

UNITED STATES COMMISSION
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT 60210

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 ☐

SINGLE
ZONE ☐

RECEIVED ☒

2. NAME OF OPERATOR

Armstrong Energy Corp

3. ADDRESS OF OPERATOR

P. O. Box 1973, Roswell, NM 88202

AUG 28 '89

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

1980' FSL & 1650' FWL Sec. 10-17S-28E

ARTESIA, OFFICE

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

17 Miles East of Artesia

15. DISTANCE FROM PROPOSED*

1980' FSL

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

1650' FWL

16. NO. OF ACRES IN LEASE

80

17. NO. OF ACRES ASSIGNED

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

330'

19. PROPOSED DEPTH

2700'

20. ROTARY OR CABLE TOOLS

Cable Tool

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

GR-3536

22. APPROX. DATE WORK WILL START*

8-30-89

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	350'	Circ. to Surf. 300' sx.
7 7/8"	7"	20#	1300'	Mud (will pull)
6 1/4"	4 1/2"	15.5#	2700'	Circ. to Surf. 550 sx.
				250 sx Pozimix "A"
				300 sx Premium

Armstrong Energy Corp. proposes to drill to 2700' with a Cable Tool rig. The hole will be drilled dry and filled with mud at TD for logging.

APPROVAL SUBJECT TO
STATE AND FEDERAL AGENTS AND
SUPERVISOR'S APPROVALS
AT ROSWELL

Post ID-1
9-1-89
New Loc & API

RECEIVED

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 Kenn E. McKamey TITLE Agent For: Armstrong Energy Corp. DATE 7-31-89

(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE _____

APPROVED BY _____

TITLE _____

DATE 8-24-89

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Submit to Appropriate
District Office
State Lease - 4 copies
Federal Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
O. Box 1980, Hobbs, NM 88240

DISTRICT II
O. Drawer DD, Artesia, NM 88210

DISTRICT III
100 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Armstrong Energy Corporation			Lease Red Lake Federal		Well No. 1
Tract Letter K	Section 10	Township 17 South	Range 28 East	County Eddy	NMPM
Actual Footage Location of Well: 1980 feet from the South line and 1650 feet from the West line					
Ground level Elev. 3536	Producing Formation Grayburg		Pool Red Lake	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

