

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☒ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kyle Alpers
 Print or Type Name

Signature

Field Engineer - Armstrong Energy Corporation
 Title

2/23/16
 Date

kalpers@aecn.com
 e-mail Address

NSL 7395
 - Armstrong Energy Corp
 1092
 well
 - Benfide
 "15" Federal
 CUM #1
 30-005-27939
 Pool
 - Apache Springs
 Wolfcamp
 2280

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 Road, Artec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
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, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-27939	² Pool Code 2280	³ Pool Name Apache Springs; Wolfcamp
⁴ Property Code 34734	⁵ Property Name Bonafide "15"	⁶ Well Number 1
⁷ OGRID No. 1092	⁸ Operator Name Armstrong Energy Corporation	⁹ Elevation 4481' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	15	11S	31E		1100	South	660	West	Chaves

¹¹ 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

¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No. R-641
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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>¹⁶ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: Date: 3/11/16</p> <p>Printed Name: Kyle Alpers</p> <p>E-mail Address: kalpers@aecnm.com</p>
			<p>Geodetic Coordinates NAD 27, NME</p> <p>X = 858880.1N X = 658094.3E</p>	
			<p>Latitude: 33.359993°N</p> <p>Longitude: 103.815558°W</p>	
				<p>¹⁷ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>December 20, 2006</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>(ON FILE)</p> <p>Certificate Number</p>

February 16, 2016

Mr. Richard Ezeanyim
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OOD

2016 FEB 25 P 3: 00

Re: Armstrong Energy Corporation
Application for administrative approval – Non-standard well location
Bonafide "15" Com #1
1100' FSL & 660' FEL (SW/SW, Unit M)
Section 15-T11S-R31E, NMPM
San Andres Re-completion
Chaves County, New Mexico

Dear Mr. Ezeanyim:

Armstrong Energy Corporation (AEC) hereby seeks administrative approval pursuant to NMAC 19.15.15.13 for a non-standard well location for a proposed re-entry in the Bonafide "15" Com #1.

AEC will attempt a Wolfcamp/Pennsylvanian completion with an anticipated PBTD of approximately 9,150'.

The existing well location is 1100' FSL & 660' FWL, section 15, T11S-R31E. The well was drilled to a total depth of 11,150' and subsequently plugged as a dry hole in 2007.

The original well was subject to 320 acre spacing. This allowed the spacing of the wellbore to be considered a standard location. The new completion is anticipated to be an oil well subject to 40 acre spacing, per statewide Rule 19.15.15.9.A NMAC which requires for a well to be located at least 330 feet from a unit outer boundary. This will require administrative approval as a non-standard location, as the well is located 220' from the north boundary of the SW/SW 40 acre unit in section 15.

The existing wellbore with new spacing encroaches on the NW/SW quarter section in section 15. The mineral/royalty ownership under this encroached tract and the existing wellbore tract is common to and is subject to the AEC oil and gas lease that covers the S/2 of Section 15.

There have been no necessary notifications, as the only encroached area is within the same lease as the captioned well.

Should you need any additional information, please call me at 575-625-2222 ext. 305.

Sincerely,

Armstrong Energy Corporation



Kyle Alpers

Field Engineer – Armstrong Energy Corporation

xc: Mr. Paul Kautz
New Mexico Oil Conservation Division – District 1
1625 N. French Drive
Hobbs, NM 88240



500 North Main Street, Suite 200
P.O. Box 1973
Roswell, New Mexico 88202-1973
(575) 625-2222
Fax (575) 622-2512

March 4, 2016

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attn: Mr. Michael A. McMillan
Engineering/Geological Services Bureau

Re: Bonafide 15 No. 1
S/2 Sec 15, T11S-R31E, NMPM
Chaves County, NM

Gentlemen:

With the regard to Armstrong Energy Corporation's application for approval of a Non Standard Location for the captioned well, please be advised that the mineral ownership under the S/2 Section 15, T11S-R31E is undivided as to the entire 320 acre tract and is leased 100% by Armstrong Energy Corporation. Therefore any drillsite located in this tract will have identical mineral ownership. Also I noticed that the well is referred to as the Bonafide 15 Com #1. Since the mineral ownership is undivided and effectively pooled, the "Com" designation may not be appropriate since the term usually refers to the communitization of undivided tracts of either fee, state or federal minerals.

Should you need anything further, please contact me at 575-623-2999 X315.

Respectfully,

A handwritten signature in black ink, appearing to read 'Robert H. Watson'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Robert H. Watson
Land Manager for Armstrong Energy Corporation

McMillan, Michael, EMNRD

From: Kyle Alpers <kalpers@armstrongenergycorp.com>
Sent: Wednesday, March 09, 2016 11:22 AM
To: McMillan, Michael, EMNRD
Subject: RE: Bonafide "15" Com Well No.1

Thanks Mike,

Not sure if one of my previous responses is already serving as the "informal reply", so here's one for good measure.

The reason we filed for a non-standard location was in order to utilize this existing wellbore in order to test a zone which we believe to be present in the area.

Thanks for all of your help!

Kyle Alpers

Field Engineer

kalpers@aecnm.com

PO Box 1973

Roswell, NM 88202

(O) 575-623-2999 Ext. 305

(C) 575-626-2727

(F) 575-622-2512

****PLEASE NOTE NEW EMAIL ADDRESS****



"This communication is confidential and intended only for the addressee. If you are not the intended recipient, you may not copy, disclose, or distribute this message to anyone else; any such actions may be unlawful. The company reserves the right to amend statements made herein in the event of a mistake. Unless expressly stated herein to the contrary, only agreements in writing signed by an authorized officer of the company may be enforced against it."

