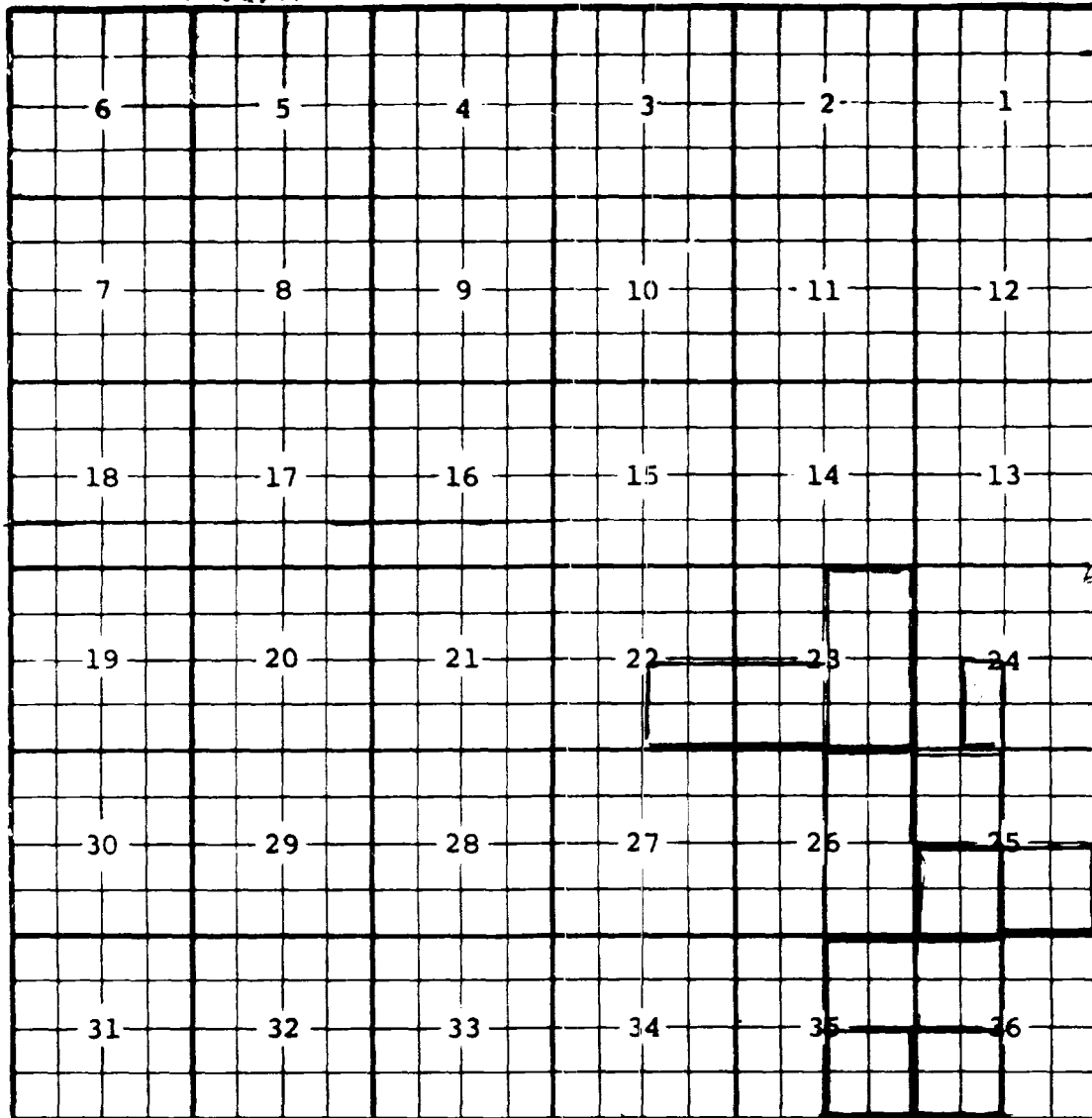


COUNTY Lea POOL Lea - Bone Springs

NMIPM

Ext. $\frac{SE}{4}$ Sec. 35 (R. 3964, 6-1-70) - $\frac{SW}{4}$ Sec. 36 (R. 4041, 11-1-70) - $\frac{NE}{4}$ Sec. 35;
 $\frac{NW}{4}$ Sec. 36 (R. 4106, 3-1-71) - $\frac{SW}{4}$ Sec. 25 (R. 4155, 7-1-71) - $\frac{SE}{4}$ Sec. 25 (R. 4279, 4-1-72)

