N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

JUN 13 2007

OCD-ARTESIA

Form 3160-3
(February 2005)

FORM APPROVED
OMB No. 1004-0136
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. **NM-62182**	
6. If Indian, Allotee or Tribe Name	
7. If Unit or CA Agreement, Name and No.	
8. Lease Name and Well No. **North Park Federal #1** 36540	
9. API Well No. **30-005-62559**	
10. Field and Pool, or Exploratory **Coyote Wolfcamp**	
11. Sec., T. R. M. or Blk. and Survey or Area **20-T11S-R27E**	
12. County or Parish **Chaves**	13. State **NM**

1a. Type of work: ☐ DRILL ☑ REENTER

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

2. Name of Operator **Armstrong Energy Corporation** 1092

3a. Address **P.O. Box 1973, Roswell, NM 88202**

3b. Phone No. *(include area code)* **505-625-2222**

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **990' FNL & 835' FWL, Unit D, NW/NW**
At proposed prod. zone **Same as above**

14. Distance in miles and direction from nearest town or post office*
14 miles east-southeast from Roswell, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **485' / 835'**	16. No. of acres in lease **120 ac.**	17. Spacing Unit dedicated to this well **W/2 Sec. 20, 320 acres**	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **1979.4'**	19. Proposed Depth **5550'**	20. BLM/BIA Bond No. on file **NM-1826**	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) **3685.1 GL**	22. Approximate date work will start* **06/25/2007**	23. Estimated duration **30 days**	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature	Name *(Printed/Typed)* **Bruce A. Stubbs**	Date **04/04/2007**

Title **Vice President - Operations**

Approved by *(Signature)* /S/ JOHN S. SIMITZ	Name *(Printed/Typed)* /S/ JOHN S. SIMITZ	Date JUN 11 2007
Title Acting Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEARS

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on page 2)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
Armstrong Energy Corporation	North Park Federal	1 X

Unit Letter	Section	Township	Range	County
D	20	11 South	27 East	Chaves

Actual Footage Location of Well: 990 feet from the north line and 835 feet from the west line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3685.1	Wolfcamp	Coyote Wolfcamp	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

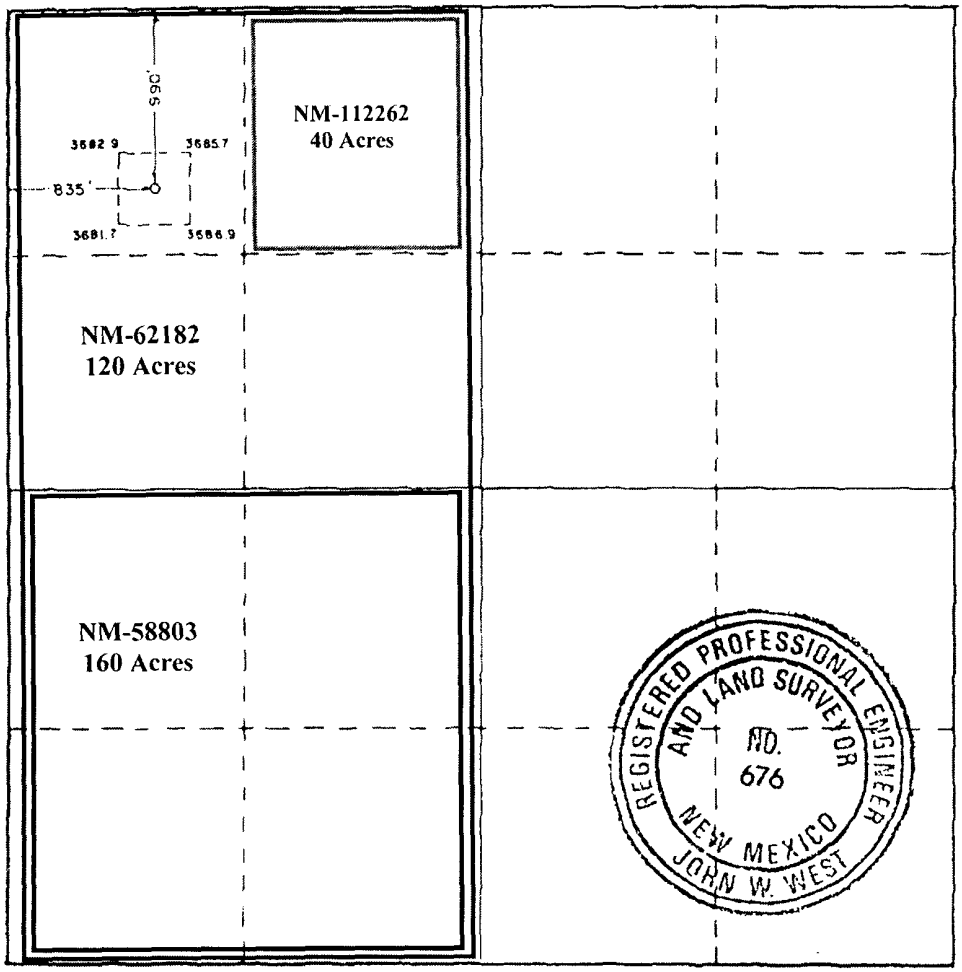
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ 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 interests, has been approved by the Commission.

BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA
RECEIVED
OCT 19 1987



96560

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: Bruce A. Stubbs

Position: Vice President

Company: Armstrong Energy Corporation

Date: April 3, 2007

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: September 30, 1987

Registered Professional Engineer and/or Land Surveyor

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

Armstrong Energy Corporation
North Park Federal #1
Reentry Project
API No.: 30-005-62559
990' FNL & 835' FWL
Section 20-T11S-R27E
Chaves County, New Mexico

1. The Estimated tops of geological markers are as follows:

Queen	672'
San Andres	1125'
Tubb	3794'
Abo	4585'
Wolfcamp	5332'
Wolfcamp W-2	5419'
Wolfcamp W-3	5680'
Fusselman	6294'

2. The estimated depth at which anticipated water, oil or gas formations are expected to be encountered:

Water	50'
Gas	5419'

3. Pressure Control Equipment: Minimum of a 2,000 psi W.P. BOP nippled up on the 9 5/8" casing, the BOP system will be consistent with RP 53. Pressure tests will be conducted after nippling up on the 9 5/8" casing and prior to drilling below the 9 5/8" casing set at 1172'. Blowout Preventor controls will be installed after nippling up on the 9 5/8" casing and will remain in use until casing is set or the well is abandoned. The BOP will be inspected and operated daily to ensure good mechanical working order and this inspection will be recorded in the daily drilling report. See BOP Diagram, Exhibit B.

4. Proposed Casing and Cementing Program:

A. Casing Program:

Hole Size	Casing Size	Wt./Ft.	Grade	Coupling	Interval	Cond.
17 ½"	13 3/8"	48 #/ft.	H-40	ST&C	0-455'	Existing
12 ¼"	9 5/8"	36 #/ft.	K-55	ST&C	0-1172'	Existing
8 3/4"	5 ½"	15.5 #/ft.	J-55	LT&C	0-5550'	New

Minimum casing design factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

B. Cementing Program:

String	Sacks	Type	Yield	Fill
Surface	400	Class "C" w/ 2% $CaCl_2$	1.32 ft^3	Circ. 85 sx.
Intermediate	300	Lite	1.69 ft^3	
	400	Class "C" w/ 2% $CaCl_2$	1.32 ft^3	Circ. 21 sx.
Production	250	Super "H" w/.5% LAP-1, .4% CFR-3, 2.5 #/sx. Salt, .25 #/sx. D-Air	1.19 ft^3	Est. TOC @3250'

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid loss
0-4250'	Fresh Water Gel	8.5-8.9	28-34	N.C.
4250-5550'	Salt Gel/Starch/4-6% KCL	9.6-9.8	45-55	<6 cc

Sufficient mud materials to maintain mud properties, control lost circulation and maintain well control will be available at the well site during cleanout operations. Mud will be check daily by the mud engineer.

The mud system will be contained in steel pits and tanks, cuttings will be contained in steel pits and hauled to disposal.

6. Evaluation Program:

This well was logged on 11-14-87 and 12-4-87. Logs included SDL, DSN, DLL, MG, Cal., GR and P.E. logs. No additional logging is planned.

