

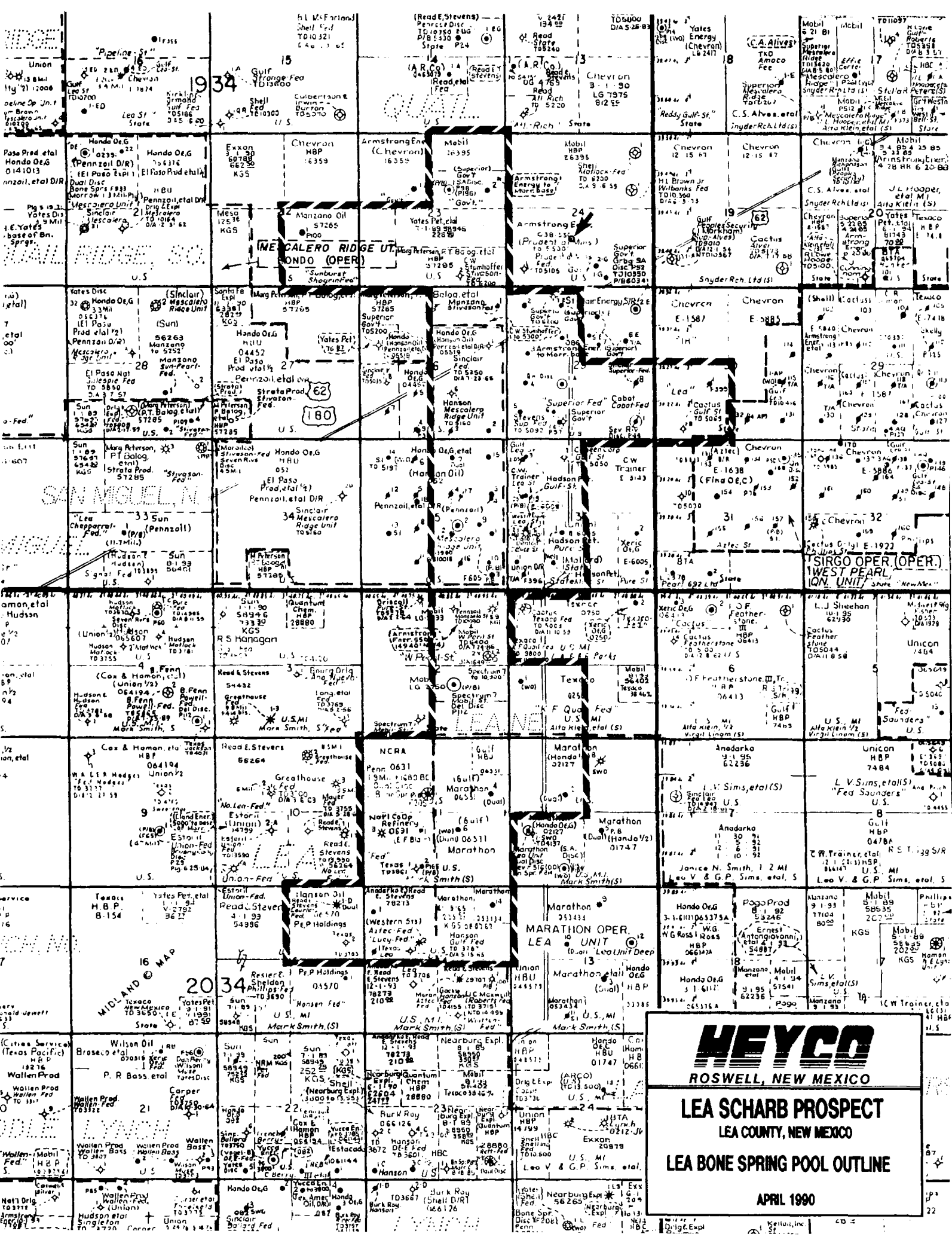
Read E. Stevens Quail - St Pio State P30 ST	Read E. Stevens OG-1847 (Read E. Stevens) Penrose Disc TD 10350 2-BG P/B 5430 Stipe P24	Read E. Stevens OG-1847 (A.R.Co.) 0463079 I Read, etal Fea U.S.	Read E. Stevens OG-1847 (A.R.Co.) 0463079 I Read, etal Fea U.S.	Read E. Stevens OG-1847 (A.R.Co.) 0463079 I Read, etal Fea U.S.
Armstrong Ener. (Chevron) 16359	Mobil 16395 (Superior) Gov't ISA Inc. P/B (PI96)	"Gov't"	Yates Pet., etd 7-1-89 58945 22620	Marg Peterson, R.T. Balog, et al HBP 51285 C.W. Stumhoff U.S. F.B. 6200
Marg Peterson, R.T. Balog, et al HBP 51285 Superior Gov't TD 5200	Hondo O.G. (Hanson Oil) Pennzoil, etal D/R 05519 Sinclair Fed. TD 5250 DIA 7-23-68	Hanson Mescalero Ridge Unit TD 5160	St. Clair Energy, S/R 2-E Superior Gov't TD 6200 (C.W. Stumhoff) TD 5300 Armstrong Ener. to Morr. base 086 Gov't U.S. Qn Disc 4	Cabot Corp. Gulf-St TO 5050 Trainer Hadson Pet. Gulf-St. E-3143 Xeric E-6005 (Mallard) Hadson Pet.
Hondo O.G., et al SI (W.O.) TO 5197 (Hanson Oil) 052 Pennzoil, etal D/R (Pennzoil) 35 Mescalero Ridge Unit TD 3980 P/B 10018	Gulf Leq-St 10503 C.W. Trainer Lea-St (P/B) (E-6005) West Equ Lea-St Union D/R Hadson Pet. Pure-St. U.S.	Cabeen Corp. Gulf-St TO 5050 Trainer Hadson Pet. Gulf-St. E-3143 Xeric E-6005 (Mallard) Hadson Pet.	Aztec Chevron B/R E-1638 (Find O.E.C.) 154 p76 31 156 157 (P/B) S.I. Artec St.	Stone Un. D.Sc. 152 153 154 155 156 157 (P/B) S.I. Coat TS YW

