

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

RECEIVED
MAR 23 2010
HOBBSOCD

OIL CONSERVATION DIVISION

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

WELL API NO.

30-041-20939

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Pep 36 State

8. Well Number

1

9. OGRID Number

1092

10. Pool name or Wildcat

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

3. Address of Operator

P.O. Box 1973, Roswell, NM 88202-1973

4. Well Location

Unit Letter M : 990 feet from the South line and 330 feet from the West lineSection 36 Township 5S Range 33E NMPM Roosevelt County

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

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 ☐DOWNHOLE COMMINGLE ☐OTHER: ☐

SUBSEQUENT REPORT OF:

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

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.

1-19-10 Prep to plug back the bottom 26' of the open hole

1-21-10 RIH W/ 3 1/2" Dump Bailer (3 1/2" Bailer 4.3 gals/10' section, 8" hole 2.6 gals/ft). 1st Run - 7963', 0' fill, 20' gravel. 2nd Run 7960', 3' fill, 20' gravel. 3rd Run, 7956', 4' fill, 40' sand. Rerun to check depth. 4th Run - miss run, squib failed, load csg w/ 10 BW. 5th Run - 7951', 5' fill, 50' cmt, 10 BW. 6th Run - 7946', 5' fill, 50' cmt, 10 BW. Packer shoe @ 7860', PBTD 7946', Mud Log Depth 7926', open hole 7860' - 7946', 86'.

1-22-10 PU SN, 2 jts 2-7/8" tbg, 5 1/2" pkr, on/off tool and 240 jts 2-7/8"-6.5#/ft, EUE 8 RD, L-80 tbg. RIH and set pkr at 7829', SN @ 7896', NU well head, SD.

1-26-10 Unseat packer, POH, LD tools, prep to RU Dump Bailer and spot cmt plugs.

(CONTINUED ON PAGE 2)

Spud Date:

Rig Release Date:

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

SIGNATURE B. Stubbs TITLE Vice President - Operations DATE 03/22/10Type or print name Bruce Stubbs E-mail address: bastubbs@armstrongenergycorp.com PHONE: (575) 625-2222

For State Use Only

PETROLEUM ENGINEER

APPROVED BY: [Signature] TITLEDATE MAR 26 2010

Conditions of Approval (if any):

(Continued)

- 1-27-10 RU Schlumberger, 1st Run – 40' Bailer w/ 2 sx cmt, TD 7977', misrun, glass did not break. 2nd Run – 40' Bailer w/ gravel, TD 7977', misrun, squib misfired. 3rd Run – 40' Bailer w/ gravel, TD 7976', 1' fill. 4th Run – 40' Bailer w/ gravel, TD 7968', 8' fill. 5th Run – 40' Bailer w/ gravel, TD 7964', 4' fill.
- 1-28-10 PBSD @ 7964', dropped 3"x10' gravel bomb. RU Schlumberger, RIH w/ Dump Bailer. 1st Run – 40' gravel, tagged @ 7951', dumped, no fill. 2nd Run – 40' gravel, tagged @ 7951, dumped, tagged @ 7944', 7' fill. 3rd Run – 40' cmt, 2 sx mixed w/ 6 gals/sx water and friction reducer, tagged @ 7944', PU 6", dump, bumped twice, POH, wait 2½ hrs. 4th Run – 40' cmt, 2 sx mixed w/ 6 gals/sx water and friction reducer, tagged @ 7639', bridge, POH and dump cmt.
- 2-02-10 RIH w/ 4-3/4" Bit, bit sub and tbg, found bridge at 7626', drilled 1' hard cmt, fell through, continue in the hole. Tagged PBSD @ 7949', circ hole. POH w/ tbg, LD tools.
- 2-04-10 RU Schlumberger, RIH w/ 40' Bailer with cement, tagged @ 7966', lost 22' fill, dumped cmt, POH. Made 5 runs w/ gravel, PB to 7946', 20' fill, made final run w/cmt, dumped cmt, POH.
- 2-05-10 GIH w/ Schlumberger, tagged @ 7936', 9' fill, spotted cmt at 7945' yesterday. Dumped 40' Bailer of cmt at 7936', POH, wait 2 hrs, RIH, tagged @ 7936', no fill. Dumped 40' Bailer w/cmt, POH, wait 2 hrs. RIH, tagged @ 7936', POH, had cmt on Bailer, cmt not fully set, RD. Released Schlumberger.
- 2-06-10 RIH w/ pkr and tbg, set pkr @ 7829', SD.
- 2-19-10 RU Tatum Well Service, NU BOP. Prep to pull tbg.
- 2-20-10 POH w/ tbg. RU rotary WL, RIH, tagged @ 7918' (mud log depth 7894'). POH. PU Bailer, RIH and "spud" on plug, able to work Bailer to 7922', 7924', 7936', plug is soft, hard bottom at 7936'. POH. RD WL, PU Bit, Bit sub and tbg, TIH.
- 2-21-10 RU Reverse Unit, RIH, tag fill at 7918', circ down to 7932', rec'd small amount of cmt, large amount of gravel, small amount of shale and LCM. Could not get lower than 7932'. Gravel sloughing, circ clean, POH. Prep to set cement plugs back to 7920'.
- 2-23-10 RU Rotary Wireline, RIH w/ Dump Bailer, tagged @ 7935', dumped, POH, glass did not break, misrun. GIH w/ Bailer #2, dumped, OK. GIH w/ Bailer #3, dumped, OK, wait 2 hrs, check depth, tagged @ 7931', 4' fill. GIH w/ Bailer #4, dumped, OK. GIH w/ Bailer #5, dumped, OK, wait 2 hrs, GIH, tagged @ 7928', 3' fill, hard bottom. GIH w/ Bailer #6, dumped, OK. GIH w/ Bailer #7, tagged @ 7923', 5' fill from Bailer #6, POH, dumped Bailer #7 in the cellar. RIH, checked PBSD. PBSD @ 7924', hard bottom (7900' mud log depth). SD. RD, move off.
- 3-04-10 SITP 625 psi, flowed down, rec'd 10 BBLS, dropped 5 acid sticks. RU Schlumberger, RIH w/ perf guns, tag at 7923' (7899' mud log depth), perf 10' w/ 4 JSPF. POH, RU swab, made 6 runs, rec'd 30 BBLS.
- 3-06-10 Pump 500 gals 15% HCL acid, flush w/ 41 BBLS crude oil, pressured to 3000 psi, bled off to 1500 psi, SD, pressured up 18 times, acid on formation, ½ BPM @ 3250 psi, broke to 1 BPM @ 1900 psi, broke 1500 psi to 380 psi, SD. Tested water.
- 3-09-10 RD Completion Unit. WO procedure for Penn Zone.