

Submit 3 Copies To Appropriate District
Office,
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-28571
5. Indicate Type of Lease Federal
6. State Oil & Gas Lease No. Federal No.: NM-0381550-C
7. Lease Name or Unit Agreement Name Government G
8. Well Number 2
9. OGRID Number 001092
10. Pool name or Wildcat 49780 Pearl Queen

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" (FORM C-101) FOR SUCH
PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator
Armstrong Energy Corporation (505-625-2222)

3. Address of Operator
P.O. Box 1793, Roswell, NM 88202

4. Well Location
Unit Letter O : 760 feet from the South line and 2080 feet from the East line
Section 24 Township 19S Range 34E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3805.3' GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☒ P AND A ☐
CASING/CEMENT JOB ☒ OTHER: ☐

OTHER: Downhole Commingling of Production

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Armstrong Energy Corporation respectfully request authority to commingle production from the Pearl Queen zone and the Lea San Andres zone in the Government G #2. The #2 was completed in the Pearl Queen Pool (49780) in early August 2005 and currently produces 6.4 BOPD and 23 BWPD. Gas volumes on each zone are too small to measure. The #2 previously produced from the Lea San Andres Pool (37585) at rates of 2.6 BOPD and 4 BWPD. The San Andres zone is currently under a retrievable bridge plug set at 5170'.

Production from each zone will be allocated based on previous production tests. Monthly production tests are attached for the #2 well from the San Andres prior to July 2005 and from the Queen post July 2005. Monthly production is attached for the #1 well. Production will be allocated as per the allocated percentages unless well testing indicates otherwise.

These two wells are on a common lease and are the only wells producing into the battery. Ownership of the Queen and San Andres zones are identical. (See attached certification.)

A copy of this application has been mailed to the Bureau of Land Management at the Roswell, New Mexico office. A copy of the registered-return receipt is attached.

The oil produced from the Pearl Queen Pool and the Lea San Andres Pool are similar in gravity and quality and commingling will have no effect on the value of the combined product. Run statements attached.

DHC-3653

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE B. Stubbs TITLE Engineer DATE 1-30-06

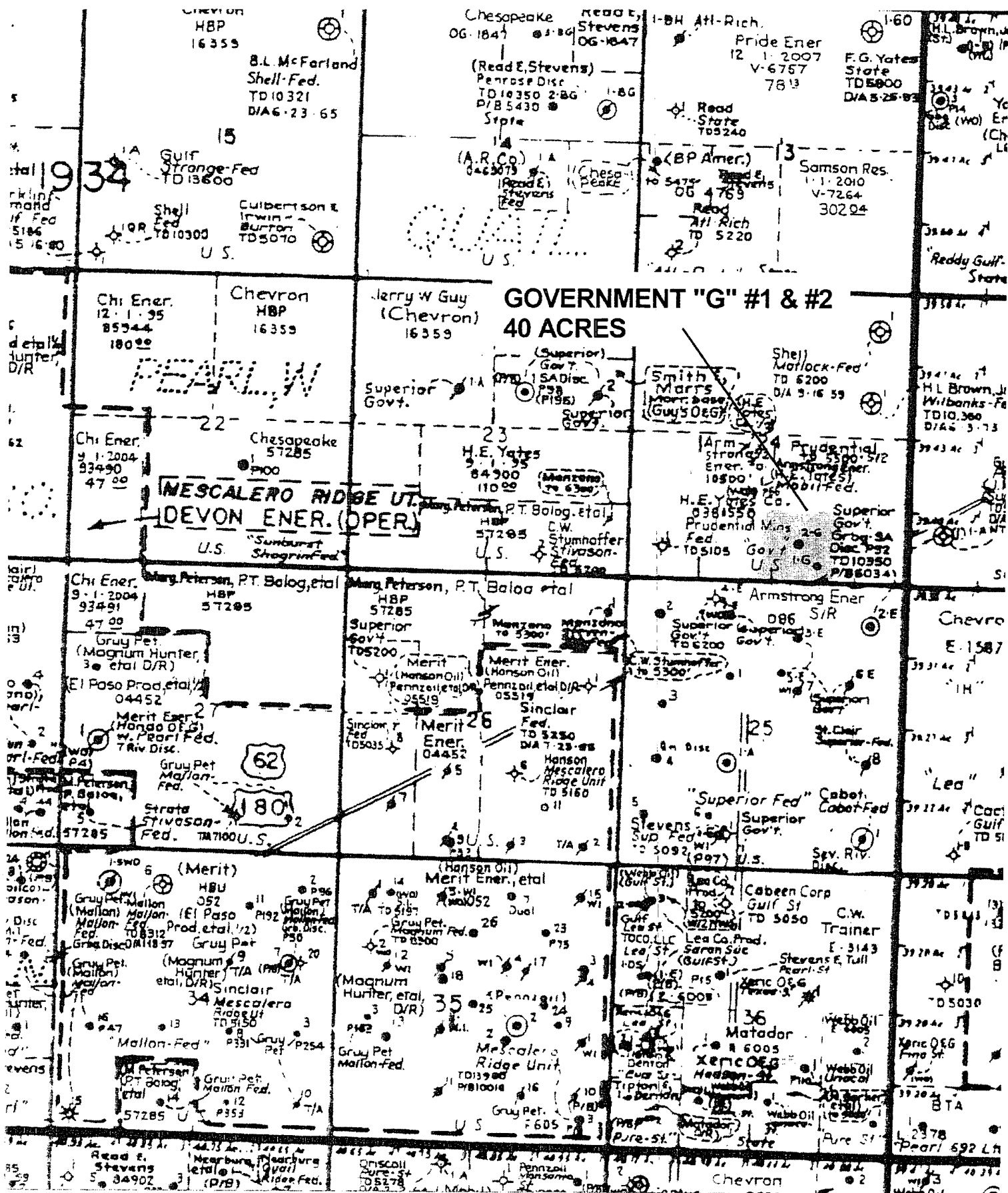
Type or print name Bruce A. Stubbs
For State Use Only