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

HARVEY E. YATES EXHIBIT NO. 1

CASE NO. 9910



BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

~~HARLEY E. YATES~~ EXHIBIT NO. 2

DATE NO. 9910

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF HARVEY E. YATES COMPANY FOR
AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

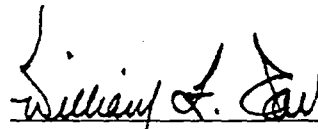
CASE NO. 9910

AFFIDAVIT

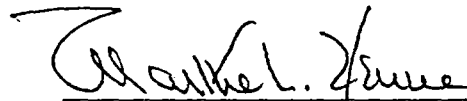
STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
HARVEY E. YATES	EXHIBIT NO. <u>3</u>
CASE NO. <u>9910</u>	

WILLIAM F. CARR, attorney in fact and authorized representative of Harvey E. Yates Company, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.


WILLIAM F. CARR

SUBSCRIBED AND SWORN to before me this 17th day of April, 1990.


Notary Public

My Commission Expires:

August 19, 1991

EXHIBIT A

Mobil Exploration & Producing U.S.
Post Office Box 633
Midland, Texas 79702
Attn: Mark Harrelson

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

March 28, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mobil Exploration & Producing U.S.
Post Office Box 633
Midland, Texas 79702
Attn: Mark Harrelson

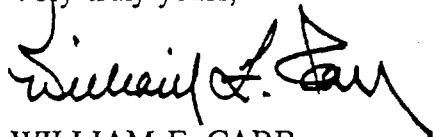
Re: Application of Harvey E. Yates Company for an Unorthodox Well Location,
Lea County, New Mexico

Gentlemen:

This letter is to advise you that Harvey E. Yates Company has filed an application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location in the Bone-Springs formation, Lea-Bone Springs Pool, at a point 1650 feet from the South line and 2310 feet from the West line of Section 24, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The E/2 SW/4 of Section 24 will be dedicated to this well.

