

District I

1625 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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011

Permit 292566

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address ARMSTRONG ENERGY CORP P.O. Box 1973 Roswell, NM 88202		2. OGRID Number 1092
		3. API Number 30-025-48525
4. Property Code 330235	5. Property Name ROCK STEADY STATE	6. Well No. 001

7. Surface Location

UL - Lot L	Section 24	Township 18S	Range 35E	Lot Idn L	Feet From 2288	N/S Line S	Feet From 800	E/W Line W	County Lea
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8. Proposed Bottom Hole Location

UL - Lot L	Section 24	Township 18S	Range 35E	Lot Idn L	Feet From 2288	N/S Line S	Feet From 800	E/W Line W	County Lea
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9. Pool Information

REEVES;DEVONIAN	51940
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3875
16. Multiple N	17. Proposed Depth 12200	18. Formation Devonian	19. Contractor	20. Spud Date 3/31/2021
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ 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
Surf	17.5	13.375	54.5	1900	1655	0
Int1	12.25	9.625	40	4350	1100	0
Prod	7.875	5.5	17	12200	950	5000

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	3750	Shaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable.	OIL CONSERVATION DIVISION	
Signature:		
Printed Name: Electronically filed by Irma Cunningham	Approved By: Paul F Kautz	
Title: Geo Tech	Title: Geologist	
Email Address: icunningham@armstrongenergycorp.com	Approved Date: 2/25/2021	Expiration Date: 2/25/2023
Date: 2/23/2021	Phone: 575-625-2222	Conditions of Approval Attached

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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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-48525		Pool Code 51940	Pool Name REEVES;DEVONIAN
Property Code 330235	Property Name ROCK STEADY		Well Number 1
OGRID No. 1092	Operator Name ARMSTRONG ENERGY CORPORATION		Elevation 3875.9'