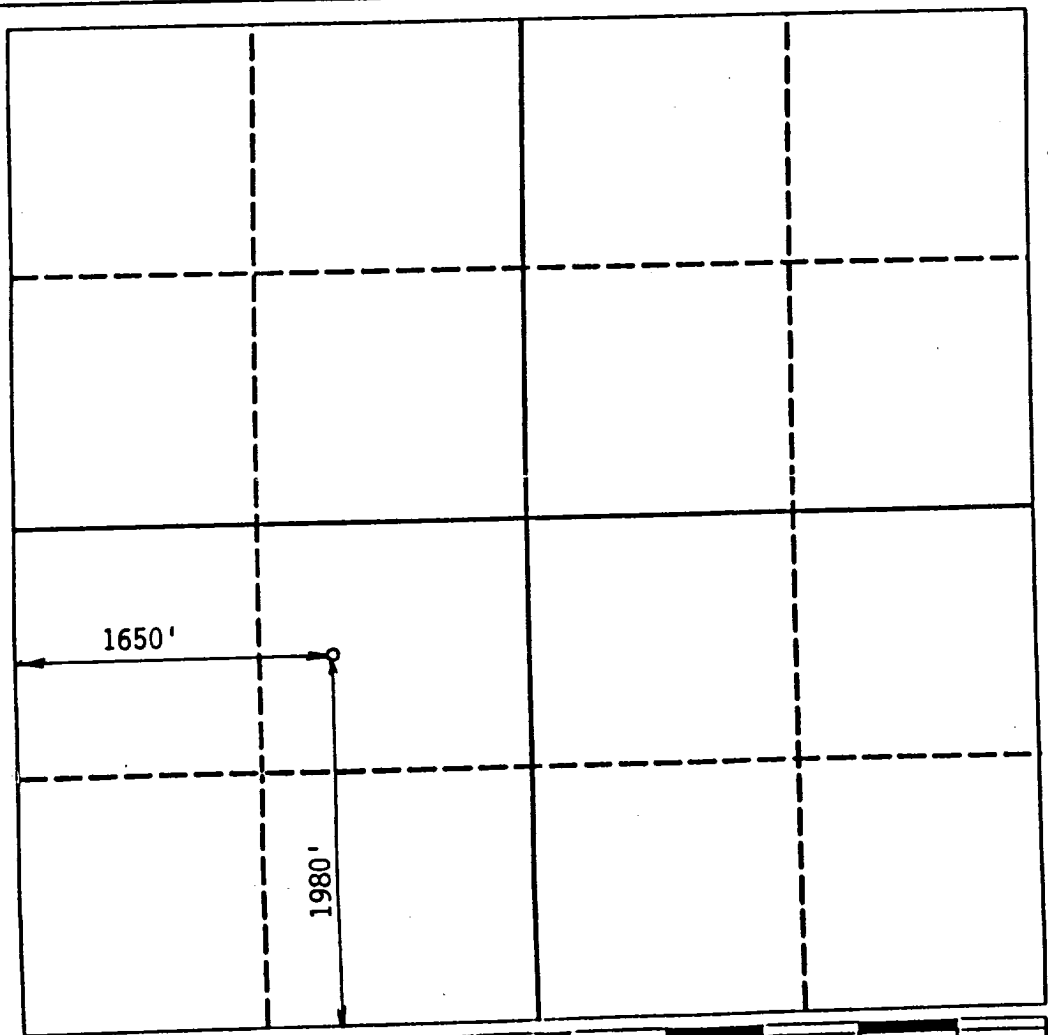
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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.

Signature

Robert G. Armstrong

Printed Name

President

Position

Armstrong Energy Corp.

Company

August 15, 1989

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 knowledge and belief.

Date Surveyed

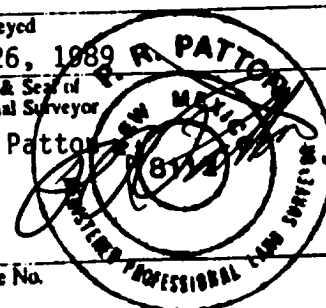
July 26, 1989

Signature & Seal of
Professional Surveyor

P. R. Patton

Certificate No.

8112



APPLICATION FOR DRILLING

**Armstrong Energy Corp.
Red Lake Federal, Well No. 1
1980' FSL & 1650' FWL, Sec. 10-17S-28E
Eddy County, New Mexico
Lease No.: NM-59035
(Development Well)**

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Armstrong Energy Corp., submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is Quaternary (Qa) Alluvium of stream beds.
2. The estimated tops of geologic markers are as follows:

Yates	402'
Seven Rivers	639'
Queen SS	1,161'
Penrose SS	1,404'
Grayburg	1,610'
Loco Hills SS	1,688'
Metex SS	1,775'
L. Metex SS	1,813'
Premier SS	1,932'
San Andres	2,071'
San Andres Pay	2,351'
T.D.	2,700'

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: 275'; 1235'
Oil: 639'; 1688'; 1775'; 1813'; 1932'; 2351'
Gas: 1161'; 1404'

4. Proposed Casing Program: See Form 3160-3.

5. Proposed Control Equipment: None

6. Mud Program: See Form 3160-3.

7. Auxiliary Equipment: None

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None

Logging: CNL-PDC 1300' - TD; CNL-GR 2700' - surface

Coring: None

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified.

10. Anticipated starting date: 8/30/89.

Anticipated completion of drilling operations: Approximately 100 days.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

Armstrong Energy Corp.

