

State of New Mexico
Energy, Minerals and Natural Resources Department

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NON-STANDARD LOCATION

Administrative Order NSL-7740

Armstrong Energy Corporation [OGRID 1092]
Huckleberry State Well No. 1
API No. 30-005-64315

Proposed Surface Location, Vertical Well

<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
2402 FSL & 1610 FEL	J	10	15S	28E	Chaves

Proposed Project Area

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NW4 SE4 of Section 10	40	WC 005 1528S10 J Devonian	98290

Reference is made to your application received on June 28, 2018.

You have requested to drill this well at an unorthodox oil well location described above in the referenced pool or formation. Subsection A of 19.15.15.9 NMAC governs this pool and provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary.

This well's completed interval is as close as 238 feet to the northern edge, and 290 feet to the eastern edge. Encroachments will impact the following tracts.

Section 10, encroachment to the SW4 NE4 & NE4 SE4

Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you seek this location as a preferred well spacing for your intended well to maximize the recovery of oil and gas reserves underlying the project area located within the Devonian formation underlying the NW4 SE4 of Section 10.