Coring: None Planned
DST's: None Planned

7. Abnormal conditions, bottom hole pressure and potential hazards:

Anticipated BHP: From 0 to 5500' Anticipated Max. BHP is 2100 psi

Abnormal Pressure Anticipated: None

Lost Circulation Zones Anticipated: None

H_2S Zones Anticipated: None

Maximum Bottom Hole Temperature Anticipated: 110 °F

8. Anticipated starting date:

Plans are to reenter this well on or about June 25th 2007. It is anticipated the reentry will take 7 days and the completion will take an additional 20 days.

9. Reentry plan: Drill out surface plug 0'-50', drill out shoe plug 400'-500', drill out retainer and squeeze cement 670'-778', test casing and squeeze to 500 psi, drill out shoe plug 1100'-1222', drill out plug 2264'-2364', mud up above Abo Zone, drill out plug 4536'-4636', clean out to 5550', run 4 ½" casing and cement.

CMT PLUG 0-50'

CMT PLUG 400-500'
T. QUEEN 672'
30' CMT.
RETAINER @ 700'
SQUEEZE W/ 150 SX.

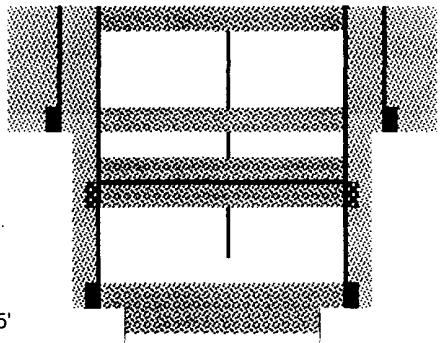
50 SX. 1100-1222'
T. SAN ANDRES 1125'

40 SX. 2264-2364'

T. ABO 4580'
40 SX. 4536-4636'

WOLFCAMP 5422-30'

60 SX. 6214-6364'
T. FUSSELMAN 6294'



17 1/2" HOLE

13 3/8"-48 #/FT, H-40, ST&C @ 455', 400 SX., CIRC. 85 SX.

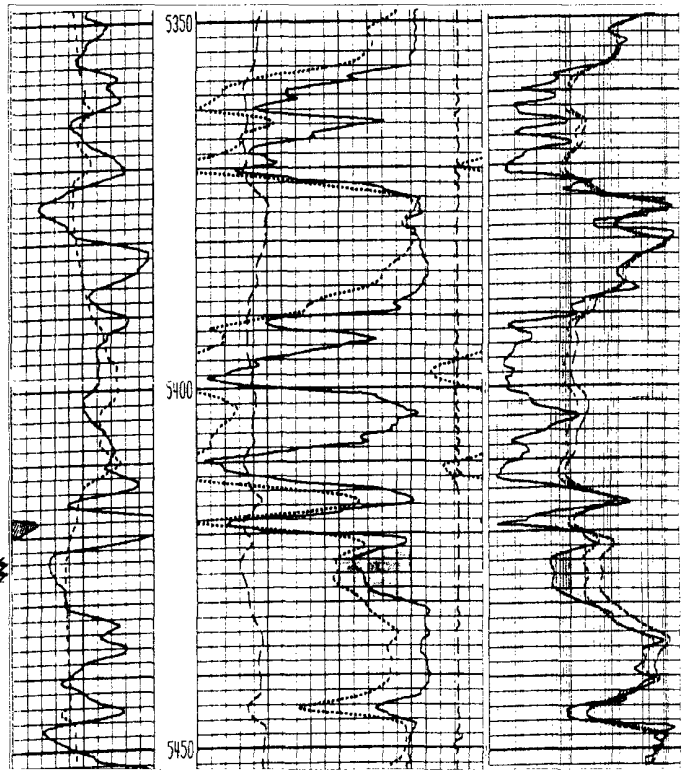
12 1/4" HOLE
PERF 744-778'

9 5/8"-36 #/FT, K-55, ST&C, 500 SX., CIRC. 21 SX.

7 7/8" HOLE

NORTH PARK FEDERAL #1
990' FNL & 835' FWL
SECTION 20-T11S-R27E
EDDY COUNTY, NEW MEXICO

API NO.: 30-005-62559
SPUD DATE: 11-11-87



7 7/8" HOLE

T.D. 6585'

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
North Park Federal #1
Reentry Project
API No.: 30-005-62559
990' FNL & 835' FWL
Section 20-T11S-R27E
Chaves County, New Mexico

1. Existing roads: Exhibit A is a aerial map showing the wells and roads in the vicinity of the proposed location. The wellsite is located approximately 14 miles east-southeast of Roswell, New Mexico and the access road is indicated in red and the proposed access road is indicated in green.

