Form 3160-3 (November 1983) (formerly 9-331C)

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

Form approved. Budget Bureau No. 1004-0136 Expires August 31, 1985

O/SF

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL ☐ DEEPEN ☐ PLUG BACK ☐

b. TYPE OF WELL: OIL WELL ☐ GAS WELL ☐ OTHER Water Injection SINGLE ZONE ☐ MULTIPLE ZONE ☐

2. NAME OF OPERATOR: ARMSTRONG Energy Corporation

3. ADDRESS OF OPERATOR: P.O. Box 1973, Roswell, NM 88201

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*) At surface: 1980' FNL and 660' FEL

At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.: LC-061638

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

8. FARM OR LEASE NAME: E. High Lonesome

9. WELL NO.: 4

10. FIELD AND POOL, OR WILDCAT: High Lonesome Queen

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 14, T-16-S, R-29-E

BUREAU OF LAND MANAGEMENT RECEIVED MAR 10 1987 CARLSBAD, NEW MEXICO

RECEIVED BY APR -6 1987 O. C. D. ARTESIA, OFFICE

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Twelve (Loco Hills) N.W.

12. COUNTY OR PARISH: Eddy

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 1980'

16. NO. OF ACRES IN LEASE: 1280

17. NO. OF ACRES ASSIGNED TO THIS WELL: 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1320'

19. PROPOSED DEPTH: OLD TD 2092

20. ROTARY OR CABLE TOOLS: Reenter w/reverse unit

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3725' DF

22. APPROX. DATE WORK WILL START*: April 1, 1987

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
7" Casing	4½"	11.6# or 13.5#	2050'	175 sx CIRCULATE

1. Dig small workover pit and utilize old location.
2. Reenter plugged oil well and recomplete as water injection well as follows:
3. Use reverse unit and drill out CIPBs and clean to TD. Use BOP.
4. Set new 4½" 10.5# or good used 4½" 11.6# or 13.5# to 2050' inside of old 7" casing. Run Halliburton innerstring cementing tool-DBL cup formation shoe, w/latch type omega plug for cement displacement.
5. Circulate 4½" casing to surface w/125 sx. Halliburton Lite & 50 sx. Halliburton premium class c w/flo check.
6. WOC, Drill out cement shoe.
7. Acidize formation, perform step rate test.
8. Run 2040' 2 3/8" plastic coated J55 7000# test tubing, Halliburton R-4 treating and production packer-plactic coated, install lark in 3000# WP tubing head, necessary valves & fittings.
9. Put well on water injection to improve E. High Lonesome unit water flooding pattern.

Post ID-1, NL 4-24-87

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Thomas K Scroggs TITLE Agent DATE 03/09/87

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

APPROVED BY Doris L Marberry TITLE AREA MANAGER CARLSBAD RESOURCE AREA DATE 4-3-87

CONDITIONS OF APPROVAL, IF ANY: **Subject to Like Approval by State**

*See Instructions On Reverse Side

Form C-128
Revised 5/1/57

EXHIBIT "C"

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Section A.

