

**Application of Armstrong Energy Corporation for amendment of Division Order
No. R-13183 to remove the requirement for plugging and abandonment of the
Federal "A" Well No. 1, Chaves County, New Mexico**

Docket No. 41-09

Case No. 14403

December 3, 2009

The Federal "A" #1 is located 330' FWL & 2310' FSL Sec. 29-T15S-R29E, Chaves County, New Mexico. This well is located 2,533 feet southeast of the Round Tank Queen Unit #7 WIW (Exhibit 1). At this location the Federal "A" #1 lies east of the porosity pinch-out (Exhibit 2) and the Queen zone has low porosity, typical of anhydrite filling (Exhibit 3) as seen in the upper part of the core from the Round Tank Queen Unit #6-Y.

As shown in Exhibit 4, the neutron logs from the Federal "A" #1 and the Round Tank Queen Unit #7 show the difference from the main field sand and the "tite" sand in the porosity pinchout area. Queen sands with low porosity and porosity filling anhydrite do not have sufficient permeability to transmit fluids.

The Federal "A" #1 was drilled in 1976 to a total depth of 3,171' to test the San Andres Formation. The well was not productive and plugging and abandonment was completed in 1980. The well was plugged with a 35 sack cement plug from 2200-2100', a 35 sack cement plug at the base of the surface casing at 375' and a 10 sack cement plug at the surface. Heavy mud was left between all of the plugs. (Exhibit 5)

The plugging of the Federal "A" #1 has been reviewed with Mr. Randy Dade, District Supervisor, OCD Artesia District and with the Bureau of Land Management staff at the Roswell Field Office. Both, Mr. Dade and Ms. Angel Mayes concur that the Federal "A" #1 is satisfactorily plugged. (Exhibits 6 & 7)

Therefore, the Queen zone in the Federal "A" #1 is not capable of transmitting fluids and the well is plugged in such a manor that will permanently confine all oil, gas and water in the separate strata in which they originally were found. The Federal "A" #1 is plugged in accordance with acceptable industry standards and no remedial work is necessary.

Case No. 144

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14403 Exhibit No. 2
Submitted by:
ARMSTRONG ENERGY CORPORATION
Hearing Date: December 3, 2009

FAIRBANKS FEDERAL

MARK FEDERAL

ESKIMO STATE

ROUND TANK QUEEN UNIT #7 WIW
(ROUND TANK QUEEN UNIT #1)
715' FNL & 825' FEL

FEDERAL /A/ #1
330' FWL & 2310' FSL

JACK FEDERAL

CHRISTINE FEDERAL

VICTORIA FEDERAL

ESKIMO STATE

STATE-MULLIS C

STATE JW

STATE A

WHITEHORSE FEDERAL

ESKIMO STATE

STATE A

WHITEHORSE FEDERAL

ESKIMO STATE

2533.6'