   Directions: Go east of Roswell 16.8 miles on HWY 380 to CR-54 (Aleute Rd.). Turn south 3.3 miles, southwest .7 miles, west .25 miles, south .5 miles, west 2.1 miles, south .2 miles, The access road will start here and continue southeast 530 feet (32.12 Rods) to the west edge of the location.

2. Planned access road: The original access road will be bladed, resurfaced and packed as necessary. The access road is approximately 530 feet (32.12 rods) from the existing road to the west side of the location.

3. Location of existing wells: Exhibit D shows existing wells within a one-mile radius of the proposed location. The following table lists the producing wells within the one-mile radius of the North Park Federal #1.

Operator Current Name	Field Name	Prod Zone Name	Lease Name	#	Location
PETERS M G DRILLING CO.	COYOTE	QUEEN	HINKLE FEDERAL	1	17N 11S 27E
SLAYTON RESOURCES INC	COYOTE	QUEEN	DEKALB A FEDERAL	1	17P 11S 27E
ARMSTRONG ENERGY CORP.	COMANCHE DRAW	SILURO-DEVONIAN	COBRA FEDERAL	2	19 11S 27E SE NW SW
ARMSTRONG ENERGY CORP.	COYOTE	WOLFCAMP	COBRA FEDERAL COM	1	19B 11S 27E SE NW NE
TOPAT OIL CORP.	COYOTE	QUEEN	PATRICIA FEDERAL	3	20N 11S 27E
TOPAT OIL CORP.	COYOTE	QUEEN	ROSILEE FEDERAL	1	20F 11S 27E SE NW
TOPAT OIL CORP.	COYOTE	QUEEN	PATRICIA FEDERAL	2	20L 11S 27E NW SW
TOPAT OIL CORP.	COYOTE	QUEEN	PATRICIA FEDERAL	1	20K 11S 27E NE SW
TOPAT OIL CORP.	COYOTE	QUEEN	JACKIE FEDERAL	1	20J 11S 27E NW SE
SLAYTON RESOURCES INC	COYOTE	QUEEN	DEKALB FEDERAL	1	20A 11S 27E
PETERS M G DRILLING CO.	COYOTE	QUEEN	KELLY FEDERAL	1	20C 11S 27E
SLAYTON RESOURCES INC	COYOTE	QUEEN	LEVICK A STATE	1	21D 11S 27E NE NW NW

4. Location of existing and/or proposed facilities: In the event the well is productive, the necessary production facilities will be installed on the drilling pad. It is anticipated the well will be a gas well and no electrical power will be required.

5. Location and type of water supply: It is planned to reenter the proposed well using a cut brine mud system. The water will be obtained from commercial sources and will be hauled to location by truck over the existing and proposed roads shown in Exhibit A.

6. Source of construction material: It is planned to blade and pack the existing caliche that is on location. The dirt contractor will locate the nearest pit and obtain any permits and materials needed for construction should the location need any repairs or upgrades.

7. Method of handling waste disposal:

   A. Drill cutting will be collected in steel pits and hauled to an approved disposal site.
   B. Drill fluids will be stored in steel tanks and hauled to an approved disposal site.
   C. Water produced during production operations will be stored in tanks until hauled to an approved disposal system.
   D. Oil produced during production operations will be stored in tanks until sold.
   E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
   F. All trash, junk and other waste will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved landfill. Burial on site is not approved.

8. Ancillary facilities: None

9. Wellsite layout:

   A. Exhibit C shows the relative location and dimensions of the well pad, the location of the drilling equipment, rig orientation and access road approach.
   B. An area 400' x 400' with a 50' wide access road was archaeologically cleared by Survey No.: 87-0009-R.

10. Plans for restoration:
   A. After the completion of the drilling and completion operations, all equipment and other materials not needed for additional operations will be removed. The location will be cleared of all trash and junk to leave the wellsite in an aesthetically pleasing a condition as possible.
   B. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible.

11. Surface Ownership:

   Mr. David Carpenter
   LA Ranch Partnership
   HC 12 1209
   Roswell, NM 88201
   The private surface owner has been contacted and a surface use agreement has been executed between Mr. David Carpenter for the LA Ranch Partnership and Armstrong Energy Corporation.

