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August 6, 2012

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

CERTIFIED MAIL
RETURN RECEIPT

Attention: Jamie Baily, Division Director

Re: Compulsory Pooling Order R-13609
Ruby Tuesday #1
SW/4NW/4 of Section 31, T5S-R34E
Roosevelt County, New Mexico

Case 14875

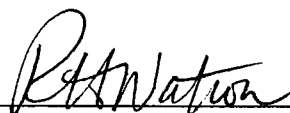
Dear Division Director:

In accordance with paragraph 8, page 3 of the captioned Compulsory Pooling Order, we enclose an itemized schedule of estimated cost to drill, complete and equip the captioned well (AFE).

Should you have any questions, please contact this office.

Respectfully,

ARMSTRONG ENERGY CORPORATION


Robert H. Watson, Land Manager

RHW/vp

Enclosures

AUTHORIZATION FOR EXPENDITURE

LEASE/WELL NAME: Ruby Tuesday #1
FIELD NAME: Wildcat
LEGAL DESCRIPTION: SW NW/4 Sec. 31-T5S-R34E, Approximately 2260' FNL & 643' FWL
DESCRIPTION OF WORK: Drill a 8,300' well to test Penn and Fusselman production

DEPTH: 8,300'
OBJECTIVE: Fusselman
COUNTY/STATE: Roosevelt

ACCOUNT

CODE	DESCRIPTION	DRILLING	COMPLETION	TOTAL
INTANGIBLE DRILLING COST				
9210-102	SURVEYING & ARCHAEOLOGICAL SURVEY	5,000		
9210-102	LOCATION, ROAD AND DAMAGES	65,000		
9210-103	MOBILIZATION	50,000		
9220-104	DRILLING - DAYWORK 10 DAYS	131,250		
9210-105	DRILLING - FOOTAGE 6500' @\$35.00/FT	238,875		
9210-107	DRILL BITS 2 - 7 7/8"	16,800		
9210-125	FUEL	73,500		
9210-111	CEMENT SERVICES CONDUCTOR CASING	7,500		
	SURFACE CASING	48,930		
9210-115	SUPERVISION 30 DAYS	35,000		
9210-115	GEOLOGIST/ENGINEER	5,000		
9210-109	MUD MATERIALS AND SPECIAL EQUIPMENT	100,000		
9210-109	WATER	25,000		
9220-117	HAULING & TRANSPORTATION	50,000		
9210-112	MUDLOGGING 24 DAYS @ \$1000/DAY	25,725		
9210-112	DRILLSTEM TEST 1 TEST	15,000		
9210-112	LOGGING & SIDEWALL CORES	60,000		
9210-116	LABOR	25,000		
9210-114	RENTAL EQUIPMENT	60,000		
9210-124	ADMINISTRATIVE OVERHEAD	7,500		
9210-101	LEGAL	5,000		
9353-000	INSURANCE	6,118		
9210-118	MISCELLANEOUS	25,000		
	TOTAL INTANGIBLE DRILLING COSTS	1,081,198	0	1,081,198
INTANGIBLE COMPLETION COSTS				
9210-123	COMPLETION UNIT 10 DAYS		42,000	
9210-114	REVERSE UNIT 3 DAYS		8,875	
9210-120	WATER		5,000	
9210-111	CEMENTING SERVICES - PRODUCTION CASING		45,150	
9210-121	PERFORATING & BOND LOG		9,500	
9210-122	STIMULATION: ACID TREATMENTS		10,000	
9210-116	WELDING		2,000	
9310-102	SUPERVISION 10 DAYS		10,000	
9210-117	TRANSPORTATION, INSTALLATION & LABOR		30,000	
9310-301	EQUIPMENT RENTAL: FRAC TANKS		5,000	
	TOOLS		15,000	
	BOP & MISC.		10,000	
9310-105	LABOR, ROUSTABOUTS		15,000	
9210-113	CASING CREWS		7,350	
9210-120	COMPLETION FLUIDS		5,000	
9320-000	ADMINISTRATIVE OVERHEAD		7,500	
9210-101	LEGAL		5,000	
9310-910	MISCELLANEOUS		20,000	
	TOTAL INTANGIBLE COMPLETION COSTS		252,375	252,375
TANGIBLE COMPLETION COSTS				
9110-124	WELLHEAD	3,250	6,500	
9110-101	SURFACE CASING 8 5/8" @2402'	45,589		
9110-107	PRODUCTION CASING 5 1/2" @ 8300'		138,403	
9110-120	TUBING 2 7/8" @ 8100'		62,876	
9110-125	DOWNHOLE EQUIPMENT		7,500	
9110-116	ANCHORS		1,500	
9110-104	FLOWLINES, VALVES & FITTINGS .5 MILE PIPELINE		20,000	
9110-116	SPECIAL EQUIPMENT		500	
9110-116	METERS & METER RUN		5,000	
9110-110	OIL STORAGE TANKS 2-500 BBLS.		40,000	
9110-110	WATER STORAGE TANK 1-500 BBLS.		20,000	
9110-109	HEATER/ SEPERATOR 1 MMBTU 3-PHASE, H.P.		35,000	
	MISCELLANEOUS		10,000	
	TOTAL TANGIBLE COMPLETION COSTS	48,839	347,279	396,118
	TOTAL WELL COST	1,130,037	599,654	1,729,691

Operator has secured Operator's Extra Expense Insurance covering the costs of well control, clean up and redrilling as estimated in Code: 9353-000.
Non-Operator may elect NOT to be covered by this Operator's Extra Expense Insurance only by signing below. The undersigned elects Not to be covered by Operator's Extra Expense Insurance for their well.

By: _____ Name: _____ Date: _____

PREPARED BY: KYLE ALPERS TITLE: ENGINEER DATE: 3/28/2012

APPROVED BY: ROBERT G. ARMSTRONG TITLE: PRESIDENT DATE: 3/28/2012

APPROVED BY: _____ TITLE: _____ DATE: _____
COMPANY: _____ W.I. %: _____

IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS A.F.E. SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN THE OPERATION SPECIFIED ABOVE, WHETHER MORE OR LESS THAN SET OUT HEREIN.