Date October 7, 1958

Operator General American Oil Co. of Texas Lease Brewer

Well No. 4 Unit Letter H Section 14 Township 16 S Range 29 E NMPM

Located 1980 Feet From N Line, 660 Feet From E Line

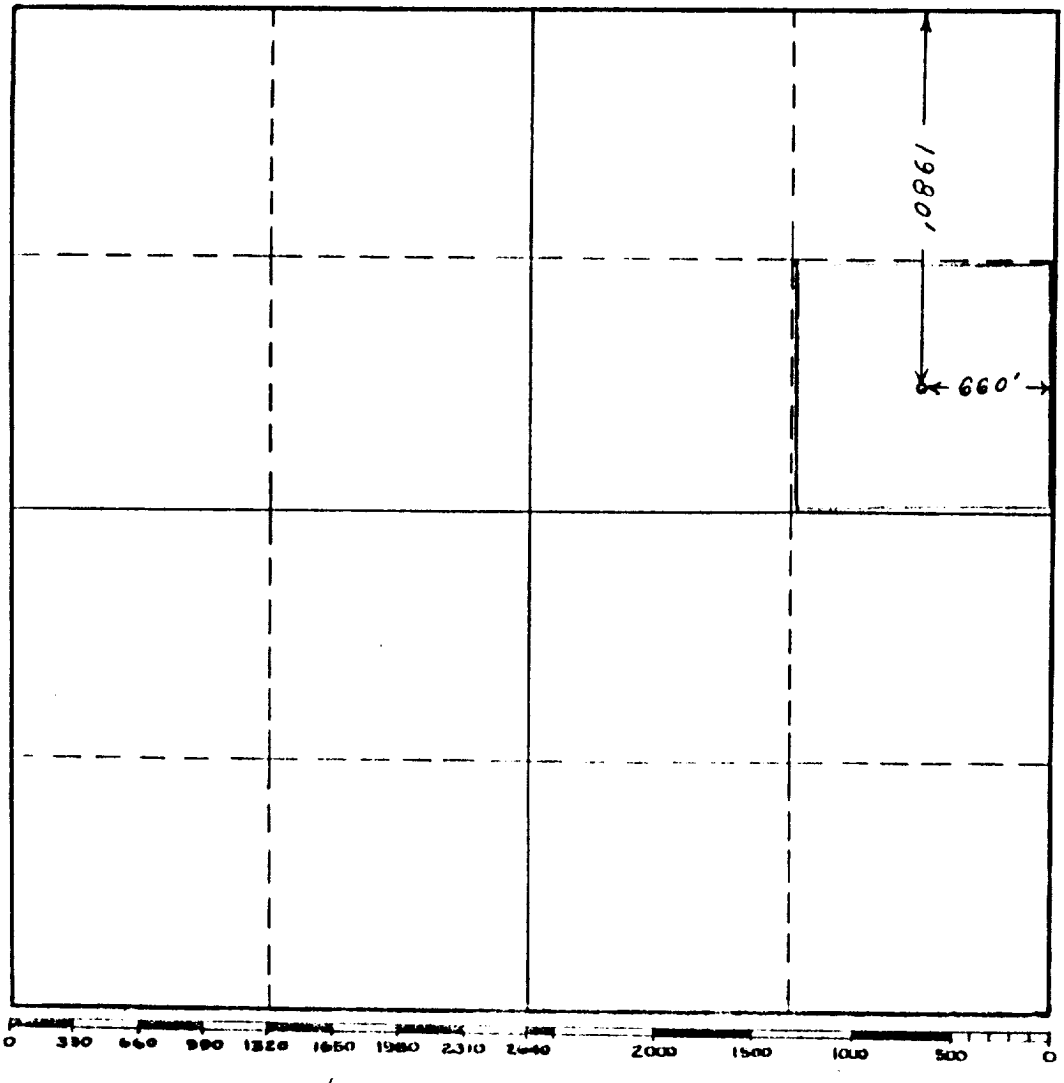
County Eddy G. L. Elevation 3723 Dedicated Acreage 40 Acres

Name of Producing Formation Penrose Pool Undesignated

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below? Yes____ No____.
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes____ No____. If answer is "yes," Type of Consolidation____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

Section B



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

General American Oil Co. of Texas
(Operator)

(Representative)

Loco Hills, New Mexico
Address

This is to certify that the well location shown on the plat in Section B 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 knowledge and belief.

Date Surveyed Oct. 4, 1958

Registered Professional Engineer and/or Land Surveyor.

Certificate No. 963

(See instructions for completing this form on the reverse side)

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

ARMSTRONG ENERGY CORPORATION
E. HIGH LONESOME FEDERAL #4
(Old, General American - Brewer Federal #4)
1980' FNL and 660' FEL
Sec. 14, T-16-S, R-29-E, Eddy County, N.M.

This plan is submitted with APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK, Form 3160-3, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and procedures to be followed in rehabilitating the surface after completion of operations, so that a complete appraisal can be made of the environmental effects.

1. EXISTING ROADS
   A. Exhibit "A" shows a portion of the Eddy County map. Exhibit B is a portion of a USGS topographic map of the area. The proposed location is situated approximately 10 miles NE of Loco Hills, New Mexico, via the access route shown in blue and red.

      DIRECTIONS:
      1. Proceed north from U.S. 82 at Loco Hills, on paved county road 217 for 7.3 miles.
      2. Turn left (west) and continue for approximately 3 miles. This road goes right through the prospective location.

2. PLANNED ACCESS ROAD
   A. None necessary. Existing road goes through location.

3. LOCATION OF EXISTING WELLS
   A. Exhibit "F" shows the locations of all active and plugged, producers and injection wells in the E. High Lonesome Unit, operated by ARMSTRONG ENERGY CORPORATION. Circled in green is the prospective location.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES
   A. The tank battery and water injection station which serves the E. High Lonesome Unit lies approximately 300 feet to the west of the proposed location.