12. Other information:
    A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings and historical and cultural sites.
    B. The primary surface use is for grazing.

13. Operator's representative:

Mr. Bruce A. Stubbs
Armstrong Energy Corporation
P.O. Box 1973
Roswell, New Mexico 88202
Phone 505-625-2222
bastubbs@zianet.com

14. Certification:

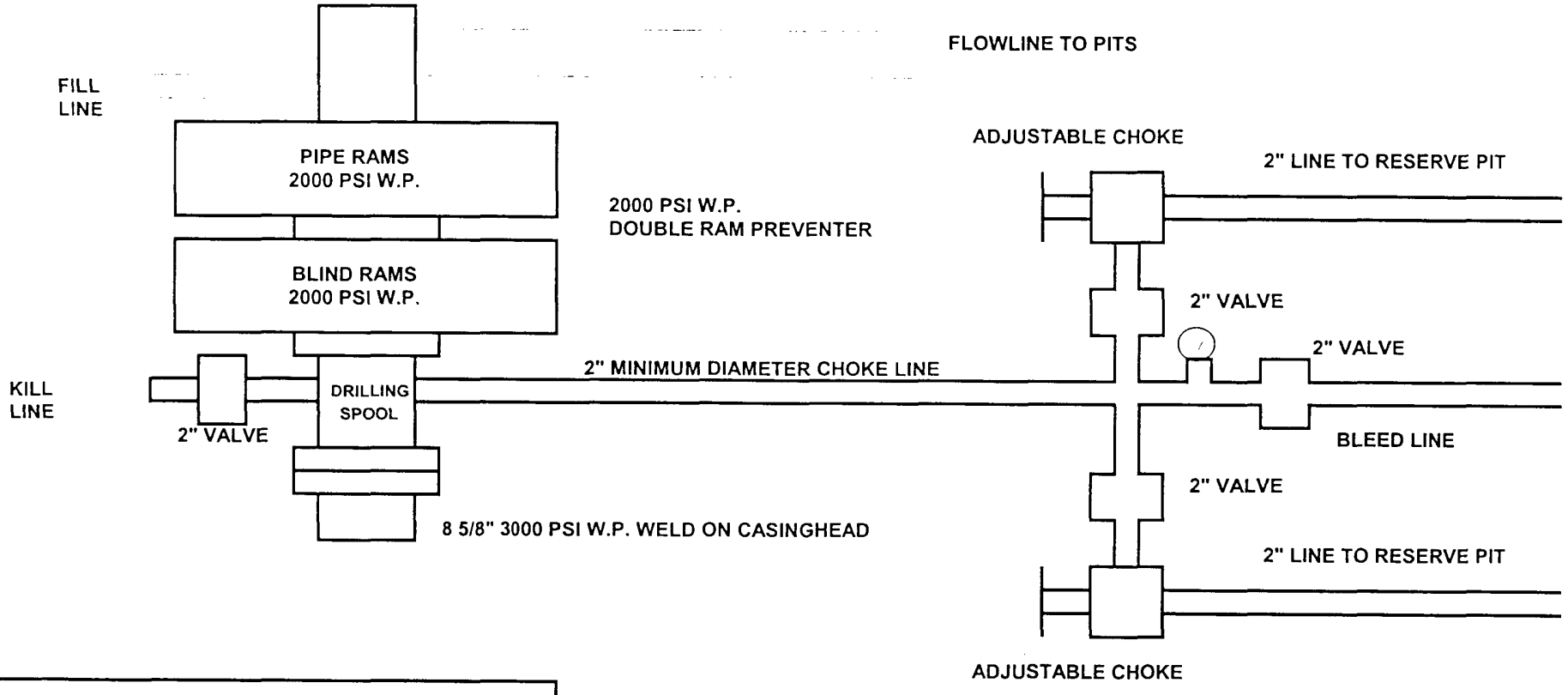
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Armstrong Energy Corporation and it's contractors and sub contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: May 2, 2007