E-mail address: pecos@lookingglass.net Telephone No. 505-625-2222

APPROVED BY: Ra TITLE PETROLEUM ENGINEER DATE MAR 09 2006
Conditions of Approval (if any):

Prod_Month

GOVERNMENT "G"	#1 LEA SAN ANDRES			#2 PEARL QUEEN			#2 LEA SAN ANDRES		
	<u>OIL</u>	<u>GAS</u>	<u>WATER</u>	<u>OIL</u>	<u>GAS</u>	<u>WATER</u>	<u>OIL</u>	<u>GAS</u>	<u>WATER</u>
2004 JAN	145		175				101		122
2004 FEB	96		164				66		114
2004 MAR	120		175				82		122
2004 APR	99		169				67		118
2004 MAY	136		175				95		122
2004 JUN	92		170				64		118
2004 JUL	134		176				93		122
2004 AUG	86		176				61		122
2004 SEP	121		170				84		118
2004 OCT	124		176				86		122
2004 NOV	89		170				63		118
2004 DEC	148		176				103		122
2005 JAN	106		176				73		122
2005 FEB	114		159				80		110
2005 MAR	120		143				83		122
2005 APR	105		139				73		118
2005 MAY	97		144				68		122
2005 JUN	117		139				82		118
2005 JUL	88		144				62		122
2005 AUG	143		144	182		99			
2005 SEP	84		140	199		115			
2005 OCT	71		144	162		123			
2005 NOV	47		139	229		119			
2005 DEC									
AVG. 1/05 TO 12/05	103.33		148.92	193.00		114.00	78.00		119.50
DAILY RATE	3.44		4.96	6.43		3.80	2.60		3.98
ALLOCATION %	27.6%		39.8%	51.6%		30.5%	20.8%		31.9%



RECEIVED OCT 18 2005

PEGASUS PLACE
125 WEST FOURTH STREET
POST OFFICE BOX 288
ROSWELL, N.M. 88202-0288

Phil Brewer
ATTORNEY & COUNSELOR

TELEPHONE: 505-625-0298
FACSIMILE: 505-625-0299
E-MAIL: pbrewer@pegasusplace.com

September 28, 2005

Armstrong Energy Corporation
P.O. Box 1973
Roswell, NM 88202-1973

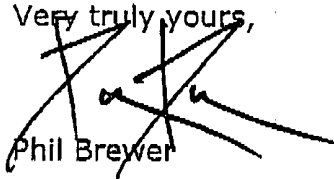
Attention: Robert G. Armstrong, President

RE: Certification of Identical Ownership
Government "G" No. 1 and No. 2 Wells
SE/4 Section 24, Township 19 South, Range 34 East, NMPM
Lea County, New Mexico

Dear Mr. Armstrong:

At your request, I have examined such title materials as I deem to be necessary to certify that production from the San Andres and Queen formations underlying the wells identified in the caption hereof are owned by the royalty, overriding royalty, and working interest owners in identical percentages. This certification is rendered pursuant to NMOCD Rule 19.15.5.303.B(3)(iii).

Very truly yours,


Phil Brewer

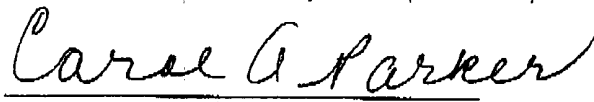
PB:cp

STATE OF NEW MEXICO)

COUNTY OF CHAVES)

) ss.

Subscribed, sworn to, and certified before me this 28th day of September, 2005 by Phil Brewer, Attorney.