Ext: E/2 Sec. 26 (A-7158, 12-8-82)

Ext: Sec. 23 E/2 (R-7193, 1-26-83) Ext. ^{W/4} Sec. 25 (R-7248, 3-30-83)

Ext: ~~SW~~ Sec. 22, ^{SW} Sec. 23 (R-8214, 5-1-83)

COUNTY *Lea*POOL *Lea - Deer Springs*TOWNSHIP *19 South*RANGE *35 East*

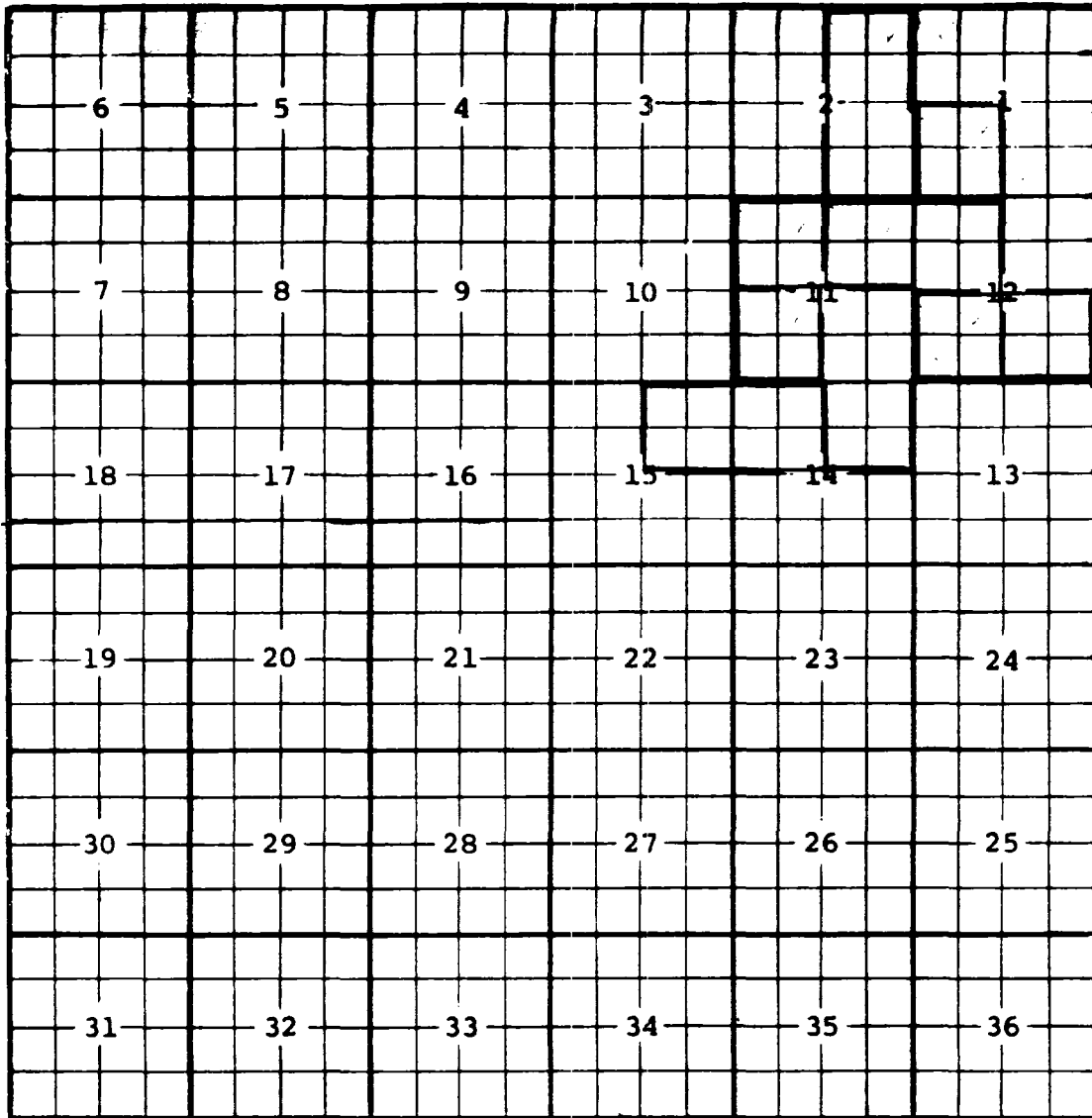
NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Ext. ^{SW}/₄ Sec. 30 (R-4279, 4-1-72)