This application has been set for hearing before a Division Examiner on April 18, 1990. You are not required to attend this hearing, but as an owner of an interest which may be affected by this unorthodox well location, you may appear and present testimony. Failure to appear at that time or otherwise become a party of record in this case will preclude you from challenging this application at a later date.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR HARVEY E. YATES COMPANY
WFC:mlh

P-106 678 459

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Sent to Attn: Mark Harrelson Mobil Exploration & Producing	
Street and No.	U.S. P.O. Box 633
P.O. State and ZIP Code	Midland, Texas 79702
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$2.00
Postmark or Date March 27, 1990	

PS Form 3800, June 1985

3. Article Addressed to: Mobil Exploration & Producing U.S. P.O. Box 633 Midland, Texas 79702 Attn: Mark Harrelson		4. Article Number: P 106 678 459	
5. Signature - Address X		6. Signature - Agent X <i>Mark Harrelson</i>	
7. Date of Delivery MAR 30 1990		8. Addressee's Address (ONLY if requested and fee paid) SAME	
9. Type of Service: ☒ Registered ☒ Certified ☐ Express Mail ☐ Insured ☐ COD ☐ Return Receipt for Merchandise		10. Always obtain signature of addressee or agent and DATE DELIVERED	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

Armstrong
ENERGY CORPORATION

505/623-8726

SUNWEST CENTRE, SUITE 1000
P. O. BOX 1973
ROSWELL, NEW MEXICO 88202
FAX 505/622-2512

March 23, 1990

Mobil Exploration and Producing U.S. Inc.
P. O. Box 633
Midland, Texas 79702

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
MARK E. JAMES	EXHIBIT NO. 4
CASE NO.	9910

Attn: Mr. Mark A. Haralson, Landman

Re: Unorthodox Location
Mobil "24" Federal #1
Lea County, New Mexico
Mobil No. C-4764

Dear Mr. Haralson:

As we have discussed by telephone, Armstrong Energy Corporation has staked a location for the captioned well at a point 1650' from the South line and 2310' from the West line of Section 24, Township 19 South, Range 34 East, N.M.P.M. The proration unit for this well is the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 24. This well is to be drilled on a farmout from Mobil.

The well as it is currently proposed is not in conformity with the location as required under the Special Rules for the Lea-Bone Spring Pool. The Special Rules require the well be located within 150' of the quarter quarter section. Since our location is an unorthodox location, we have filed for approval of the unorthodox location with the Oil Conservation Division.

By this letter I am requesting that Mobil waive any objection to our location. Since we are drilling this well under a Mobil farmout, which has a continuous development provision, we believe that it would be in Mobil's best interest to approve of this unorthodox location.

It is our belief that there is a small Scharb carbonate structure, the crest of which we believe is located to the northwest of our proposed location. We believe that the best Scharb wells are drilled off of the crest. Although we do not know exactly where the crest of the formation is located, we do not want to go any farther to the north or northwest with our location than we already have. We think that our location as staked will be on the down thrown side of the crest and will place us in the best position for commercial production.

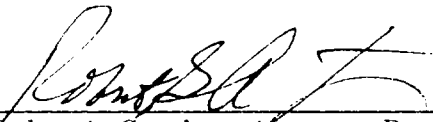
ARMSTRONG ENERGY CORPORATION

March 23, 1990
Page 2

If Mobil is in agreement with our location, I would appreciate it if you would have a copy of this letter executed in the space provided below and returned to me. I appreciate your consideration of this request.

Sincerely,

ARMSTRONG ENERGY CORPORATION

By: 
Robert G. Armstrong, President

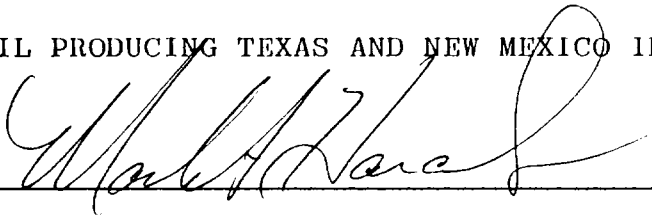
RGA:lb

Consent to the unorthodox well location and waiver of objection is approved this 27th day of MARCH, 1990.