30

Exhibit 1

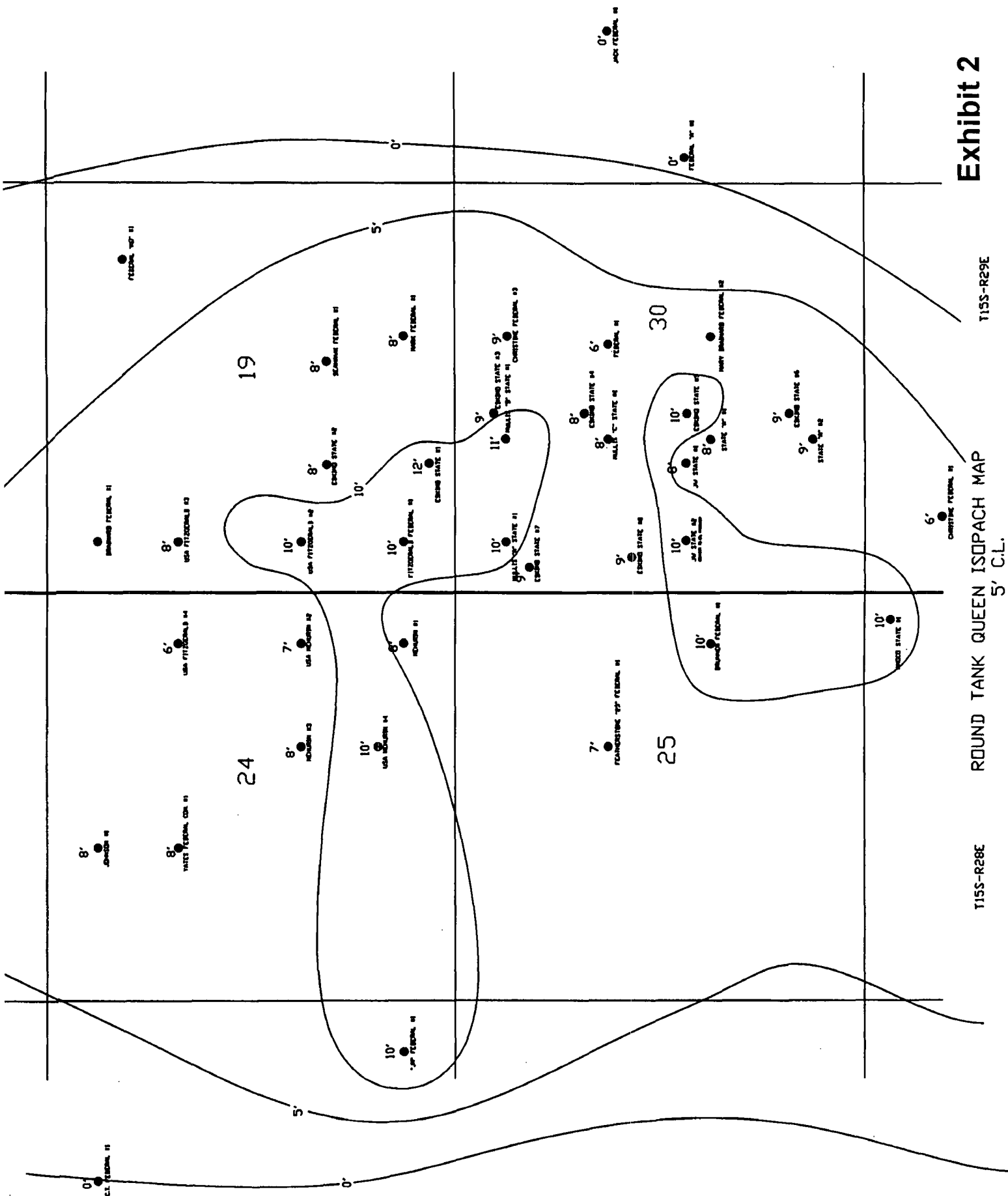


Exhibit 2

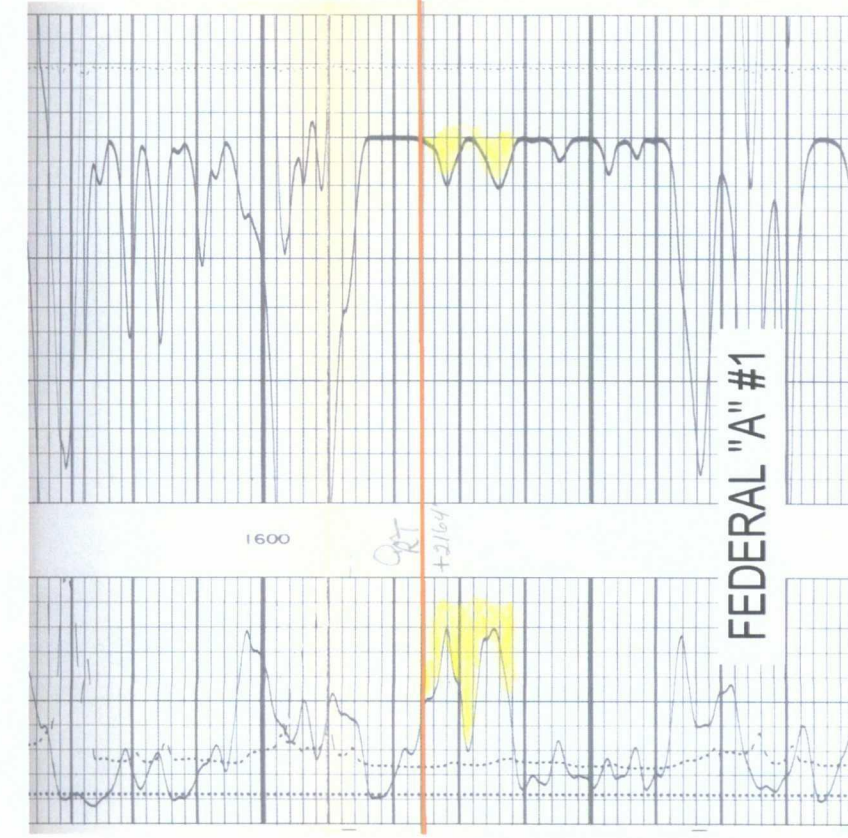
T15S-R29E

ROUND TANK QUEEN ISOPACH MAP
5' C.L.