COUNTY LeaPOOL Lea - Bone SpringsTOWNSHIP 20 SouthRANGE 34 East

NMPM

Description: SW 1/4 Sec. 12 (R-1827, 12-8-60)Ext: NE 1/4 Sec. 11; NW 1/4 Sec. 12 (R-1981, 6-1-61) - NW 1/4 Sec. 11 (R-1999, 7-1-61)- SE 1/4 Sec. 12 (R-2101, 11-1-61) - SW 1/4 Sec. 1 (R-2241, 6-1-62) - SW 1/4 Sec. 11 (R-2705, 6-1-64)- E 1/2 Sec. 1 (R-2241, 6-1-70) EXT: SE 1/4 SEC 11, NE 1/4 SEC 14 (R-8667, 6/10/88)EXT: NW 1/4 sec 14, NE 1/4 sec 15 (R-8901, 4-1-89)

LEA-BONE SPRINGS POOL
Lea County, New Mexico

Order No. R-1827, Creating and Adopting Temporary Rules for the Lea-Bone Springs Pool, Lea County, New Mexico, January 1, 1961.

Order No. R-1827-A makes permanent the temporary rules adopted in Order No. R-1800, and set out below.

Application of The Ohio Oil Company for an Order creating and establishing temporary special rules and regulations for the Lea-Bone Springs Pool, Lea County, New Mexico, to provide for 80-acre proration units.

CASE NO. 2119
Order No. R-1827

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on November 16, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 8th day of December, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That on the basis of a discovery well drilled in the NW/4 SW/4 of Section 12, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, to a depth of approximately 9665 feet the applicant, The Ohio Oil Company, seeks an order creating a new oil pool for Bone Springs production to be known as the Lea-Bone Springs Pool and to comprise the SW/4 of said Section 12.
- (3) That the applicant further seeks the promulgation of temporary special rules and regulations for the Lea-Bone Springs Pool to provide for 80-acre proration units.
- (4) That the evidence presented indicates that at least for the present it may be uneconomical to drill wells on 40-acre proration units in this subject pool, and to remain on such a spacing pattern might impose further development in said pool.
- (5) That the evidence presented concerning the reservoir characteristics of the Lea-Bone Springs Pool justifies the establishment of 80-acre proration units in said pool for a temporary one-year period.
- (6) That during the one-year period in which this order will be in effect, the applicant should gather all available information relative to drainage and recoverable reserves in the subject pool, including core data and interference tests.
- (7) That this case should be heard again by the Commission at the regular monthly hearing in December, 1961, at which time the applicant should be prepared to prove by a preponderance of the evidence the proration unit size on which the subject pool can be most efficiently drained and developed.

IT IS THEREFORE ORDERED:

- (1) That a new pool in Lea County, New Mexico, classified as an oil pool for Bone Springs production be and the same is hereby created and designated as the Lea-Bone Springs Pool consisting of the following described acreage:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 12: SW/4

- (2) That temporary special rules and regulations for the

Lea-Bone Springs Pool in Lea County, New Mexico, be and the same are hereby promulgated as follows, effective January 1, 1961.

SPECIAL RULES AND REGULATIONS FOR THE LEA-BONE SPRINGS POOL

RULE 1. Each well completed or recompleted in the Lea-Bone Springs Pool or in the Bone Springs formation within one mile of said pool, and not nearer to nor within the limits of another designated Bone Springs Pool, shall be spaced, drilled, operated and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Lea-Bone Springs Pool shall be located on a unit containing 80 acres, more or less, which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. (As Amended by Order No. R-1827-A, December 21, 1961.) The initial well on any 80-acre unit in said pool shall be located within 150 feet of the center of any quarter-quarter section on which the well is located. Any well which was completed in the Lea-Bone Springs Pool or which was drilling to the Bone Springs formation within one mile of said pool prior to January 1, 1961, is granted an exception to the well location requirements of this rule.