   B. Existing electrical lines and power facilities at the water injection station will serve power need.

5. LOCATION AND TYPE OF WATER SUPPLY
   A. It is planned to use lease water from the tank battery of provide water for the reverse unit.

6. SOURCES OF CONSTRUCTION MATERIALS
   A. No caliche is required due to caliche imbedded in the present location that was ripped up when this well was plugged in 1982.

7. METHODS OF HANDLING WASTE DISPOSAL
   A. Drill cuttings will be disposed of in the reserve pits.
   B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
   C. Water produced during operations will be collected in tanks until hauled to an approved disposal system or a separate disposal application will be submitted to the USGS for appropriate approval.
   D. Oil produced during operations will be stored in tanks until sold.
   E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
   F. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.
   G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES
   A. None required.

9. WELLSITE LAYOUT
   A. Exhibit "E" shows the dimensions of the well pad, the working pit, and trash pit. Also shown is the location of the completion unit, reverse unit components, and pipe racks.
   B. The ground surface is that of the old Brewer #4, plugged and abandoned in 1982. The ground is ripped in accordance with BLM procedures and is on a level location. Only grading will be required to level the area previously ripped after plugging procedures.
   C. Since the old location dimensions are sufficient, only the area contained within the old location will be used for well pad construction.

10. PLANS FOR RESTORATION OF THE SURFACE
   A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleared of all trash and junk, to leave the wellsite in as aesthetically pleasing a condition as possible.
   B. Unguarded pits, if any, containg fluids will be fenced until they have been filled.
   C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment.

11. TOPOGRAPHY

A. The wellsite and access route are located in a sandy flat area.

B. The top soil at the wellsite is partially caliche and sand.

C. Very little vegetation covers the old wellsite area, mostly miscellaneous weeds.

D. No wildlife was observed but it is likely that rabbits, lizards, insects, and rodents traverse the area. The area is used for cattle grazing.

E. There are no ponds, lakes, streams, or rivers within several miles of the wellsite.

F. No structures, abandoned or active, for human habitation are within several miles of the wellsite.

G. The wellsite is located on federal surface.

H. There is no evidence of any archaeological, historical, or cultural sites in the vicinity of the location.

12. OPERATORS REPRESENTATIVES

A. The field representative responsible for assuring compliance with the approved surface use plan is:

THOMAS K. SCROGGIN
PHONE: 365-2526 (mobile)
746-6346 (office)
748-2118 (home)

13. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by ARMSTRONG ENERGY CORPORATION and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

ARMSTRONG ENERGY CORPORATION

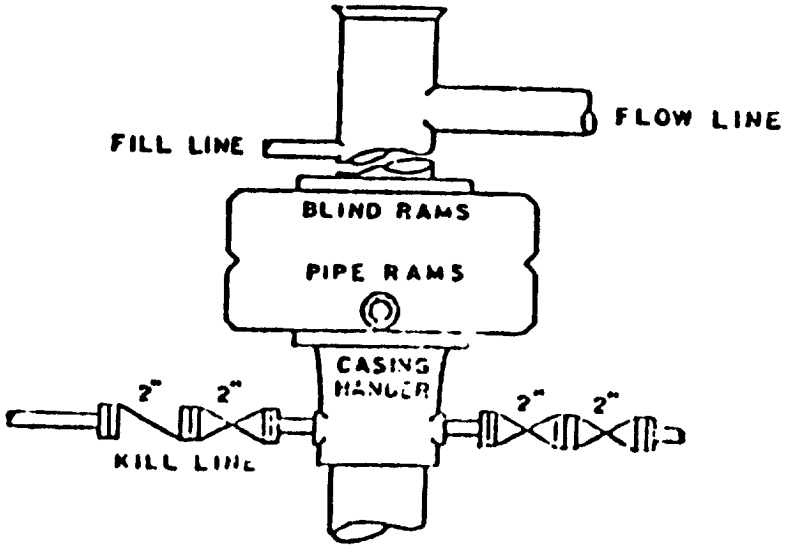
03/19/87

By: Thomas K Scroggin
Agent

EXHIBIT "D"