**Red Lake Federal, Well No. 1
1980' FSL and 1650' FVL, Sec. 10-17S-28E
Eddy County, New Mexico
Lease No.: NM-59035
(Development Well)**

This plan is submitted with the Application for Permit to Drill the above-described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a Eddy County Highway map showing the location of proposed well and access road as staked, in relation to existing roads and highway. The well is approximately 17 miles east of Artesia, New Mexico. The 17 miles consists of 13 miles east on NM-82, 4 miles north on Red Lake Road, then 300' east on lease road to the location of the Red Lake Federal No. 1.**
- B. Directions: Travel 13 miles east of Artesia on NM-82, turn north and travel 4 miles on Red Lake Road, turn east and travel 300' on existing lease road to the Red Lake Federal Well No. 1.**

2. ACCESS ROAD:

- A. Length and Width: The existing access road will enter the Northwest side of the well pad and no additional road construction is planned.**
- B. Construction: The existing access road will enter the Northwest side of the well pad and no additional road construction is planned.**
- C. Turnouts: none planned**
- D. Culverts: none planned**
- E. Cuts and Fills: none planned**
- F. Gates, Cattleguards: none required**

P.O.

TO ROSWELL TO ROSWELL

R26E R27E R28E R29E R30E

MAKES ISHEE LAKE

JAMES LAKE

FLAT LAKE

CROW FLAT LAKE

CAVE LAKE

HENDERSON LAKE

PAVO MESA

RED LAKE

ARTESIA

SPRING LAKE

BRAINARD LAKE

KAISER LAKE

NORTH LAKE

WALTERS LAKE

MACBERRY LAKE

AVALLON RESERVOIR

ALALI LAKE

Proposed Location

Exhibit "A"
Armstrong Energy Corp.
Red Lake Fed. #1
Existing Roads and Highways

Proposed Location

Exhibit "A"
Armstrong Energy Corp.
Red Lake Fed. #1
Existing Roads and Highways

(MATCH LINE - SEE OTHER SIDE)

(MARCH)

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no production facilities on this lease at the present time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery will be installed on the drilling pad.

5. LOCATION & TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh water which will be obtained from commercial or private sources. The water will be transported over existing and proposed access roads either by truck or fast line.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the wellsite pad, only as needed, will be obtained from existing State or Federal Pits.

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. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. 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 BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. 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.
- H. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