RULE 4. For good cause shown, the Secretary-Director of the Commission may grant exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Lea-Bone Springs Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the Lea-Bone Springs Pool shall be assigned an 80-acre proportional factor of 4.77 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

IT IS FURTHER ORDERED:

That operators who propose to dedicate 80 acres to a well in the Lea-Bone Springs Pool must file an amended Commission Form C-128 with the Hobbs District Office of the Commission by December 16, 1960, in order that the well may be assigned an 80-acre allowable on the January proration schedule.

IT IS FURTHER ORDERED:

That this case be reopened at the regular monthly hearing of the Commission in December, 1961, at which time operators in the subject pool shall appear and show cause why the Lea-Bone Springs Pool should not be developed on 40-acre proration units.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. <input checked="" type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER		7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR Harvey E. Yates Company		8. FARM OR LEASE NAME Mobil 24 Federal
3. ADDRESS OF OPERATOR P.O. Box 1933, Roswell, New Mexico 88202		9. WELL NO. #1
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 1650' FSL & 2310' FWL		10. FIELD AND POOL, OR WILDCAT Lea Bone Springs
14. PERMIT NO.		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 24, T19S, R34E
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 3798.6 FL		12. COUNTY OR PARISH Lea
		13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF	<input type="checkbox"/>	WATER SHUT-OFF	<input type="checkbox"/>
FRACURE TREAT	<input type="checkbox"/>	FRACURE TREATMENT	<input type="checkbox"/>
RIIHOOT OR ACIDIZING	<input type="checkbox"/>	SHOOTING OR ACIDIZING	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	(Other) <u>Change of Operator & Well Name</u>	<input type="checkbox"/>
(Other)	<input type="checkbox"/>	(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)	<input type="checkbox"/>

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Please attach Sundry to the APD

Harvey E. Yates Company would like to inform you of the Change in Operator of the above captioned well; former operator was Armstrong Energy Corp.

We are requesting approval of the well name change from Mobil Federal 24-#1 to the Mobil 24 Federal #1.

Please find attached a signed plat with the land dedicated.

RECEIVED
MAR 9 10 38 AM '90
CARL H. HARRIS
AREA ENGINEER

18. I hereby certify that the foregoing is true and correct

SIGNED <u>Vickie J. V. Teel</u>	TITLE <u>Production Sec.</u>	DATE <u>3/8/90</u>
(This space for Federal or State office use)		
APPROVED BY <u>Signed by Shannon J. Shaw</u>	TITLE <u>PETROLEUM ENGINEER</u>	DATE <u>3-21-90</u>
CONDITIONS OF APPROVAL, IF ANY:		

*See Instructions on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
HOLDS, NEW MEXICO 88240

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 ☐

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

HARVEY. E. YATES COMPANY
Armstrong Energy Corp.

3. ADDRESS OF OPERATOR

P. O. Box 1973, Roswell, NM 88202

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

At surface

1650' FSL & 2310' FWL

At proposed prod. zone

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

23 Miles West of Hobbs & 42.5 Miles NE of Carlsbad

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

990'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED

80

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1300'

19. PROPOSED DEPTH

11,000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3798.6 GL

22. APPROX. DATE WORK WILL START*

3-24-90

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	54.5#	44" CIRCULATE	450 SX Circ. Class "C"
11"	8 5/8"	24 #	390" CIRCULATE	1800 SX (1600 lt. 200 "C")
7 7/8"	5 1/2"	17 #	11,000'	1800 SX (1200 "H" 450 "C" 150 lt.)

BOP Program:

A 10" series 600 Shaffer Double BOP, 3000 psi W. P., with
Hydraulic closing unit and blind rams will be installed and
tested daily.

Armstrong Energy Corp. proposes to drill to 11,000' with a rotary
rig to test the Bone Spring Formation.

Mud Program:

0'-400' Spud Mud

400'-3700' Native, Brine, Vis. 30-32, Wt. 8.8-9.0

3,700'-10,200' Cut Brine, Vis 28-29, Wt. 28-30 Fresh Water

10,200'-11000' Brine, drispac, soda ash, Vis 31-32, Wt. 9.4-9.6

*All changes as per telecon w/N.M. Young, 3/7/90. (535)

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

Kevin E. McKaney

Agent For:

TITLE

Armstrong Energy Corp.