BLOWOUT PREVENTER ARRANGEMENT

ARMSTRONG ENERGY CORPORATION
Well # 4,E. High Lonesome Fed.
SE¼ NE¼ Sec. 14-16S-29E



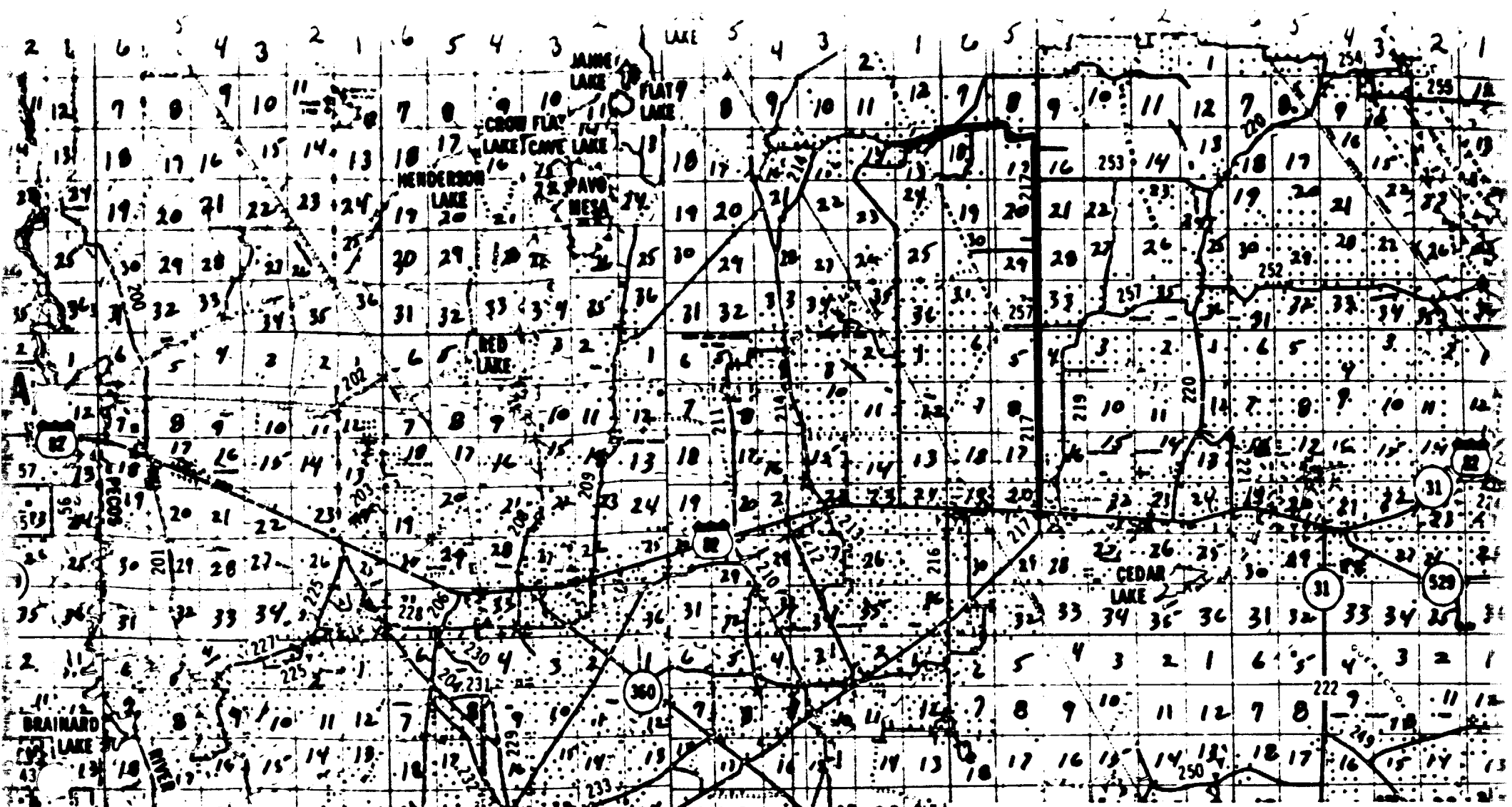


EXHIBIT "A"
ARMSTRONG ENERGY CORPORATION
Well # 4, E. High Lonesome Federal
SE¼ NE¼ Sec. 14-16S-29E

North from Loco Hills on Cty. rd. 217, shown in blue, 7.3 miles

West on dirt road,shown in red, approx. 3 miles to location. Road goes right through location

EXHIBIT "B"
TOPOGRAPHICAL MAP OF AREA SURROUNDING LOCATION

Go North from Loco Hills on Cty. rd. 217, 7.3 miles.
Turn West and go approx. 3 miles to location, road shown in red. Road goes through location.

