

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTRECEIVED
OCD-HOBBS

JAN 11 2011

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-086
2. Name of Operator Armstrong Energy Corporation		6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 1973, Roswell, NM 88202-1973	3b. Phone No. (include area code) 575-625-2222	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FNL & 1980' FWL, Section 25, T19S, R34E		8. Well Name and No. Government "E" #7
		9. API Well No. 30-025-27896
		10. Field and Pool, or Exploratory Area Pearl Queen
		11. County or Parish, State Lea County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Request to vent gas
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

In May 2006, Duke Energy abandoned their gas system north of the Carlsbad Hwy. The closest connection to a sales line is one-half mile south, necessitating a boring under the four lanes of Hwy 62-180. The estimated cost of laying a new line and boring under the highway was estimated at \$25,000. Average daily gas production rates for 2004 - 4.5 MCFGD, 2005 - 5.2 MCFGD and 2006 - 2.6 MCFGD, indicated 3-4 MCFGD would be vented. Currently, at an avg rate of 6.8 BOPD, the vented gas volume is 3 MCFGD. With gas prices ranging from \$6/MCF to \$4/MCF, Daily Revenue is estimated at \$18/day indicating a 3.8 year payout of the investment to reconnect the well to sales.

The produced gas is currently used to fuel the heater/treater on the Government "E" #7 and any excess gas is delivered to the Superior Federal Battery, via the water line, to fuel the heater/treater on the Superior Federal Battery. The Superior Federal does not produce sufficient gas to operate its' heater/treater.

We respectfully request authority to vent gas from the Government "E" #7.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Bruce A. Stubbs

Title Vice President - Operations

Signature

Date

12/28/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

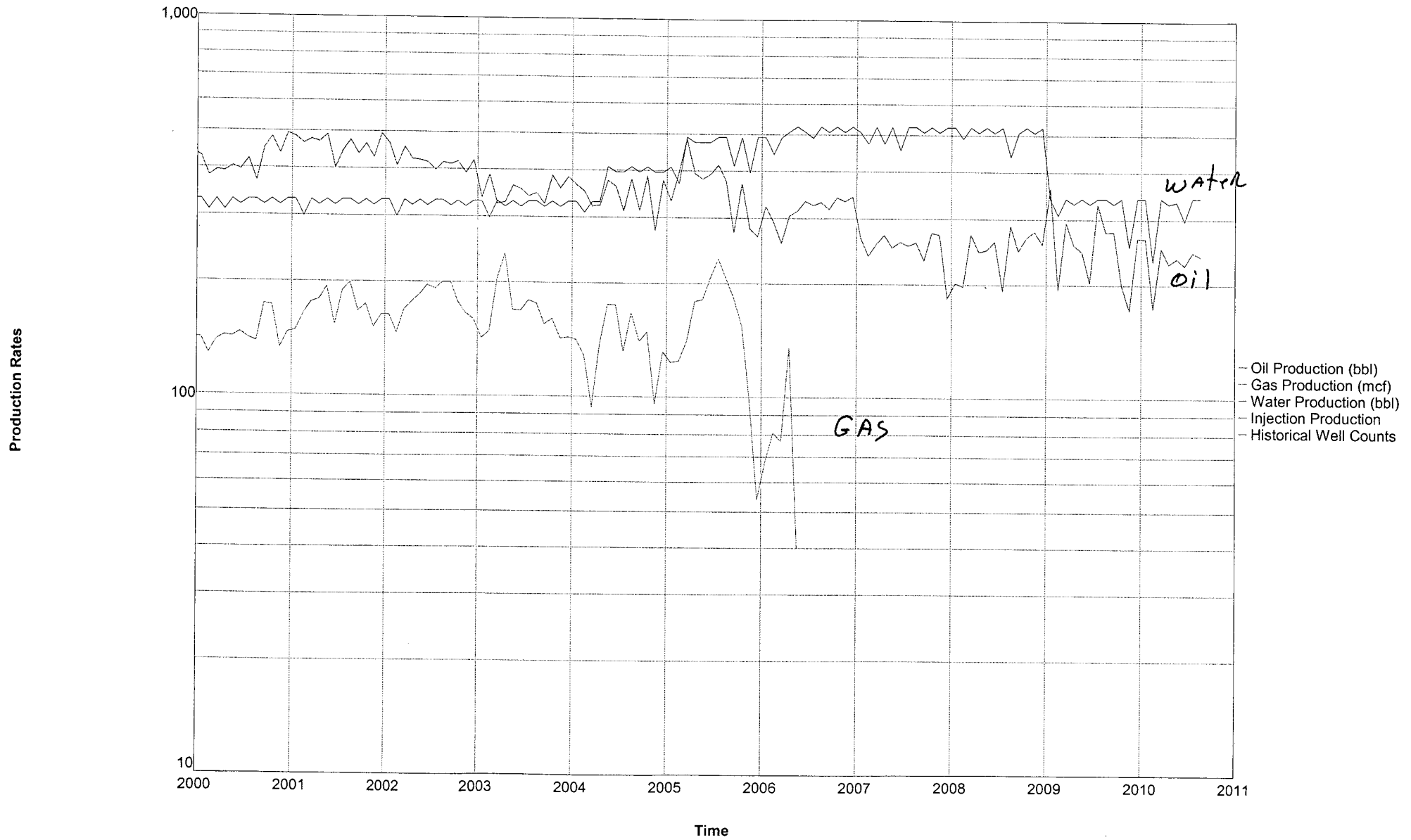
Approved by /s/ JD Whitlock Jr	Title LPET	Date 1/9/11
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office CFO	JAN 12 2011 PETROLEUM ENGINEER

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)

Lease Name: GOVERNMENT E
County, State: LEA, NM
Operator: ARMSTRONG ENERGY CORPORATION
Field: PEARL
Reservoir: QUEEN
Location: 25 19S 34E NE NW

ARMSTRONG ENERGY CORPORATION GOVERNMENT E 7 - PEARL - QUEEN - 25 19S 34E NE NW



**Government E #7
NM086**

Armstrong Energy Corporation
January 9, 2011

Condition of Approval to Flare Gas

1. Report all volumes on OGOR reports.
2. Comply with NTL-4A requirements
3. Subject to like approval from NMOCD
4. All gas will be required to be flared, not vented
5. Flared volumes will still require payment of royalties
6. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time.