DATE

2-23-90

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Orig. Signed by Richard L. Manus

AREA MANAGER

TITLE

CARLSBAD RESOURCE

DATE

3-21-90

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO

GENERAL REQUIREMENTS AND

SPECIAL STIPULATIONS

*See Instructions On Reverse Side

ATTACHED
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.

To Appropriate
Office
Lease - 4 copies
Lease - 3 copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

RECEIVED

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

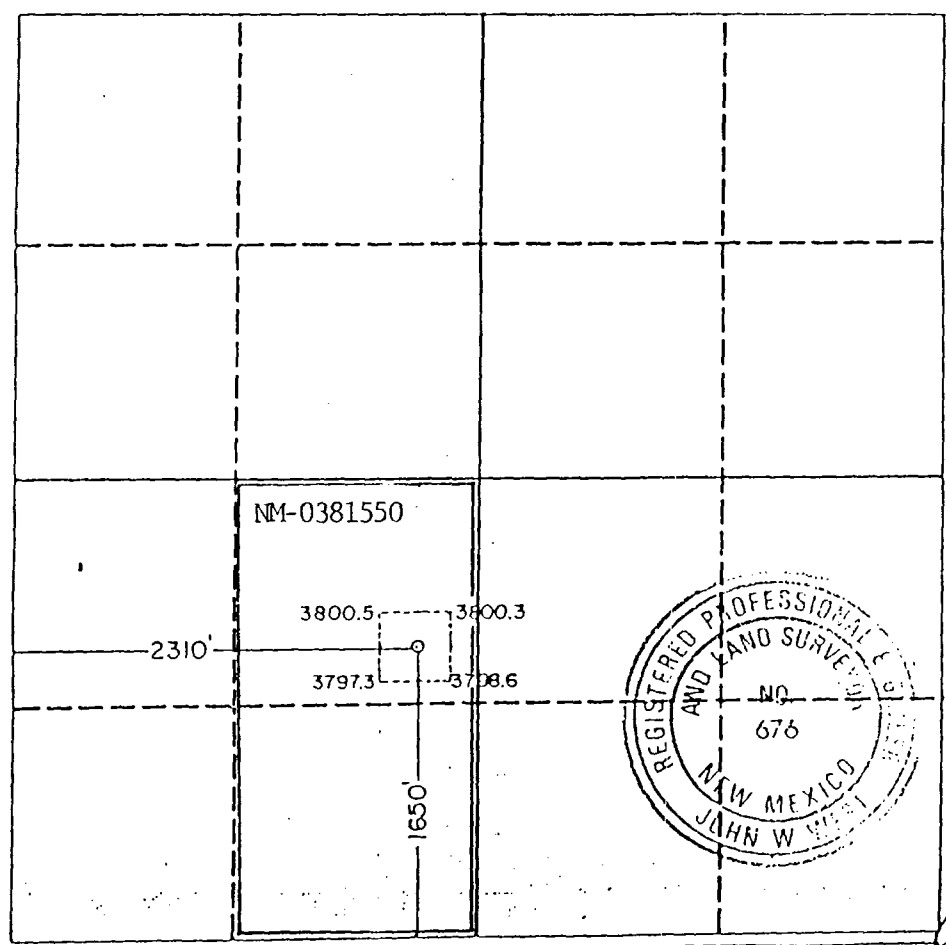
WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

MAR 9 10 39 AM '90

Operator ARMSTRONG ENERGY CORP.			Lease Mobil Federal 24		CARE AREA	Well No. SE 1 RS
Unit Letter K	Section 24	Township 19 South	Range 34 East	County NMNM		Lea
Actual Footage Location of Well: 1650 feet from the South line and 2310 feet from the West line						
Ground level Elev. 3798.6	Producing Formation Bone Springs		Pool Lea Bone Springs		Dedicated Acreage: 80 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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: <i>[Signature]</i>	
Printed Name: ROBERT C. ARMSTRONG	
Position: PRESIDENT	
Company: ARMSTRONG ENERGY CORP.	
Date: 2/23/90	
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: February 15, 1990 Signature & Seal of Professional Surveyor: <i>[Signature]</i> Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3239	