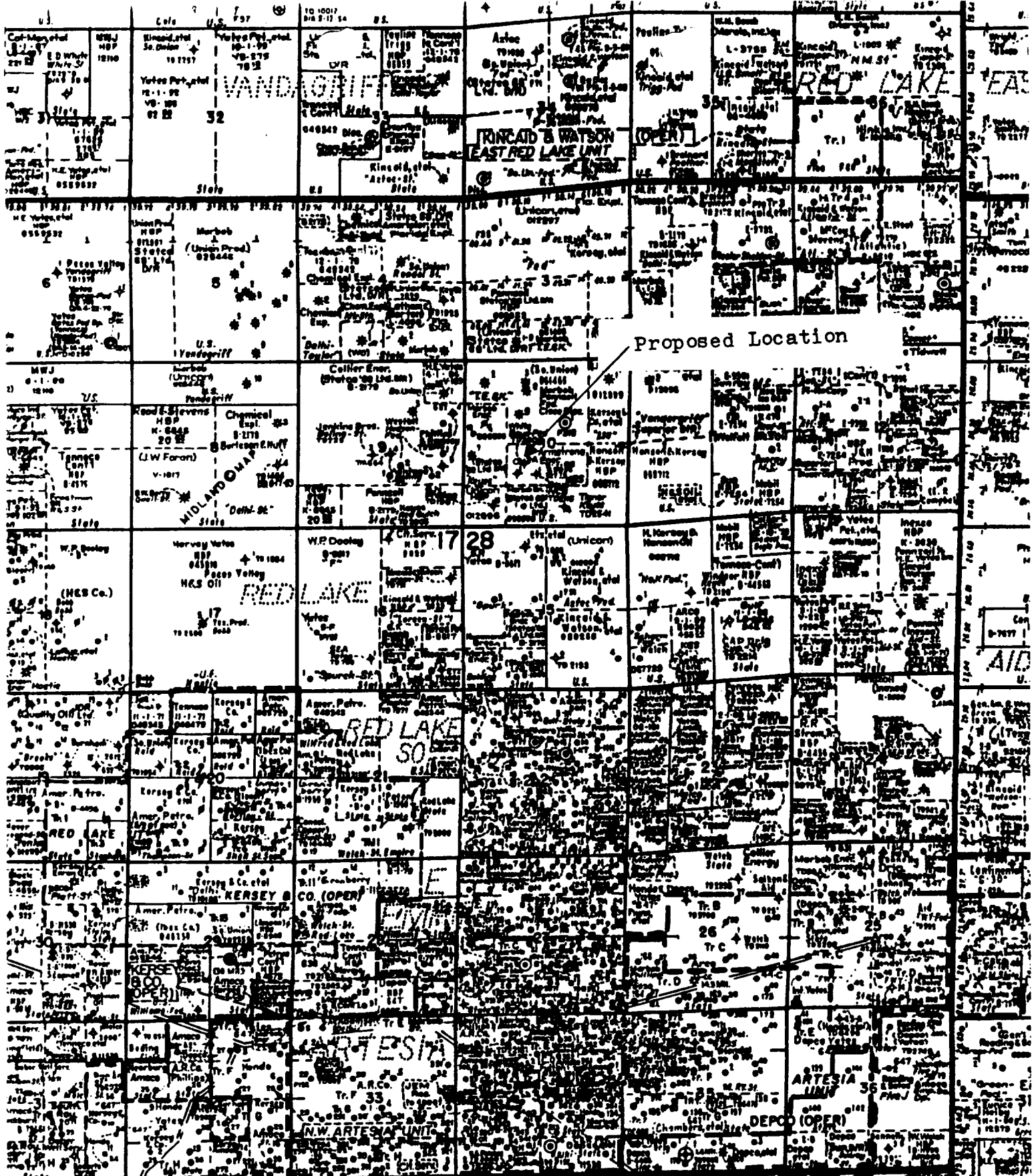


Exhibit "C"
Armstrong Energy Corp.
Red Lake Fed. #1 - Existing Wells -

8. ANCILIARY FACILITIES:

- A. None Required.

9. WELLSITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked and flagged.
- B. Mat Size: Max. Pad size: 200' N/S and 200' W/E
- C. Cut and Fill: none planned
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pit liner will be cut off below the normal surface of the ground and pits will be filled and the location cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management 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. OTHER INFORMATION:

- A. Topography: The land surface in the vicinity of the wellsite and access road is on a gently-dipping Southwest slope (10' of elevation every 700' SW) filled with low relief sand dunes.
- B. Soil: The topsoil at the wellsite is reddish-brown sand dunes.
- C. Flora and Fauna: The vegetative cover is generally sparse and consists of scrub oak, yucca, cacti, sumac, sage, snakeweed, creosote bush, and grasses of gramma, dropseed, and threeawn. The wildlife consists of rabbits, coyotes, antelope, some mule deer, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Residences and Other Structures: There are no residences, powerlines on this lease. Several pipelines are crossing this lease but no pipelines cross the proposed well pad.

