

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
ARMSTRONG ENERGY CORPORATION FOR
APPROVAL OF A UNIT AGREEMENT, CHAVES
COUNTY, NEW MEXICO

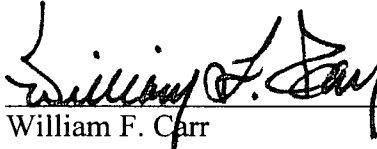
IN THE MATTER OF THE APPLICATION OF
ARMSTRONG ENERGY CORPORATION FOR APPROVAL
OF A WATERFLOOD PROJECT FOR ITS ROUND TANK-QUEEN
WATERFLOOD UNIT AND QUALIFICATION OF SAID
PROJECT FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE ENHANCED OIL RECOVERY ACT,
CHAVEZ, COUNTY, NEW MEXICO.

CASE NO.'s 14341 & 14342 (Consolidated)

AFFIDAVIT


STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Armstrong Energy Corporation, the Applicant herein, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "B" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.



William F. Carr

SUBSCRIBED AND SWORN to before me this 22nd day of July 2009 by William F. Carr.



Notary Public

My Commission Expires: 3-10-12

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14341 & 14342 (Consolidated) Exhibit No. 7
Submitted by:
ARMSTRONG ENERGY CORPORATION
Hearing Date: July 23, 2009

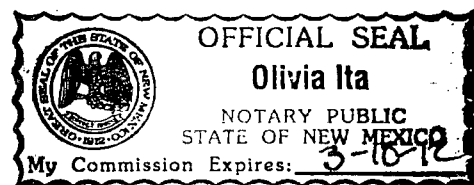


EXHIBIT B
NOTICE LIST
SURFACE OWNERS AND
LEASEHOLD OPERATORS
ARMSTRONG ENERGY CORPORATION
ROUND TANK QUEEN WATERFLOOD PROJECT
CHAVES COUNTY, NEW MEXICO

SURFACE OWNER

Turkey Track Ranch
Post Office Box 153
Artesia, New Mexico 88211

LEASEHOLD OPERATORS

[1/2 MILE RADIUS]

Chase Oil Corporation
Post Office Box 860
Artesia, New Mexico 88210

Slash Exploration Limited Partnership
c/o Armstrong Energy Corporation
Post Office Box 1973
Roswell, New Mexico 88202-1973

Lobos Energy Partners, LLC
3817 NW Expressway #950
Oklahoma city, Oklahoma 73112

Marshall & Winston, Inc.
Post Office Box 50880
Midland, Texas 79710

1/2 mile

100' x 100'



June 23, 2009

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO: ALL AFFECTED INTEREST OWNERS IN THE ROUND TANK-QUEEN WATERFLOOD UNIT AREA.

Re: Application of Armstrong Energy Corporation. for Approval of a Waterflood Project for its Round Tank-Queen Waterflood Unit Area and Qualification of said project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Chaves County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Armstrong Energy Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking authority to implement secondary recovery operations in its proposed Round Tank-Queen Unit Area. A copy of this application with attached Oil Conservation Division Form C-108 is enclosed for your information.

This application has been set for hearing before a Division Examiner at 8:15 AM on July 23, 2009. The hearing will be held in Porter Hall, in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing but, as the owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr
Attorney for Armstrong Energy Corporation

cc: Bruce Stubbs, Armstrong Energy Corporation
Oil Conservation Division District Office - Artesia


AFFIDAVIT OF PUBLICATION
STATE OF NEW MEXICO

I, Christina E. Stock
Legals Clerk

Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico do solemnly swear that the clipping hereto attached was published in the regular and entire issue of said paper and not in a supplement thereof for a period of:

one time with the issue dated

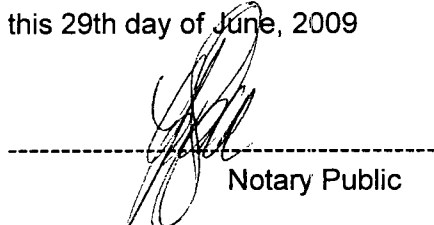
June 28, 2009



Clerk

Sworn and subscribed to before me

this 29th day of June, 2009



Notary Public

My Commission expires
June 13, 2010

(SEAL)

Publish June 28, 2009

NOTICE OF PUBLICATION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on July 23, 2009, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 13, 2009. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE NO. 14341

Application of Armstrong Energy Corporation for approval of a Unit Agreement, Chaves County, New Mexico. Applicant seeks approval of the Round Tank-Queen Waterflood Unit for an area comprising 1922.72 acres of State of New Mexico and Federal lands located in portions of Sections 24 and 25 of Township 15 South, Range 28 East and Sections 19 and 30 of Township 15 South, Range 29 East, N.M.P.M. which is located approximately 13 miles northwest of Loco Hills, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Division at Santa Fe, New Mexico on this 25th day of June 2009.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E., Director

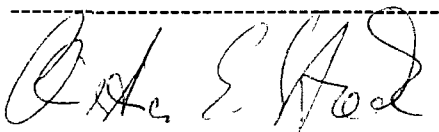
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STATE OF NEW MEXICO