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Monday, March 07, 2016 9:28 AM
To: Kyle Alpers
Subject: RE: Bonafide "15" Com Well No.1

No- since it is identical ownership an informal reply to this e-mail will suffice. Realistically all you are doing is using an existing borehole to test a zone

McMillan, Michael, EMNRD

From: Kyle Alpers <kalpers@armstrongenergycorp.com>
Sent: Tuesday, March 22, 2016 11:37 AM
To: McMillan, Michael, EMNRD
Subject: FW: Bonafide "15" Com Well No.1

Kyle Alpers
Operations Manager
kalpers@aecnm.com
PO Box 1973
Roswell, NM 88202
(O) 575-623-2999 Ext. 305
(C) 575-626-2727
(F) 575-622-2512

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From: Kautz, Paul, EMNRD [mailto:paul.kautz@state.nm.us]
Sent: Wednesday, March 09, 2016 1:25 PM
To: Kyle Alpers
Subject: RE: Bonafide "15" Com Well No.1

APACHE SPRINGS;WOLFCAMP [2280]

General Pool Information

Effective Date: 06/01/1955

Status: Active

Type: Oil

Order Details

OCD Order Number: R-641

Region: S

Spacing Details

Oil Well Spacing: 40

Gas Well Spacing: 40

Orthodox Well Location

Feet from the End Line: 330

Feet from the Side Line: 330

Feet from the Nearest Well: 0

Feet from the Q/Q Line: 330

Limits & Percentages

Top Unit Allowable: 187

Casinghead Gas Limit: 374

Gas Oil Limit: 2000

Depth Bracket: 7999

Prorated Gas: No

Acre Basis Percentage: 100.00

Delivery Basis Percentage: 0.00

Simultaneous Dedication Allowed: Y

Paul Kautz

Hobbs District Geologist

NM Oil Conservation Div.

1625 N French Dr.

Hobbs, NM 88240

575-393-6161 Ext. 104

From: Kyle Alpers [<mailto:kalpers@armstrongenergycorp.com>]

Sent: Wednesday, March 09, 2016 11:19 AM

To: Kautz, Paul, EMNRD

Subject: RE: Bonafide "15" Com Well No.1

Hi Paul,

Yes sir, that is the correct well. The Wolfcamp is our target, anticipate vertical oil well, with 40 acre spacing.

Thanks

Kyle Alpers

Field Engineer

kalpers@aecnm.com

PO Box 1973

Roswell, NM 88202

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From: Kautz, Paul, EMNRD [<mailto:paul.kautz@state.nm.us>]
Sent: Monday, March 07, 2016 10:30 AM
To: Kyle Alpers
Subject: RE: Bonafide "15" Com Well No.1

Hi Kyle,

I did a search and is this the correct well

30-005-27939 BONAFIDE 15 COM #001 [36261]

General Well Information

Operator:	[18917] READ & STEVENS INC
Status:	Plugged, Site Released
Well Type:	Gas
Work Type:	New
Surface Location:	M-15-11S-31E 1100 FSL 660 FWL
Lat/Long:	33.3601151,-103.81604 NAD83
GL Elevation:	4473

If so what formation is your target, proposed well type and proration unit or project area.

Thanks,

Paul Kautz
Hobbs District Geologist
NM Oil Conservation Div.
1625 N French Dr.

Hobbs, NM 88240
575-393-6161 Ext. 104

From: Kyle Alpers [<mailto:kalpers@armstrongenergycorp.com>]
Sent: Monday, March 07, 2016 9:25 AM
To: Kautz, Paul, EMNRD
Subject: FW: Bonafide "15" Com Well No.1

Paul,

We are planning a re-entry in Chaves County and I applied for a non-standard location, and I got the below response from Mike. Can you give me some direction on the new pool? Do I need to formally request a new pool from you? Is there a form I send to you?

Thanks for the help!

Kyle Alpers
Field Engineer
kalpers@aecnm.com
PO Box 1973
Roswell, NM 88202
(O) 575-623-2999 Ext. 305
(C) 575-626-2727
(F) 575-622-2512

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From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Friday, March 04, 2016 11:18 AM
To: kalpers@aecnm.com

Cc: tking@aecnrm.com

Subject: Bonafide "15" Com Well No.1

Kyle:

I received Your NSL application Monday.

Unfortunately, I did not have your correct e-mail, when I initially reviewed your application

I need the following information:

- Signed letter from either a landman or exploration manager stating identical ownership
- *C-102 for the new pool. Make sure that Paul Kautz has approved the new pool*
- Reason for the NSL- a reentry which states conservation of resources is a valid reason to approved the NSL application.

Thank you

Give Tom King my regards

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division

1220 South St. Francis Dr., Santa Fe NM 87505

O: 505.476.3448 F. 505.476.3462

Michael.mcmillan@state.nm.us

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Wednesday, March 09, 2016 6:25 PM
To: 'Kyle Alpers'
Subject: RE: Bonafide "15" Com Well No.1

Thanks
Mike

From: Kyle Alpers [mailto:kalpers@armstrongenergycorp.com]
Sent: Wednesday, March 09, 2016 11:22 AM
To: McMillan, Michael, EMNRD
Subject: RE: Bonafide "15" Com Well No.1

Thanks Mike,

Not sure if one of my previous responses is already serving as the "informal reply", so here's one for good measure.

The reason we filed for a non-standard location was in order to utilize this existing wellbore in order to test a zone which we believe to be present in the area.

Thanks for all of your help!

Kyle Alpers
Field Engineer
kalpers@aecnm.com

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