By :_____

Bruce A. Stubbs
Vice President – Operations
Armstrong Energy Corporation

TYPICAL 2000 PSI BOP STACK

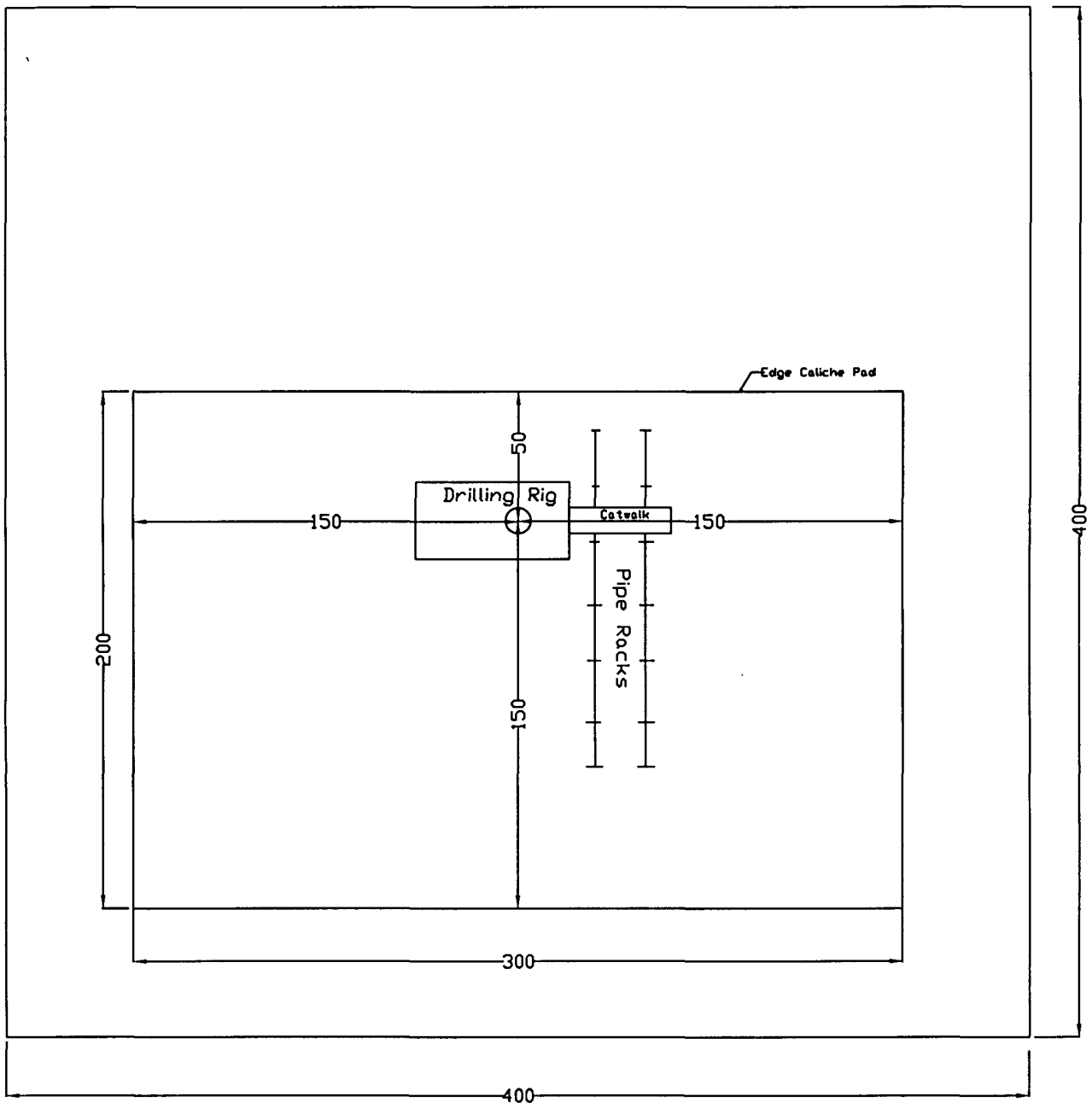


ARMSTRONG ENERGY CORPORATION

North Park Federal #1
990' FNL & 835 FWL
Sec. 20-T11S-R27E
Chaves County, New Mexico

API No.: 30-005-62559

Exhibit B



Armstrong Energy Corporation

Drilling Rig Layout Plan

North Park Federal #1
990' FNL & 835' FWL
Sec. 20-T11S-R27E
Chaves County, New Mexico