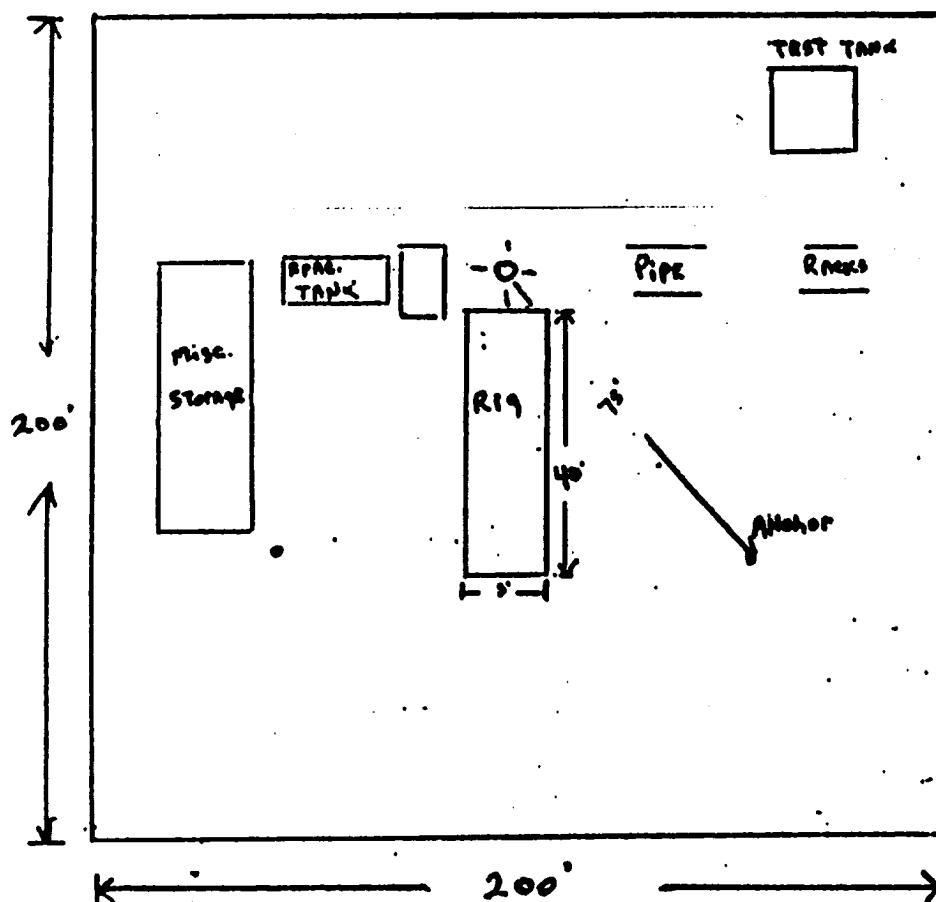
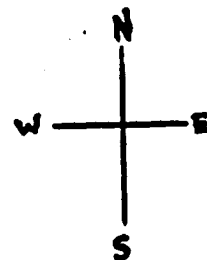


Exhibit "D"
- Armstrong Energy Corp.
Red Lake Fed. #1 -Rig Layout-

E. Ponds and Streams: none

F. Land Use: Cattle grazing.

G. Surface Ownership: The proposed wellsite and access road is on Federal surface whose grazing rights are leased to Bogle Farms, P. O. Drawer 460, Dexter, NM 88230. The minerals are Federal.

H. There is no evidence of archaeological, historical or cultural sites in the area. An archaeological survey has been conducted by James V. Sciscenti and his report has been submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

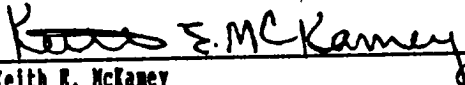
The field representative responsible for assuring compliance with the approved surface use and operations plan is as follows:

Armstrong Energy Corp.
P. O. Box 1973
Roswell, NM 88202
Office phone: 505-623-8726

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in the plan, to the best of my knowledge true and correct; and, that the work associated with the operations proposed herein will be performed by Armstrong Energy Corp. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for filing of a false statement.

July 31, 1989


Keith E. McKamey

Agent for: Armstrong Energy Corp