MOBIL EXPLORATION AND PRODUCING U.S. INC.

as agent for:

MOBIL PRODUCING TEXAS AND NEW MEXICO INC.

By: 

S. Landman
(title)

Armstrong
ENERGY CORPORATION

505/623-8726

SUNWEST CENTRE, SUITE 1000
P. O. BOX 1973
ROSWELL, NEW MEXICO 88202
FAX 505/622-2512

April 4, 1990

Mobil Exploration & Producing U.S. Inc.
P. O. Box 633
Midland, Texas 79702

RECEIVED

APR 06 1990

Attn: Mr. Mark A. Haralson, Senior Landman

MIDLAND LAND DEPT

Re: Farmout Agreement
Lea County, New Mexico
Mobil #C-4764

Dear Mr. Haralson:

Pursuant to the terms of the captioned Farmout Agreement dated October 4, 1989, Armstrong Energy Corporation is designated as operator of the wells which are to be drilled pursuant to the farmout.

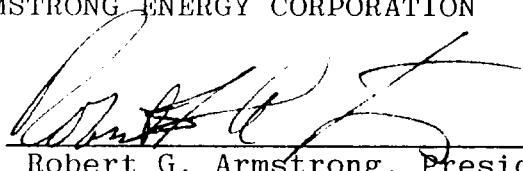
The purpose of this letter is to advise you that Harvey E. Yates Company of Roswell, New Mexico, has agreed to take a 50% interest in this project and to become operator. Armstrong Energy Corporation requests that Mobil approve of Harvey E. Yates Company as operator of the wells to be drilled pursuant to the farmout.

As operator, Harvey E. Yates Company will be bound by all provisions required of the operator in the Farmout Agreement.

If this request is acceptable, please indicate by signing in the space provided below and return a copy to this office.

Sincerely,

ARMSTRONG ENERGY CORPORATION

By: 

Robert G. Armstrong, President

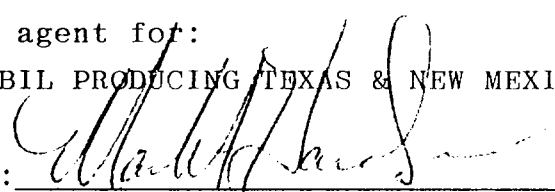
RGA:lb

Agreed to and accepted this 6th day of April, 1990.

MOBIL EXPLORATION & PRODUCING U.S. INC.

as agent for:

MOBIL PRODUCING TEXAS & NEW MEXICO INC.

By: 

Se. Landman

(title)

Armstrong
ENERGY CORPORATION

505/623-8726

SUNWEST CENTRE, SUITE 1000
P. O. BOX 1973
ROSWELL, NEW MEXICO 88202
FAX 505/622-2512

April 16, 1990

APR 16 1990

Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88202

Attn: Mr. Bob Bell, Landman

Re: Unorthodox Location
OCD Case No. 9910
Lea County, New Mexico

Gentlemen:

I am in receipt of your Application for an Orthodox Location in the E $\frac{1}{2}$ SW $\frac{1}{4}$ Section 24, Township 19 South, Range 34 East, N.M.P.M. This well is subject to the Lea Bone Spring Pool Rules.

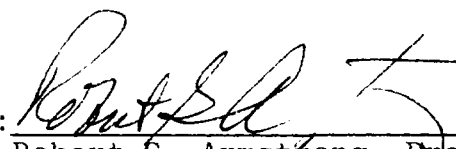
Armstrong Energy Corporation is the operator of the Government "E" No. 7 located in Unit C of Section 25, Township 19 South, Range 34 East. This well produces from the Lea Bone Spring Pool and is a south offset to the proration unit assigned to the well which is the subject of your Application.

Armstrong Energy Corporation consents to your unorthodox well location and waives any objection to your Application.

If anything further is necessary, please do not hesitate to contact me.

Sincerely,

ARMSTRONG ENERGY CORPORATION

By: 
Robert G. Armstrong, President

RGA:lb