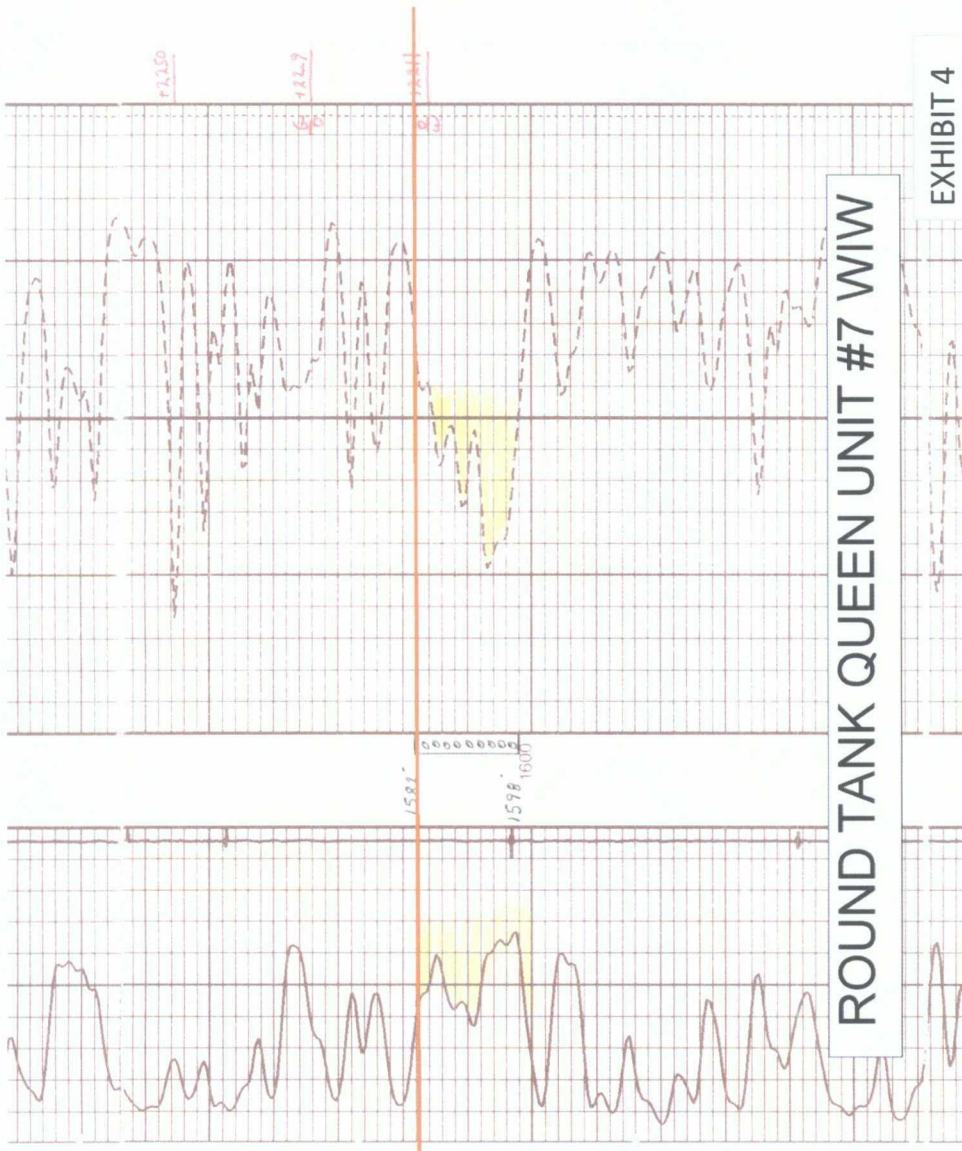
T15S-R28E



Exhibit 3

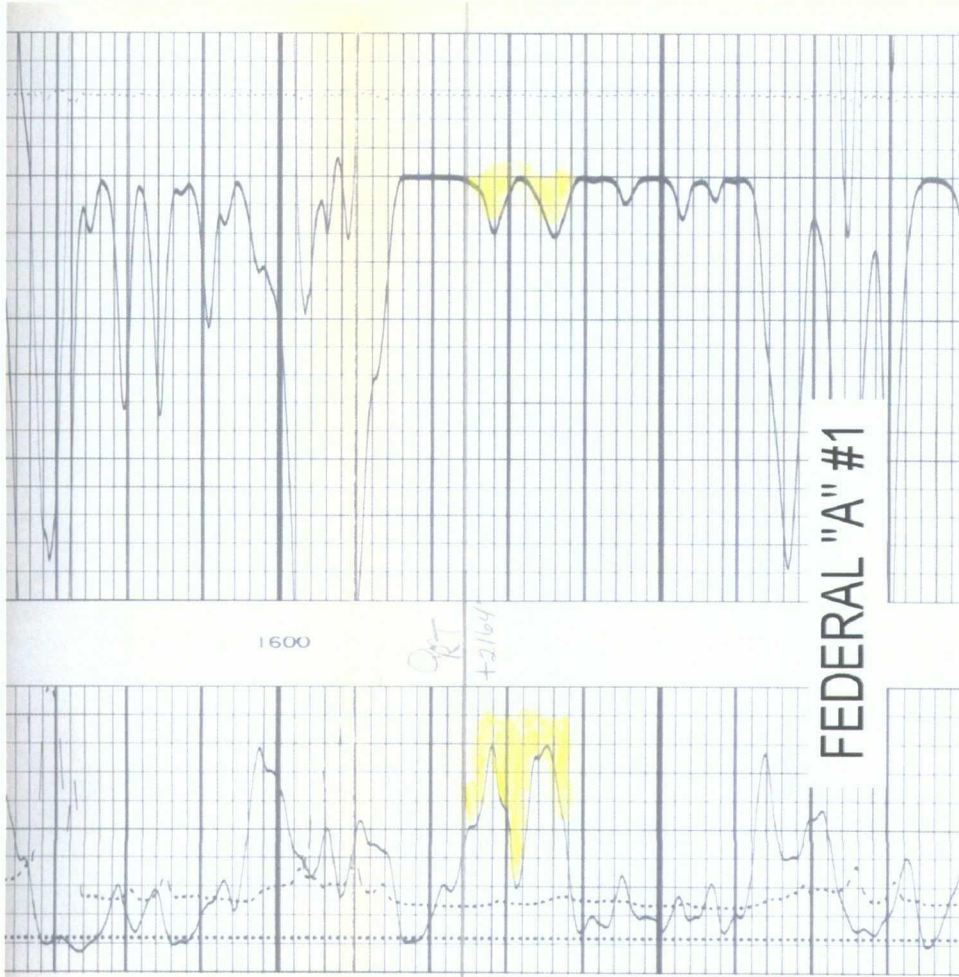


FEDERAL "A" #1



ROUND TANK QUEEN UNIT #7 WIW

EXHIBIT 4



FEDERAL A #1
 2310' FSL & 330' FWL ("L")
 SEC 29-T15S-R29E
 CHAVES COUNTY, NM
 API NO.: 30-005-60336

10 SX SURF
 9 5/8" HOLE
 35 SX @ SHOE
 7" @ 375'
 CMT W/ 100 SX

T. YATES 882'

T. 7 RVRS 1095'

T. BOWERS 1415'
 T. QUEEN 1590'

T. GRAYBURG 1990'

T. SAN ANDRES 2260'

HEAVY MUD

OPEN HOLE

QUEEN 1624'-1638', 14'