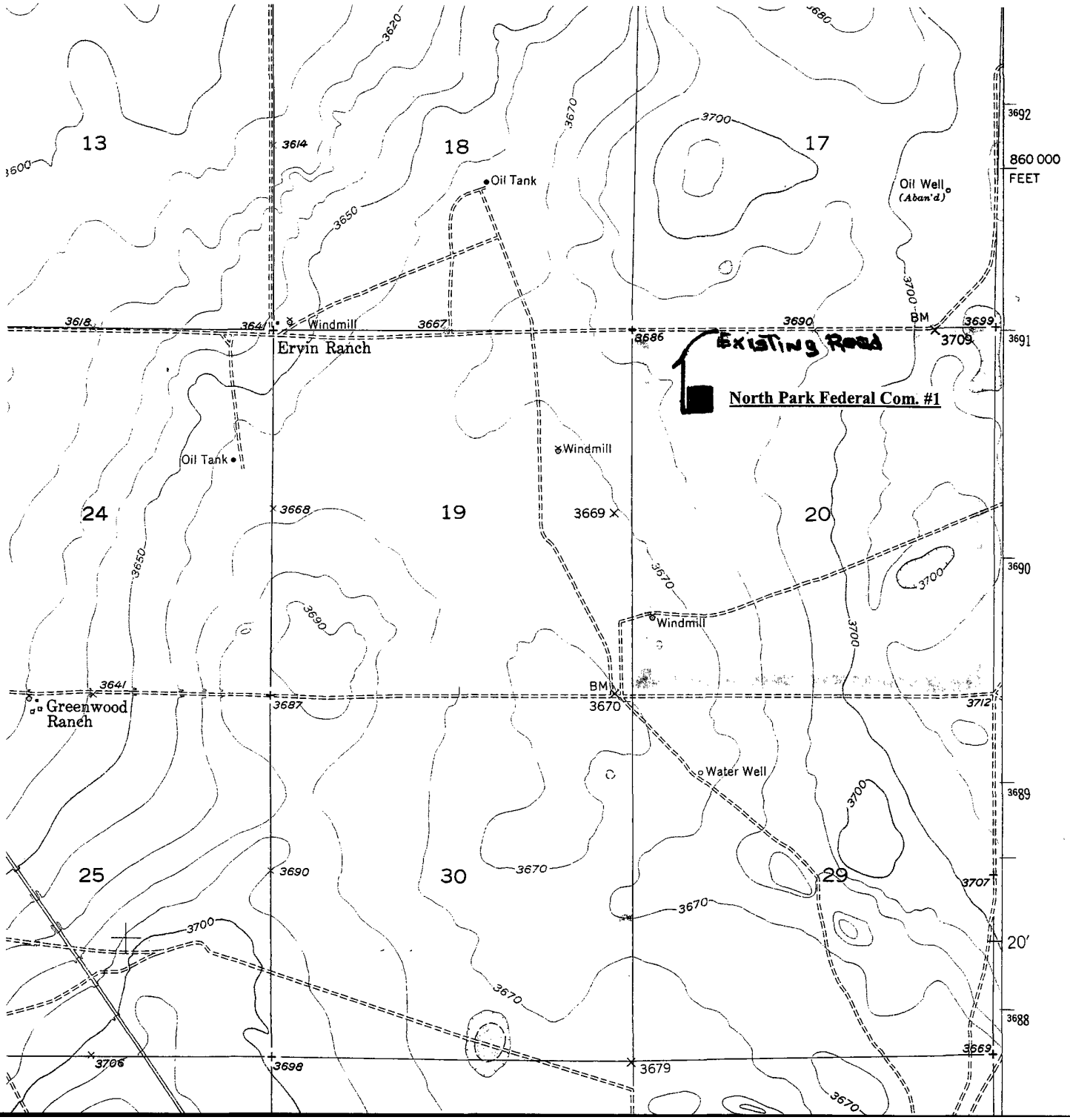
25 Ft.