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Legals Clerk

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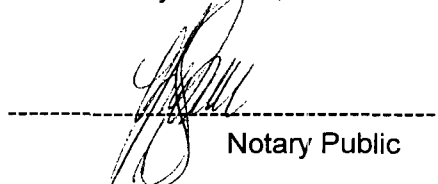
June 28, 2009



Clerk

Sworn and subscribed to before me

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Notary Public

My Commission expires
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Publish June 28, 2009

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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

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STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE NO. 14342:

Application of Armstrong Energy Corporation for approval of a Waterflood Project for its Round Tank-Queen Waterflood Unit Area and Qualification of said Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Chaves County, New Mexico. Applicant in the above-styled cause, seeks approval of its Round Tank-Queen Unit Waterflood Project comprised of 1922.72 acres, more or less of State and Federal lands located in Chaves County, New Mexico, more particularly described as follows:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM

Section 24: E/2, E/2 W/2,
Section 25: E/2

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Irregular Section 19: Lots 1 through 4, E/2 W/2
(W/2 Equivalent), SE/4
Irregular Section 30: Lots 1 through 4, E/2 W/2,
(W/2 Equivalent), E/2

Applicant seeks authorization to inject water into the Queen formation, Round Tank-Queen Pool, through its proposed Round Tank Federal Well No. 1 to be drilled 715 feet from the North line and 825 feet from East line of Section 30, Township 15 South, Range 29 East, NMPM. Applicant further proposes to inject up to 200 barrels of water per day at a maximum pressure of 300 psi, into the Queen formation, at an approximate depth of 1575 feet to 1590 feet.

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 13 miles northwest of Loco Hills, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Division at Santa Fe, New Mexico on this 25th day of June 2009.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION
Mark E. Fesmire, P.E., Director

**U.S. Postal Service™
CERTIFIED MAIL™**
(Domestic Mail Only; No Insurance)

For delivery information visit our web

Postage \$ 1.90
Certified Fee 2.80
Return Receipt Fee (Endorsement Required) 2.30
Restricted Delivery Fee (Endorsement Required) 7.00
Total Postage & Fees 7.00

Turkey Track Ranch
Post Office Box 153
Artesia, New Mexico

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Turkey Track Ranch
Post Office Box 153
Artesia, New Mexico 88211

A. Signature [Signature] ☐ Agent ☐ Addressee
B. Received by (Printed Name) JIM LERRING C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

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For delivery information visit our web

Postage \$ 1.90
Certified Fee 2.80
Return Receipt Fee (Endorsement Required) 2.30
Restricted Delivery Fee (Endorsement Required) 7.00
Total Postage & Fees 7.00

Chase Oil Corporation
Post Office Box 860
Artesia, New Mexico

2. Article Number
(Transfer from service label) 7006 0100 0005 0627 1821

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Chase Oil Corporation
Post Office Box 860
Artesia, New Mexico 88210

A. Signature Kathy Donaghy ☐ Agent ☐ Addressee
B. Received by (Printed Name) KATHY DONAGHY C. Date of Delivery
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

**U.S. Postal Service™
CERTIFIED MAIL™**
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For delivery information visit our web

Postage \$ 1.90
Certified Fee 2.80
Return Receipt Fee (Endorsement Required) 2.30
Restricted Delivery Fee (Endorsement Required) 7.00
Total Postage & Fees 7.00

Slash Exploration Limited
Partnership
C/O Armstrong Energy Corporation
Post Office Box 1973
Roswell, New Mexico

**U.S. Postal Service™
CERTIFIED MAIL™**
(Domestic Mail Only; No Insurance)

For delivery information visit our web

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Slash Exploration Limited
Partnership
C/O Armstrong Energy Corporation
Post Office Box 1973
Roswell, New Mexico 88202-1973

A. Signature [Signature] ☐ Agent ☐ Addressee
B. Received by (Printed Name) P. Perez C. Date of Delivery 2009
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label) 7006 0100 0005 0627 1807

PS Form 3811, February 2004

Domestic Return Receipt

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U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

SENDER: COMPLETE THIS SECTION

Postage \$
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)
 Total Postage & Fees

1. Article Addressed to:

Lobos Energy
 3817 NW Exp
 Oklahoma Cit
 Lobos Energy Partners, LLC
 3817 NW Expressway #950
 Oklahoma City, Oklahoma 73112

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 B. Received by (Printed Name)
 C. Date of Delivery
 D. Is delivery address different from item 1? If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
 4. Restricted Delivery? (Extra Fee) ☐ Yes

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For delivery information visit our website at www.usps.com

2. Article Number (Transfer from service label) **7006 0100 0005 0627 1791**

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

OFFICIAL USE

Postage \$
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)
 Total Postage & Fees

Postmark Here

Marshall & Winston, Inc.
 Post Office Box 50880
 Midland, TX 79710

CERTIFIED MAIL™
 (Domestic Mail Only)

SENDER: COMPLETE

1. Article Addressed to:

Marshall & Winston, Inc.
 Post Office Box 50880
 Midland, Texas 79710

DELIVERY

A. Signature
 B. Received by (Printed Name)
 C. Date of Delivery
 D. Is delivery address different from item 1? If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
 4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) **7006 0100 0005 0627 1784**

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540