35 SX 2100-2000'

TD 3171'



500 North Main Street, Suite 200
P.O. Box 1973
Roswell, New Mexico 88202-1973
(575) 625-2222
Fax (575) 622-2512

October 28, 2009

Mr. Terry Warnell
New Mexico Oil Conservation Division
1200 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Round Tank Queen Waterflood Unit
Chaves County, New Mexico
Case No.: 14342
Order No.: R-13183

Dear Mr. Warnell:

As stated in Order No.: R-13183, Item No.:9 "Prior to Injection into the Round Tank Queen Unit #7, the Federal "A" No. 1, API No.: 30-005-60336, shall be properly plugged and abandoned". To resolve the issue with the Federal "A" No. 1 well, a meeting was held on October 22, 2009 with Mr. Randy Dade, OCD District 2 Supervisor, at the OCD Artesia Office to review the records on this well.

After reviewing the logs, well data and plugging information, it was concluded that the Federal "A" #1 well is located east of the Queen porosity pinchout and there is not a zone capable of transmitting fluids and that the well is plugged in a manner to prohibit fluid movement to any potential fresh water zones or other zones productive of oil or gas. Therefore, it will not be necessary to replug the Federal "A" No. 1 well.

Based upon the conclusion reached by Mr. Dade that the Federal "A" No. 1 has been properly plugged, we are preparing to begin injection in the Round Tank Queen Unit #7.

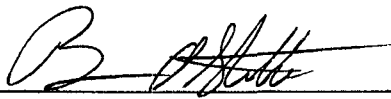
Exhibit 6

ARMSTRONG ENERGY CORPORATION

**New Mexico Oil Conservation Division
October 28, 2009
Page 2**

Should you need any additional information, please call me at 575-624-2800. Thank you for your assistance in this matter.

ARMSTRONG ENERGY CORPORATION

By: 
Bruce A. Stubbs, Vice President-Operations

BAS/jb

**cc: Mr. Randy Dade
Oil Conservation Division
1301 W. Grand Avenue
Artesia, New Mexico**

Mr. William F. Carr



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201

NOV 24 2009

In Reply
Refer To:
NMNM0556544
3160 (NMP01300)

Armstrong Energy Corporation
Attn: Mr. Bruce Stubbs
P.O. Box 1973
Roswell, New Mexico 88202

Dear Mr Stubbs:

In response to a request made by Armstrong Energy Corporation representatives the Bureau of Land Management (BLM) is providing information regarding the #1 Federal A well located 2310 FSL & 330 FWL Section 29, T. 15 S., R. 29 E., on federal oil and gas lease NM 0556544, Chaves County, New Mexico. The #1 Federal A was operated by C.E. LaRue and B.N. Muncy, Jr and was completed as a dry hole. The BLM approved the subsequent report of abandonment on October 23, 1980, in accordance with a verbal approval for the plugging plan dated May 22, 1975. The New Mexico Oil Conservation Division and then current operator received the May 22, 1975 plan for plugging on July 21, 1976.

BLM Petroleum Engineering Inspectors have not identified any leaks and/or any imperfections regarding the down hole plugging for the #1 Federal A. The #1 Federal A well has been plugged and abandoned in accordance to acceptable industry standards and within an established federally approved plugging plan.

If you have any questions please call John S. Simitz Geologist at (575) 627-0288 or the Division of Lands and Minerals at (575) 627-0272.

Angel Mayes
Assistant Field Manager,
Lands and Minerals

3 Attachments

Exhibit 7