EXHIBIT C

BAS 4-4-07

EXHIBIT A

OPERATORS NAME: **Armstrong Energy Corporation** LEASE NO.: **NM-62182**
WELL NAME & NO: **North Park Federal Com. #1**
QUARTER/QUARTER & FOOTAGE: **NW¼NW¼ - 990' FNL & 835' FWL**
LOCATION: **Section 20, T. 11 S., R. 27 E.**
COUNTY: **Chaves County, New Mexico, NMPM**



A. GENERAL DRILLING REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second Street, Roswell, NM 88201, (505) 627-0272 in sufficient time for a representative to witness:

A. Well spud B. Cementing casing: 13-3/8 inch and 9-5/8 inch casings are in place - 5-1/2 inch C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and four copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

B. CASING:

1. The 13-3/8 inch surface casing was set at 455' and cemented to surface.

2. The -9-5/8 inch intermediate casing was set at 1172' and cemented to surface.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.

C. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 9-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

The tests shall be done by an independent service company.

The results of the test shall be reported to the appropriate BLM office.
Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
Testing must be done in a safe workman-like manner. Hard line connections shall be required.

D. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

Recording pit level indicator to indicate volume gains and losses.
Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

IV. ON LEASE - WELL REQUIREMENTS:

A. The holder shall post signs identifying the location permitted herein with the requirements contained in Onshore Oil and Gas Order #1 and 43 CFR 3162.6.

B. The following data is required on the well sign that shall be posted in a conspicuous place on the well pad. The sign shall be kept up with current identification and shall be legible for as long as the well is in existence:

Operator Name: Armstrong Energy Corporation
Well Name & No.: North Park Federal Com. #1
Lease No.: NM-62182
Footage: 990' FNL & 835' FWL
Location: Section 20, T. 11 S., R. 27 E.

C. UPON ABANDONMENT OF THE WELL, THE SAME INFORMATION SHALL BE INSCRIBED ON THE DRY HOLE MARKER WITH A BEADED WELD.

D. The approval of the APD does not in any way imply or grant approval of any on-lease, off-lease, or off-unit action(s). It is the responsibility of the holder to obtain other approval(s) such as rights-of-way from the Roswell Field Office or other agencies, including private surface landowner(s).

E. All vehicles, including caterpillar track-type tractors, motor graders, off-highway trucks and any other type of motorized equipment that is used in the construction of the access road and well pad shall be confined to the area(s) herein approved. The drilling rig that is used to drill the well shall also be confined to the approved area(s).

F. **Containment Structure Requirement:**

1. A containment structure or earthen dike shall be constructed and maintained around all storage facilities/batteries. The containment structure or earthen dike shall surround the storage facilities/batteries.

2. The containment structure or earthen dike shall be constructed two (2) feet high around the facilities/batteries (the containment structure or earthen dike can be constructed higher than the two (2) feet high minimum).

3. The perimeter of the containment structure or earthen dike can be constructed substantial larger for greater holding capacity of the contents of the largest tank.

4. The containment structure or earthen dike shall be constructed so that in case of a spill the structure can contain the entire contents of the largest tank, plus 24 hour production, within the containment structure or earthen dike, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

G. **Painting Requirement:**

All above-ground structures (e.g.: meter houses, tanks, above ground pipelines, and related appurtenance, etc.) not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard or supplemental Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for painting all the well facilities is **"Olive Drab 18-0622 TPX" (Colors derived from "PANTONE" For Architecture and Interiors Color Guide).**

H. **Fence Requirement:**

The holder shall minimize disturbance to existing fences and other improvements on public land. The holder is required to promptly repair impacted improvements to at least their former state. On private surface the holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates shall be allowed unless approved by the Authorized Officer.

I. **Open-vent Exhaust Stack Requirements:**

1. All open-vent exhaust stacks associated with heater-treater, separators and dehydrator units shall be modified to prevent birds and bats from entering them and to the extent practical to discourage perching and nesting.

2. New production equipment installed on federal leases after November 1st, 1993, shall have the open-vent exhaust stacks constructed to prevent the entry of birds and bats and to the extent practical, to discourage perching, and nesting.

V. Invasive and Noxious Weeds Requirement:

A. The holder shall be held responsible if noxious weeds become established within the area. Evaluation of the growth of noxious weeds shall be made upon discovery. Weed control will be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipelines, and adjacent land affected by the establishment of weeds due to this action. The holder is responsible for consultation with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policy.

B. The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad and resulting well are not polluted with invasive and noxious weed seed. Transporting of invasive and noxious weed seed could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

VI. SPECIAL REQUIREMENT(S): NONE