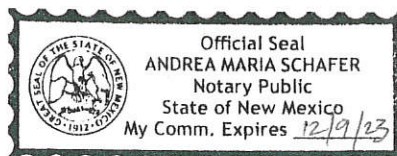
Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 30th day of September, 2020 by Brian Wood. Witness my hand and official seal.

Andrea Maria Schaffer

Notary Public



My Commission Expires: 9 December 2023

Business Address: 37 Verano Loop, Santa Fe NM 87508

District I1625 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

Energy Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-101
Revised July 18, 2013☐ AMENDED REPORT**EXHIBIT A****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 30-025-36866	
⁴ Property Code	⁵ Property Name Ruth 20		⁶ Well No. 2

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
D	20	16S	36E	D	523	N	841	W	Lea

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
D	20	16S	36E	D	523	N	841	W	Lea

⁹ Pool Information

Pool Name	Pool Code

Additional Well Information

¹¹ Work Type P	¹² Well Type O	¹³ Cable/Rotary R	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 3940 GR
¹⁶ Multiple N	¹⁷ Proposed Depth 11,430'	¹⁸ Formation Wolfcamp	¹⁹ Contractor	²⁰ Spud Date
Depth to Ground water 70		Distance from nearest fresh water well 1000'+		Distance to nearest surface water 1000'+

☒ We will be using a closed-loop system in lieu of lined pits**²¹ 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	448'	450	0'
Int	11"	8.625"	32	4,350'	1600	0'
Prod	7.875"	5.5"	17	11,700'	1600	6,000'

Casing/Cement Program: Additional Comments

Existing Casing

²² Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular and 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 ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.

Signature:

Printed name: Kyle Alpers

Title: VP Engineering

E-mail Address: kalpers@accnm.com

Date: 9/10/20

Phone: 575-625-2222 ext. 305

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date:

Expiration Date:

Conditions of Approval Attached



Ruth 20 #2
 API 30-025-36866
 Section 20 T16S R36E
 523' FNL & 841' FWL
 Lea County, NM

Anticipated Plugback and Stimulation Procedure, with planned start date of 9/20/20

1. Install 10k frac tree/test day prior to frac fleet arrival
2. MIRU tanks, water transfer, frac, and wireline
3. Perform perforations and fracturing procedure as per design on the following intervals:

Top Perf	Bottom Perf	No. of Holes
11,307'	11,415'	36
11,118'	11,294'	36
11,100'	11,183'	36
10,950'	11,096'	36
10,523'	10,667'	30

4. RDMO frac equipment, WL, and unnecessary tanks for drillout
5. RD crown valve and goat head
6. MIRU and test 2 3/8" CT w/mechanical connection
7. RU mechanical coil connector, dual BP valve, hydraulic disconnect, motor, 4 3/4" bit
8. Drill out frac plugs (circulating), tag TOC above strawn plug @~11,430', circulate bottoms up, TOOH
9. RDMO CT unit
10. MIRU WL, set Arrowset packer with burst disc and on/off tool @ 10,700'
11. RDMO WL, frac tree
12. MIRU BOP and WO rig, test BOP and accumulator
13. RIH w/tubing/SN, sting into packer
14. Space out tubing, ND BOP, NU wellhead/production tree
15. RDMO pulling unit, clean location
16. MIRU flowback equipment (choke manifold, sand knockout, etc.), capable of RDMO w/out SI
17. Proceed with natural flowback, assess production for economics and install of artificial lift.

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Phone: (505) 334-6178 Fax: (505) 334-6170**District IV**1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3469 Fax: (505) 476-3462

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

X AMENDED REPORT
(plug back & add
Wolfcamp)

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-36866	² Pool Code 56295	³ Pool Name SHOE BAR; WOLFCAMP, NORTH
⁴ Property Code 19457	⁵ Property Name RUTH 20	
⁷ OGRID No. 1092	⁸ Operator Name ARMSTRONG ENERGY CORPORATION	
		⁶ Well Number 2
		⁹ Elevation 3940'

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
D	20	16 S	36 E		523	NORTH	841	WEST	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 160.00	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ Order No.
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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 undivided 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> 9-29-20 Signature Date KYLE ALPERS Printed Name kelpers@aecnrm.com E-mail Address
				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> 8-18-04 Date of Survey Signature and Seal of Professional Surveyor: Original survey by Gary L. Jones #7977 is on file with NMOCD. Certificate Number

EXHIBIT B

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36866	Pool Code 40750	Pool Name Lovington, Upper Penn, West
Property Code 19457	Property Name RUTH "20"	Well Number 2
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING INC.	Elevation 3940'

Surface Location

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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 40	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

<p>Lat.: N32°54'48.1" Long.: W103°22'58.4"</p>	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <u>Brenda Coffman</u> Signature <u>Brenda Coffman</u> Printed Name <u>Regulatory Analyst</u> Title <u>Feb. 16, 2005</u> Date
	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. AUGUST 18, 2004 Date Surveyed <u>W.O. No. 4562</u> Signature of Surveyor <u>GARY L. JONES</u> Professional Surveyor Certified No. <u>7977</u> Gary L. Jones 7977 PROFESSIONAL LAND SURVEYOR BASED SURVEYS

EXHIBIT B

District I
1625 N French Dr., Hobbs, NM 88240
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Santa Fe, NM 87505

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Revised August 1, 2011
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				¹⁷ 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 undivided 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. Signature Date 9-29-20 Printed Name KYLE ALPERS E-mail Address kalpers@aecnrm.com
				¹⁸ 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. 8-18-04 Date of Survey Signature and Seal of Professional Surveyor: Original survey by Gary L. Jones #7977 is on file with NMOCD.
				Certificate Number



EXHIBIT C

Armstrong's
Berry Hobbs 1
30-025-30349

Oil, Gas, and Minerals Leases and Wells



Data pertaining to New Mexico State Trust Lands are provisional and subject to revision, and do not constitute an official record of title. Official records may be reviewed at the New Mexico State Land Office in Santa Fe, New Mexico.

Map Created: 9/28/2020