Notary Public

My commission expires:

11-17-2007

LICENSED IN TEXAS AND NEW MEXICO

NEW MEXICO BOARD OF LEGAL SPECIALIZATION RECOGNIZED SPECIALIST IN NATURAL RESOURCES - OIL AND GAS LAW



ConocoPhillips Company
1020 Plaza Office Building
Bartlesville, OK 74004

FACILITY
STATEMENT
OF RUNS

FACILITY NAME: GOVERNMENT G #1
FACILITY/BATTERY NUMBER: 2018072 / 68766

DATE: JANUARY 2006
PAGE: 2

OPERATOR: ARMSTRONG ENERGY CORPORAT STATE: NM COUNTY: LEA
PRICE SCHEDULE: CONOCOPHILLIPS WTI +P+ +MWI -CWTI

1240861000
ARMSTRONG ENERGY CORPORATION
P. O. BOX 1973
ROSWELL NM
88202

San Andres + Queen Oil

CURRENT MONTH PRICE REFLECTS:
MARKETING DEDUCTION OF 0.9900 PER BBL
PRICING IS BASED ON A 40.0 GRAVITY BASIS
PRICING METHOD: WEIGHTED AVERAGE

BARRELS	GROSS VALUE	TRANSPORTATION	TAX	NET VALUE
343.38	21,856.24	.00	1,823.47	20,032.77

DATE	TKT NO.	TRN TKT TYP	GRAV	PRICE	BARRELS	GROSS VALUE
01/11/06	CI0213	O TK	35.10	63.650	171.88	10,940.21
TANK NO: 6876602				TRANSPORTER: SENTINEL TRANSPORTATION LLC		
01/20/06	CI0257	O TK	34.80	63.650	171.50	10,916.03
TANK NO: 6876601				TRANSPORTER: SENTINEL TRANSPORTATION LLC		
RUN MONTH TOTAL					343.38	21,856.24
FACILITY TOTAL					343.38	21,856.24

REPORT CENTER/TYPE NAME	DATE	BARRELS	TAX	NET VALUE
000286876600001 / HLC0 GOVERNMENT G #1	01/06	343.38	1,823.47	20,032.77
HLC0 TOTAL		343.38	1,823.47	20,032.77
FACILITY TOTAL		343.38	1,823.47	20,032.77

TICKET TYPE
TK OR R = TANK TICKET
MT OR T = METER TICKET
GV = GROSS TICKET
NV = NET VOLUME
RJ = REJECT TICKET
WT = WEIGHT TICKET

TRANSACTION TYPE
O = ORIGINAL
R = REVERSING
C = CORRECTING

PAYMENTS ARE BEING MAILED UNDER
SEPARATE COVER. RETAIN THIS STATEMENT
FOR TAX PURPOSES.
FOR INQUIRIES: IF YOUR LAST NAME OR
COMPANY BEGINS WITH:
A-F, CALL (918)661-0904
G-O, CALL (918)661-0905
P-Z, CALL (918)661-0906

FACILITY NAME: GOVERNMENT E #7
FACILITY/BATTERY NUMBER: 2018071 / 68765

DATE: JANUARY 2006
PAGE: 1

OPERATOR: ARMSTRONG ENERGY CORPORAT STATE: NM COUNTY: LEA
PRICE SCHEDULE: CONOCOPHILLIPS WTI +P+ +MWI -CWTI

RECEIVED FEB 13 2006

1240861000
ARMSTRONG ENERGY CORPORATION
P. O. BOX 1973
ROSWELL NM
88202

CURRENT MONTH PRICE REFLECTS:
MARKETING DEDUCTION OF 0.9900 PER BBL
PRICING IS BASED ON A 40.0 GRAVITY BASIS
PRICING METHOD: WEIGHTED AVERAGE

BARRELS	GROSS VALUE	TRANSPORTATION	TAX	NET VALUE
351.37	22,364.81	.00	1,865.89	20,498.92

DATE	TKT NO.	TRN TKT TYP TYP	GRAV	PRICE	BARRELS	GROSS VALUE
01/11/06	CL0131	O TK	36.40	63.650	173.99	11,074.52
01/20/06	CI0256	O TK	37.30	65.650	177.38	11,290.29
TANK NO: 6876501					TRANSPORTER: SENTINEL TRANSPORTATION LLC	
TANK NO: 6876501					TRANSPORTER: SENTINEL TRANSPORTATION LLC	
RUN MONTH TOTAL					351.37	22,364.81
FACILITY TOTAL					351.37	22,364.81

REPORT CENTER/TYPE NAME	DATE	BARRELS	TAX	NET VALUE
000286876500001 / HLCO	01/06	351.37	1,865.89	20,498.92
GOVERNMENT E #7		351.37	1,865.89	20,498.92
HLCO TOTAL		351.37	1,865.89	20,498.92
FACILITY TOTAL		351.37	1,865.89	20,498.92

DOA	DOA
MAG	ON
RS	JB
RS	CL
COPY TO BS	
FILE	

TICKET TYPE
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MT OR T = METER TICKET
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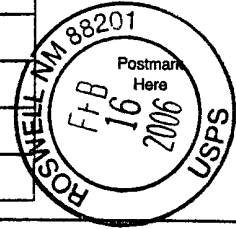
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Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.60



Sent To
Bureau of Land Management
Street, Apt. No.,
or PO Box No. Second Street
City, State, ZIP+4
Roswell, NM 88201

PS Form 3800, June 2002

See Reverse for Instructions

7003 3110 0000 4015 6319
LTER ST04 0000 DTTE E002