ARMSTRONG ENERGY CORPORATION
Well # 4, E. High lonesome Federal
SE¼ NE¼ Sec. 14-16S-29E

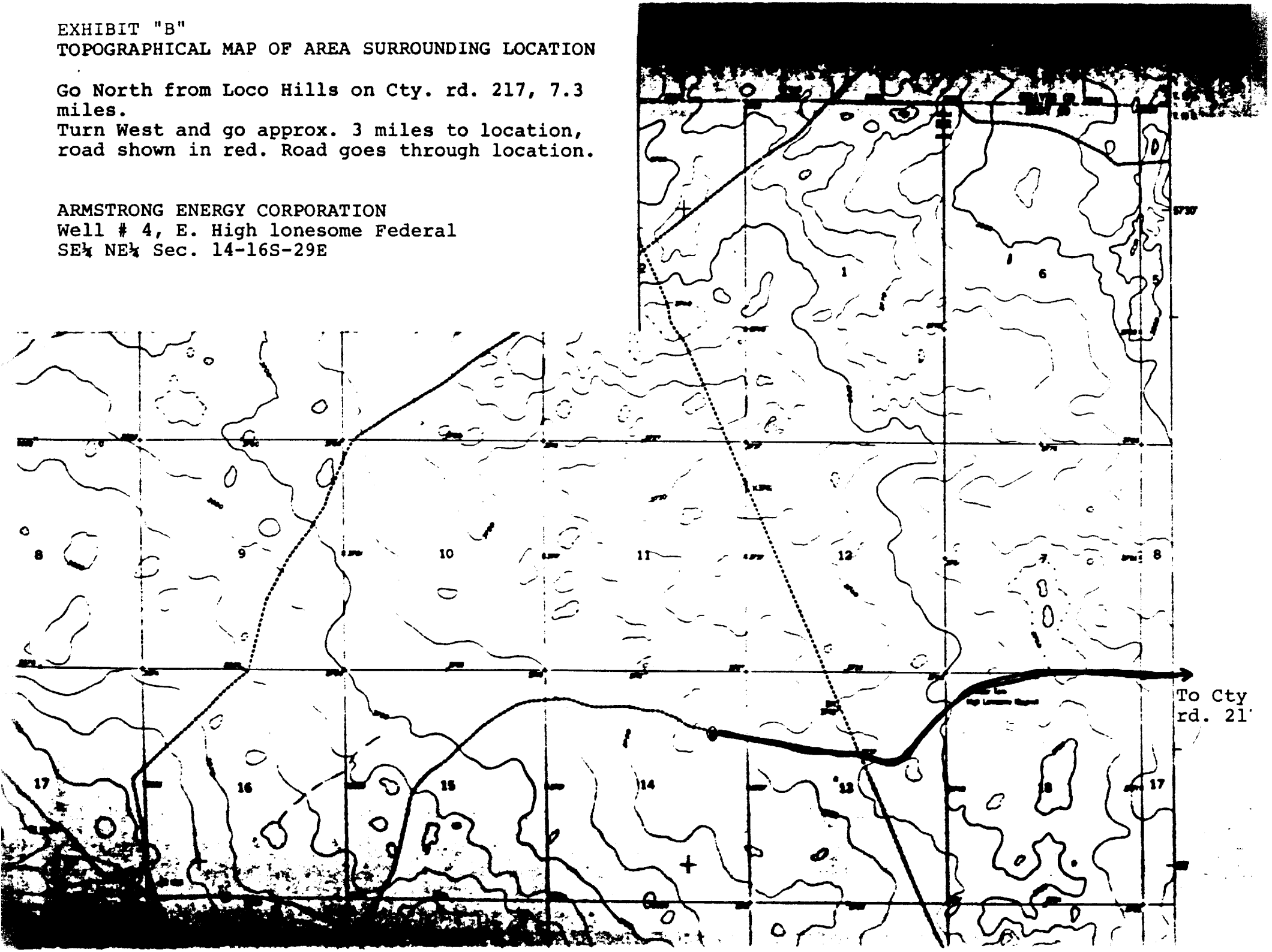
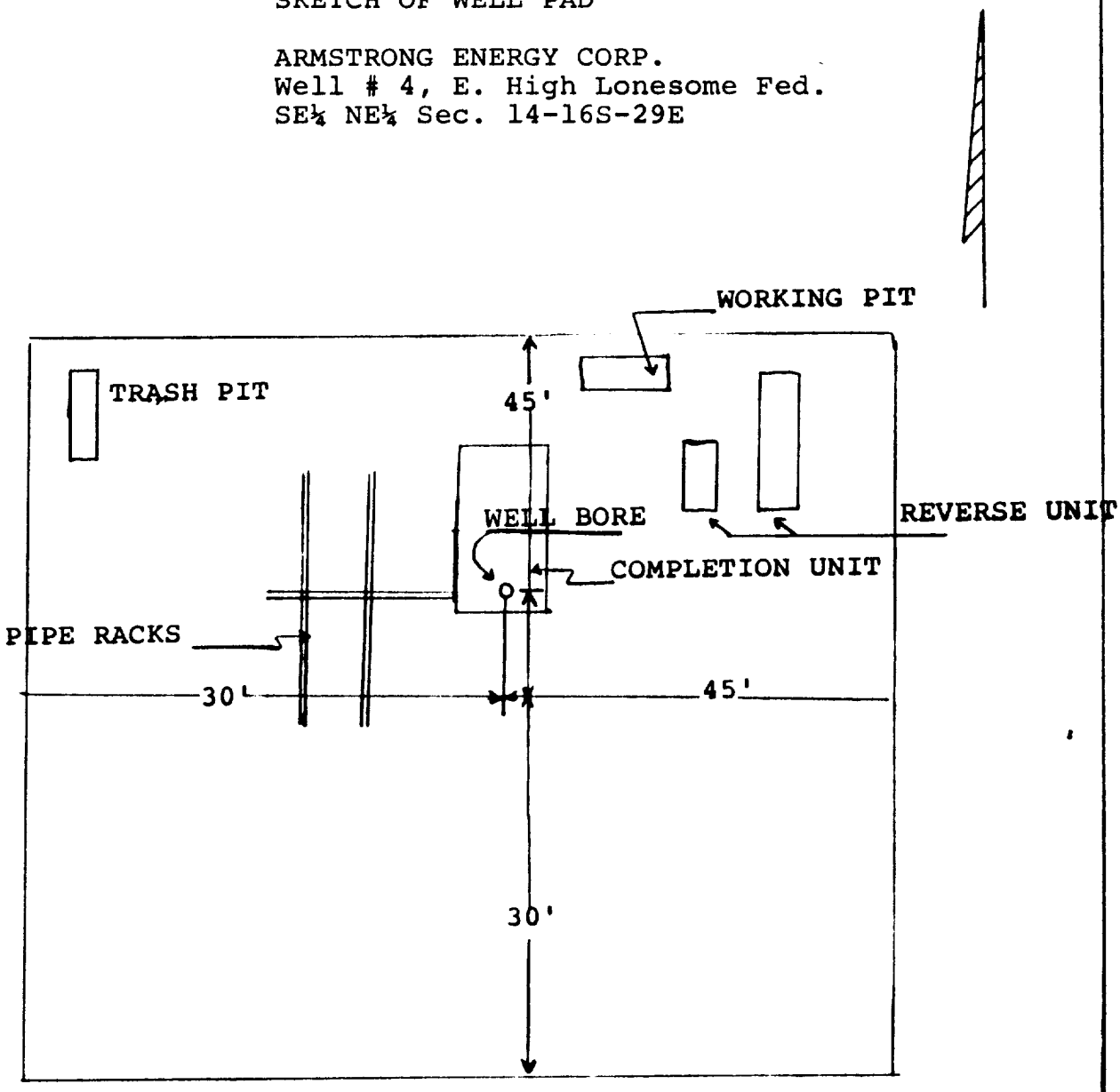
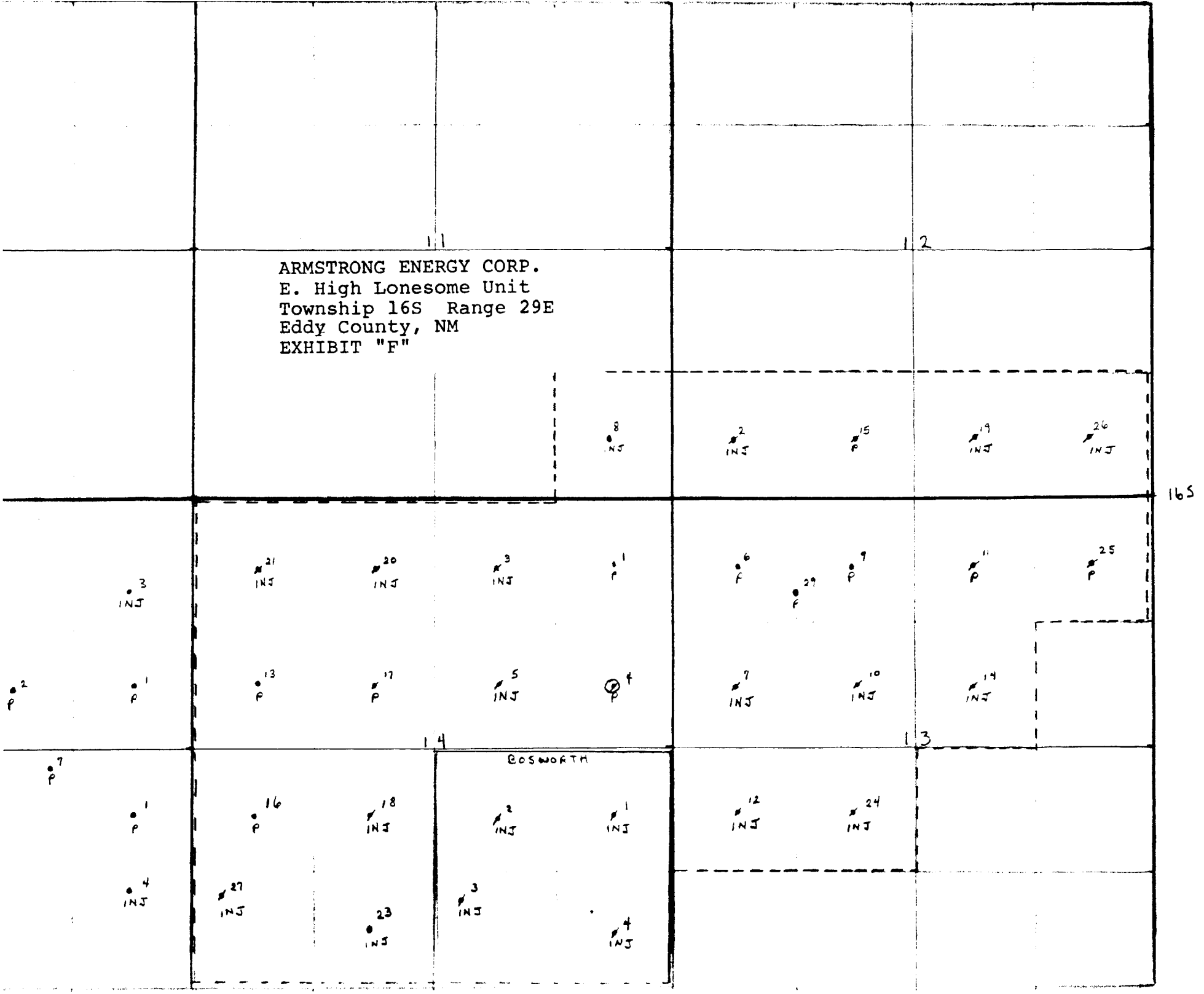


EXHIBIT "E"

SKETCH OF WELL PAD

ARMSTRONG ENERGY CORP.
Well # 4, E. High Lonesome Fed.
SE¼ NE¼ Sec. 14-16S-29E




ARMSTRONG ENERGY CORP.
E. High Lonesome Unit
Township 16S Range 29E
Eddy County, NM
EXHIBIT "F"
11
12
13
14
16S
COSWORTH
8 INJ
2 INJ
15 P
19 INJ
26 INJ
21 INJ
20 INJ
3 INJ
1 P
6 F
29 F
9 P
11 P
25 P
3 INJ
2 P
1 P
13 P
17 P
5 INJ
4 P
7 INJ
10 INJ
14 INJ
7 P
1 P
16 P
18 INJ
2 INJ
1 INJ
12 INJ
24 INJ
4 INJ
27 INJ
23 INJ
3 INJ
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