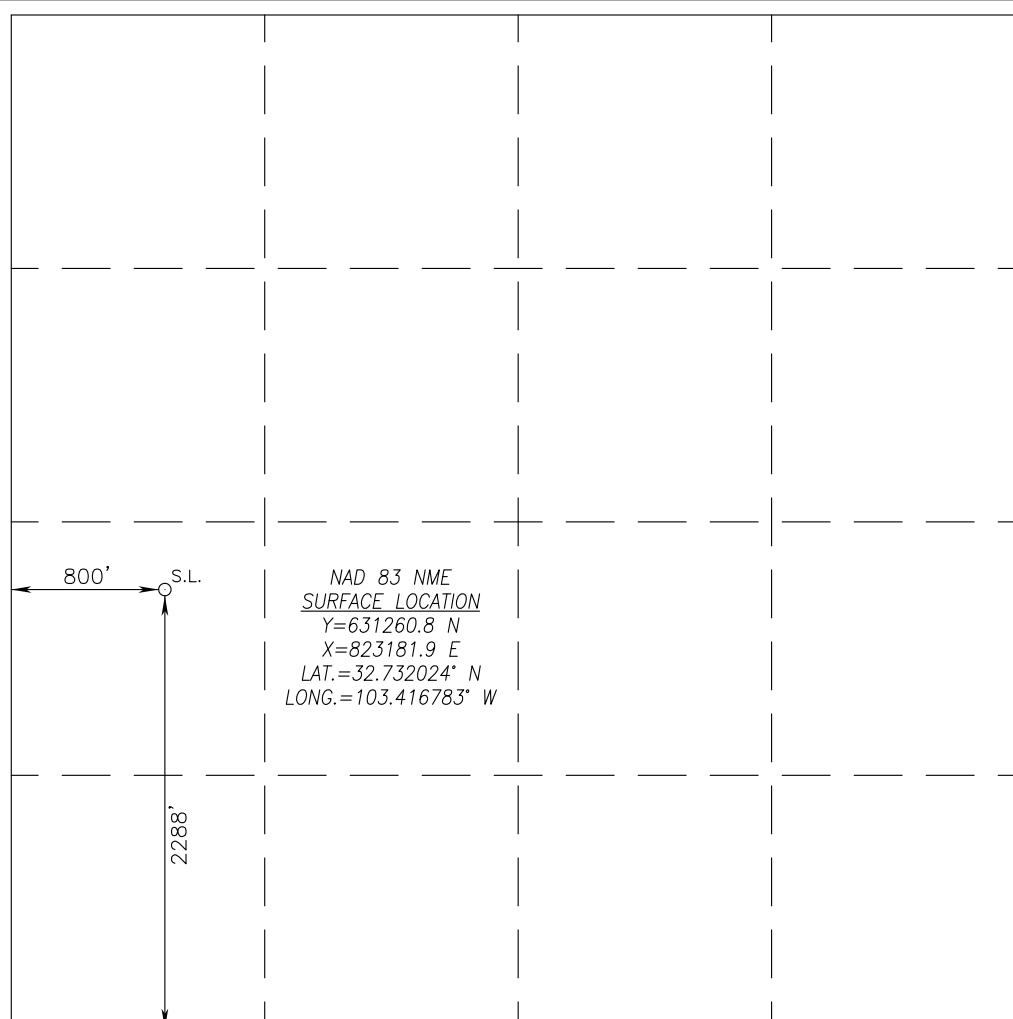

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	24	18-S	35-E		2288	SOUTH	800	WEST	LEA

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	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>800'</p> <p>S.L.</p> <p>NAD 83 NME SURFACE LOCATION Y=631260.8 N X=823181.9 E LAT.=32.732024° N LONG.=103.416783° W</p> <p>2288'</p>	OPERATOR CERTIFICATION <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p>
	Signature _____ Date _____
	Printed Name _____
	E-mail Address _____
	SURVEYOR CERTIFICATION <p><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></p>
Date of Survey _____	
Signature & Seal of Professional Surveyor	 <p><i>Chad Harcrow</i> 1/22/21</p>
Certificate No. CHAD HARCROW 17777	
W.O. # 21-34 DRAWN BY: DS	

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GAS CAPTURE PLAN

Date: 2/25/2021

☒ Original

Operator & OGRID No.: [1092] ARMSTRONG ENERGY CORP

☐ Amended - Reason for
Amendment: _____

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
ROCK STEADY STATE #001	30-025-48525	L-24-18S-35E	2288S 0800W	100	Vented	

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to VERSADO GAS PROCESSORS,LLC and will be connected to VERSADO GAS PROCESSORS,LLC Low Pressure gathering system located in Lea County, New Mexico. It will require 1700' of pipeline to connect the facility to Low Pressure gathering system. ARMSTRONG ENERGY CORP provides (periodically) to VERSADO GAS PROCESSORS,LLC a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, ARMSTRONG ENERGY CORP and VERSADO GAS PROCESSORS,LLC have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at VERSADO GAS PROCESSORS,LLC Processing Plant located in Sec. 36, Twn. 19S, Rng. 36E, Lea County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on VERSADO GAS PROCESSORS,LLC system at that time. Based on current information, it is ARMSTRONG ENERGY CORP's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

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Form APD Comments

Permit 292566

PERMIT COMMENTS

Operator Name and Address: ARMSTRONG ENERGY CORP [1092] P.O. Box 1973 Roswell, NM 88202		API Number: 30-025-48525
		Well: ROCK STEADY STATE #001

Created By	Comment	Comment Date
plmartinez	Armstrong in is violation of 5.9 rule. As operator of 116 wells, Armstrong may have not more than 5 wells in violation of the inactive well rule. Armstrong has 17 wells in violation.	2/23/2021

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Form APD Conditions

Permit 292566

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: ARMSTRONG ENERGY CORP [1092] P.O. Box 1973 Roswell, NM 88202	API Number: 30-025-48525
	Well: ROCK STEADY STATE #001

OCD Reviewer	Condition
pkautz	Notify OCD 24 hours prior to casing & cement
pkautz	Will require deviation survey with C-105
pkautz	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water
pkautz	1)- The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud 2)- Drilling Sundries Form C-103 (Casing and Cement test are to be submitted within 10 days 3)- Completion Reports & Logs are to be submitted within 45 days 4)- Deviation / Directional Drill Survey are to be filed with or prior to C-104
pkautz	It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD. If an APD expires and if site construction has occurred, site remediation is required.
pkautz	Stage Tool 1) Must notify OCD Hobbs Office prior to running Stage Tool at 5753703186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe.