HOLLAND & HART LLP
ATTORNEYS AT LAW

DENVER · ASPEN
BOULDER · COLORADO SPRINGS
DENVER TECH CENTER
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William F. Carr

wcarr@hollandhart.com

June 4, 2002

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

Case 12885

Re: Application of Armstrong Energy Corporation for approval of a pressure maintenance project and for qualification of the Project Area for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

Dear Ms Wrotenbery:

Enclosed in triplicate is the Application of Armstrong Energy Corporation in the above-referenced case as well as a copy of a legal advertisement. Armstrong requests that this matter be set for hearing before a Division Examiner on June 27, 2002.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr

Enclosures

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 PRESSURE MAINTENANCE PROJECT AND FOR QUALIFICATION OF THE PROJECT AREA FOR THE FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, LEA COUNTY, NEW MEXICO.

CASE NO. 12885

APPLICATION

ARMSTRONG ENERGY CORPORATION. ("Armstrong") through its attorneys, Holland & Hart LLP hereby makes application for an order approving a pressure maintenance project for the injection of water into the Delaware formation, Lea Northeast-Delaware Pool in a portion of its Mobil Lea State Lease (State Lease No. LG-2750), and in support of its application states:

1. By Order No. R-10541, dated February 6, 1996, the Division approved Armstrong's application for authorization to implement a pressure maintenance project in its a portion of its Mobil Lea State Lease (Lease No. LG-2750) by the injection of produced water into the third sand interval of the Cherry Canyon formation of the Delaware Mountain group, which is the within the Northeast Lea-Delaware Pool. A copy of Order No. R-10541 is attached hereto.

2. Armstrong did not commence injection pursuant to Order No. R-10541 and it expired of its own terms on February 6th, 1997.

3. Armstrong now desires to implement this project and seeks an order re-authorizing this project with injection through the perforated interval from

approximately 5,930 feet to 5,970 feet in its proposed Mobil Lea State Well No. 8 to be drilled at standard location 330 feet from the South line and 1650 feet from the West line of Section 2 Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Armstrong's Application for Authorization to Inject (Division Form C-108) through this new injection well is attached hereto.

4. The boundaries of the proposed pressure maintenance project include the following acreage in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 2: SW/4

5. Notice of this application and the requested hearing date as well as a copy of Armstrong's Application for Permit to Inject (Form C-108) have been provided by certified mail in accordance with the rules of the Oil Conservation Division to each leasehold operator within ½ mile of the proposed injection well and the owner of the surface of the land upon which the injection well is to be located. These owners are identified on Exhibit A to this application.

6. Approval of this application will afford Armstrong the opportunity to produce its just and equitable share of the remaining reserves in the New Mexico State Lease No. LG-2750 and will otherwise be in the best interest of the conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, Armstrong Energy Corporation requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on June 27, 2002, and after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

HOLLAND & HART LLP

By: _____

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR ARMSTRONG ENERGY CORPORATION

EXHIBIT A
NOTIFICATION LIST

APPLICATION OF ARMSTRONG ENERGY CORPORATION FOR APPROVAL OF A PRESSURE MAINTENANCE PROJECT FOR ITS NEW MEXICO STATE LEASE NO. LG-2750, LEA COUNTY, NEW MEXICO.

Brothers Production Company
Post Office Box 7515
Midland, Texas 79708-7515

Read & Stevens, Inc.
Post Office Box 1518
Roswell, New Mexico 88202-1518

Samson Resources
Two West 2nd Street
Tulsa, Oklahoma 74103

Wynn-Crosby, LLC
5500 West Plano Parkway, Suite 200
Plano, Texas 75093-4836

CASE 12885:

Application of Armstrong Energy Corporation for approval of a pressure maintenance project and for Qualification of the Project Area for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant in the above-styled cause, seeks approval of a pressure maintenance project by the injection of water into the third sand interval of the Cherry Canyon formation of the Delaware Mountain group which is within the Northeast Lea-Delaware Pool, through its Mobile Lea State Well No. 8 to be drilled as an injection Well at a point 330 feet from the South line and 1650 feet from the West line of Section 2, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant also seeks to qualify this project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act. Said lease is located approximately 24 miles SW of Hobbs, New Mexico.

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 11436
ORDER NO. R-10541

APPLICATION OF ARMSTRONG ENERGY CORPORATION FOR A PRESSURE MAINTENANCE PROJECT AND QUALIFICATION FOR THE RECOVERED OIL TAX CREDIT PURSUANT TO THE "NEW MEXICO OIL RECOVERY ACT", LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 7 and on December 21, 1995 at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach, respectively.

NOW, on this 6th day of February, 1996 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Armstrong Energy Corporation, seeks authority to institute a pressure maintenance project on a portion of its Mobil Lea State Lease (State lease No. LG-2750) underlying the SW/4 of Section 2, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, by the injection of produced water into the third sand interval of the Cherry Canyon formation of the Delaware Mountain group, which is within the Northeast Lea-Delaware Pool, through the perforated interval from approximately 5,930 feet to 5,970 feet in its proposed Mobil Lea State Well No. 6 to be drilled at a standard location 330 feet from the South line and 990 feet from the West line (Unit M) of said Section 2.

(3) There are currently four producing oil wells that will be initially affected by the proposed injection well, all of which are located in the SW/4 of said Section 2:

Well Name and Number	Footage Location	Unit Letter Designation	API Number
Mobil Lea State Well No. 1	1800' FSL & 1980' FWL	K	30-025-31696
Mobil Lea State Well No. 2	1800' FSL & 990' FWL	L	30-025-31928
Mobil Lea State Well No. 3	990' FSL & 870' FWL	M	30-025-32105
Mobil Lea State Well No. 4	1155' FSL & 1770' FWL (Unorthodox Oil Well Location Approved By Division Order No. R-10015, dated November 9, 1995)	N	30-025-32310

(4) The applicant presented testimony which indicates:

(a) the total primary recovery from this reservoir with the above-described producing oil wells is estimated at 900,000 to 1,000,000 barrels of oil, or 16.5% to 18.3% of the original-oil-in-place;

(b) the estimated total capital cost to implement this project is $361,175.00; and,

© the estimated incremental production from this pressure maintenance project is expected to yield an additional 306,000 barrels of oil, or 33% of the original-oil-in-place, which results in the recovery of additional oil that would not otherwise be recovered.

(5) The current producing rates for the four aforementioned wells are "non-marginal" in nature; therefore, pursuant to Division General Rule 701.F, the proposed project should be classified as a pressure maintenance project and governed accordingly.

(6) Nearburg Producing Company, an off-set mineral interest owner, appearing through legal counsel at the time of the hearing neither objected nor supported the subject application. No other offset operator or interested party appeared at the hearing in opposition to this application.

(7) The proposed pressure maintenance project, as proposed by the applicant, is in the best interest of conservation, exhibits sound engineering practices, serves to prevent waste, and will not impair correlative rights; therefore, the subject application should be approved and the project should be governed by the provisions of Rules 701

through 708 of the Division Rules and Regulations.

(8) Produced water from the Delaware producing wells within said Section 2 is to be the initial source of injection water into the proposed project.

(9) The area for said project should incorporate that portion of the applicant's Mobil Lea State Lease as described in Finding Paragraph No. (2), above and, at the request of the applicant, should be designated the "*Lea Pressure Maintenance Project*".

(10) The project allowable should be equal to the top unit allowable for the Northeast Lea-Delaware Pool, which is 300 barrels of oil per day (as provided by Division Order No. R-9842, as amended), times the number of developed (production or injection) proration units within the project area.

(11) The transfer of allowable between wells within the project area should be permitted.

(12) The operator should take all steps to ensure that the injected water enters only the proposed injection interval and is not permitted to escape into other formations or onto the surface from injection, production or plugged and abandoned wells.

(13) The applicant submitted data on the proposed injection well, water wells in the area, and all other wells (including plugged wells) which penetrate the zone of interest within the ½-mile "area-of-review" ("AOR") of the proposed injection well. One particular well within this AOR (2,575 feet from the proposed injection well), the Samson Resources Company Federal 11-20-34 Well No. 1 (**API No. 30-025-02426**) located 1,980 feet from the North line and 2,130 feet from the West line (Unit F) of Section 11, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico is currently producing oil from the Lea-Bone Spring Pool from the perforated interval from approximately 9,476 feet to 10,258 feet. The 10 3/4-inch intermediate casing in this well was set at 5,293 feet. Evidence presented indicates that the 7-inch production string (set to 14,360 feet) in this wellbore was cemented from the bottom back up-hole to an approximate depth of 8,680 feet. The corresponding injection interval depths are therefore open. Geologic data presented by the applicant however indicates that the injection interval or "sand" does not extend far enough to the southeast to be present in the Samson well.

FINDING: Even though the Samson Resources Company Federal 11-20-34 Well No. 1 is within the AOR, the injected water should not be a factor. FURTHER, such evidence indicates that wells in the AOR are cased and plugged so as to protect fresh water and prevent fluid migration from the injection zone, and includes testimony

indicating no evidence of open faults or any other hydrologic connection between the injection zone and the fresh water resources in the area.

(14) Injection into each well should be accomplished through 2 7/8-inch internally lined or coated tubing installed in a packer set no higher than 100 feet above the top of the upper most perforation; the casing-tubing annulus should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leaks in the casing, tubing or packer.

(15) The injection well or its pressurization system should be so equipped as to limit injection pressure at the wellhead to no more than 750 psi, again as requested by the applicant, the Division Director however should have the authority to increase said pressure limitation, should circumstances warrant.

(16) Prior to commencing injection operations, the casing in the subject well should be pressure tested throughout the interval, from the surface down to the proposed packer-setting depth, to assure integrity of such casing.

(17) The operator should give advance notice to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(18) The applicant further requests that the subject pressure maintenance project be approved by the Division as a qualified "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(19) The evidence presented indicates that the subject pressure maintenance project meets all the criteria for approval.

(20) The approved "project area" is to be limited to that area described in Finding Paragraph No. (2) above.

(21) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

(22) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells

which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(23) The injection authority granted herein for the proposed injection wells should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Armstrong Energy Corporation, is hereby authorized to institute a pressure maintenance project on a portion of its Mobil Lea State Lease by the injection of produced water into the third sand interval of the Cherry Canyon formation of the Delaware Mountain group in its proposed Mobil Lea State Well No. 6 to be drilled at a standard location 330 feet from the South line and 990 feet from the West line (Unit M) of Section 2, Township 20 South, Range 34 East, NMPM, Northeast Lea-Delaware Pool, Lea County, New Mexico.

(2) The pressure maintenance project, hereby designated the "*Lea Pressure Maintenance Project*", shall be comprised of the following described area in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 2: SW/4.

(3) The allowable for the project area shall be any amount up to and including a volume equal to the top unit allowable for the Northeast Lea-Delaware Pool (300 barrels of oil per day) times the number of developed (production or injection) proration units within the project area.

FURTHER: The allowable assigned to the project area may be produced from any well or wells within the project area in any proportion.

(4) Injection into the Mobil Lea State Well No. 6 shall be through 2 7/8-inch internally lined or coated tubing with injection into the perforated interval from approximately 5,930 feet to 5,970 feet.

(5) The tubing string in said well shall be installed in a packer set no higher than 100 feet above the upper most perforation; the casing-tubing annulus shall be filled with an inert fluid; and a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak-detection device in order to determine leakage in the casing, tubing or packer.

(6) Said injection well or its pressurization system shall be equipped with a pressure-limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 750 psi.

(7) The Division Director shall have the authority to administratively authorize an increase in the injection pressure limitation placed upon any well upon a proper showing by the operator that such higher pressure will not result in the migration of the injected waters from the third sand interval of the Cherry Canyon formation of the Delaware Mountain group, which is within the Northeast Lea-Delaware Pool.

(8) Prior to commencing injection operations, the casing in the subject well shall be pressure tested to assure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's Hobbs District Office.

(9) The operator shall notify the supervisor of the Hobbs District Office of the Division in advance of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(10) The operator shall immediately notify the supervisor of the Division's Hobbs District Office of the failure of the tubing, casing, or packer in said injection well or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(11) Should it become necessary, the supervisor of the Hobbs District Office of the Division or the Director may at any time order a decrease of the injection pressure on any injection well within said project.

(12) The operator of the Lea Pressure Maintenance Project shall conduct injection operations in accordance with all applicable Division rules, regulations, and policies, including Division General Rules 701 through 708 and shall submit monthly progress reports in accordance with Division General Rules 706 and 1115.

IT IS FURTHER ORDERED THAT:

(13) The subject pressure maintenance project is hereby approved as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(14) The approved "project area" shall be limited to that area described in Decretory Paragraph No. (2) above.

(15) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

(16) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(17) The injection authority granted herein for the proposed injection wells shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

(18) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

SEAL

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised 4-1-98

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery __X__ Pressure Maintenance _____Disposal _____Storage
Application qualifies for administrative approval? _____Yes __X__No

II. OPERATOR: Armstrong Energy Corporation

ADDRESS: P.O. Box 1973, Roswell, New Mexico 88202

CONTACT PARTY: Bruce A. Stubbs, P.E. PHONE: 505-624-2800

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____Yes __X__No __X__ Modification
If yes, give the Division order number authorizing the project: R-10541 (2-6-96)

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

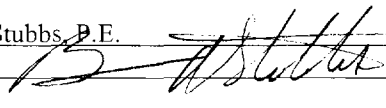
*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Bruce A. Stubbs, P.E. TITLE: Consulting Engineer
SIGNATURE:  DATE: 5-22-02

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

Side 1

INJECTION WELL DATA SHEET

OPERATOR: ARMSTRONG ENERGY CORPORATION

WELL NAME & NUMBER: MOBIL LEA STATE #8

WELL LOCATION:	330' FSL & 1650' FWL	N	2	20S	34E
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 14 3/4 Casing Size: 9 5/8"

Cemented with: 1100 sx. ***or*** _____ ft^3

Top of Cement: SURFACE Method Determined: CIRC.

Intermediate Casing

Hole Size: _____ Casing Size: _____

Cemented with: _____ sx. ***or*** _____ ft^3

Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 7 7/8" Casing Size: 5 ½"

Cemented with: 2050 sx. ***or*** _____ ft^3

Top of Cement: SURFACE Method Determined: CIRC.

Total Depth: 6100'

Injection Interval

5930' feet to 5970'

PERFORATED WITH 2 JSPF

(Perforated or Open Hole; indicate which)

2

FORM C-108 ATTACHMENT

ARMSTRONG ENERGY CORPORATION

MOBIL LEA FEDERAL #8 PMW
330' FSL & 1650 FWL
SECTION 2-T20S-R34E
LEA COUNTY, NEW MEXICO

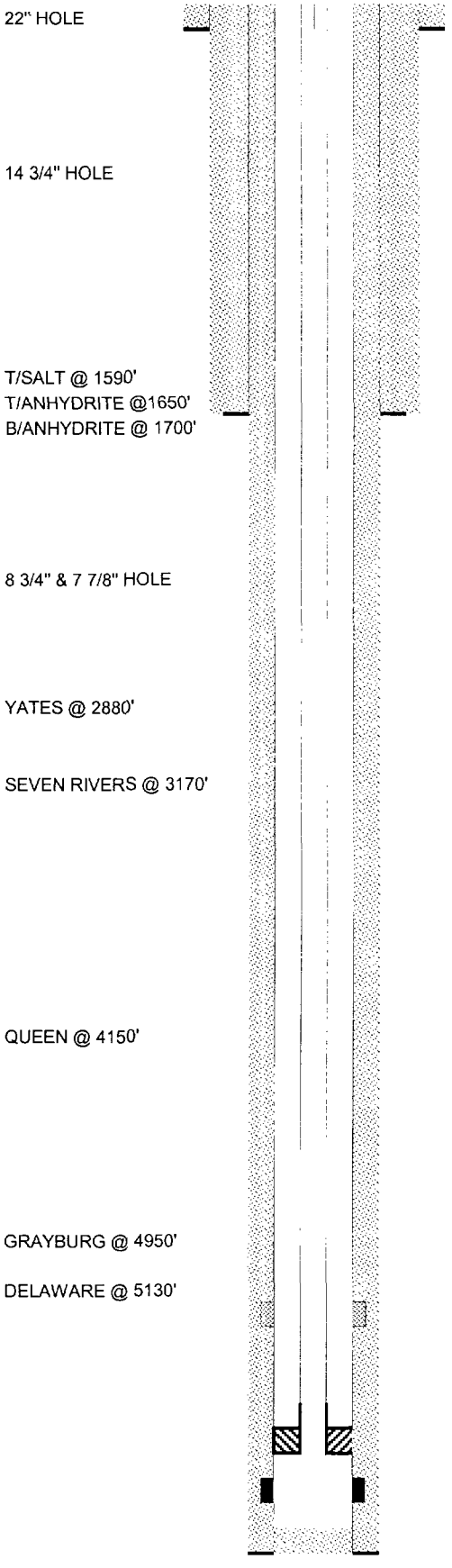
III. PROPOSED PRESSURE MAINTENANCE WELL DATA:

A.

CONDUCTOR PIPE:	16"-54 #/FT SET @ 42', CEMENT TO SURFACE W/ 3 CU. YDS. REDI-MIX
SURFACE CASING:	9 5/8"-36 #/FT. SET @ 1700', CEMENTED TO SURFACE W/ 1100 SX
LONG STRING CASING:	5 1/2"-15.5 #/FT. SET @ 6100', CEMENTED IN TWO STAGES WITH A D.V. TOOL @ 5200' 1ST STAGE - 450 SX, CIRCULATED TO D.V. TOOL 2ND STAGE - 1600 SX CIRCULATED TO SURFACE
TOTAL DEPTH:	6100'
TUBING:	2 7/8"-6.5 #/FT., J-55, W/ FREECOM CERAMIC COATING
PACKER:	BAKER LOCKSET W/ ON-OFF TOOL AND PROFILE NIPPLE, SET @ 5850'

B.

INJECTION FORMATION:	DELAWARE - CHERRY CANYON - THIRD SAND (AS SHOWN ON MOBIL LEA STATE #3 LOG FROM 5910'-6012')
FIELD:	NORTHEAST LEA DELAWARE
INJECTION INTERVAL:	5930'-5970', CASED HOLE
ORIGINAL WELL PURPOSE:	THIS WELL WILL BE DRILLED AS A PRESSURE MAINTENANCE WELL.
OTHER PERFORATED INTERVALS:	NONE
DEPTHS AND NAMES OF OTHER OIL & GAS ZONES IN THE AREA:	DELAWARE -CHERRY CANYON - 1ST SAND - 5456'-5676' BONE SPRINGS - 9476'-10258' MORROW - 13034'-13462' DEVONIAN - 14360'



16"-54 #/FT. @ 42'
3 CU. YDS. REDI-MIX

9 5/8"-36 #/FT. @ 1700'
1100 SX
CIRC.

2 7/8" 6.5 #/FT. J-55 TUBING, FREECOM CERAMIC COATING

D.V. TOOL @ 5200'
1600 SX
CIRC.

ON/OFF TOOL WITH PROFILE NIPPLE
5880' BAKER LOCKSET PACKER - NICKLE PLATED

5930'-5990', 2 JSPF, ACIDIZE W/ 3000 GALS. 7 1/2% NEFE ACID, FRAC W/ 20,000 GALS CARRYING 45,000# 20-40 SAND

5 1/2"-15.5 #/FT. @ 6100'
450 SX

III. PROPOSED PRESSURE MAINTENANCE WELL CONFIGURATION

MOBIL LEA STATE #8 PMW
ARMSTRONG ENERGY CORPORATION
330' FSL & 1650' FWL
SE/SW
SECTION 2-T20S-R34E
LEA COUNTY, N.M.

PROPOSED SPUD DATE: 8/1/2002

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: CERAMIC COATED

Type of Packer: BAKER LOCKSET W/ ON-OFF TOOL AND PROFILES

Packer Setting Depth: 5880'

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? X Yes _____ No

   If no, for what purpose was the well originally drilled? _____

2. Name of the Injection Formation: CHERRY CANYON

3. Name of Field or Pool (if applicable): NORTHEAST LEA DELAWARE

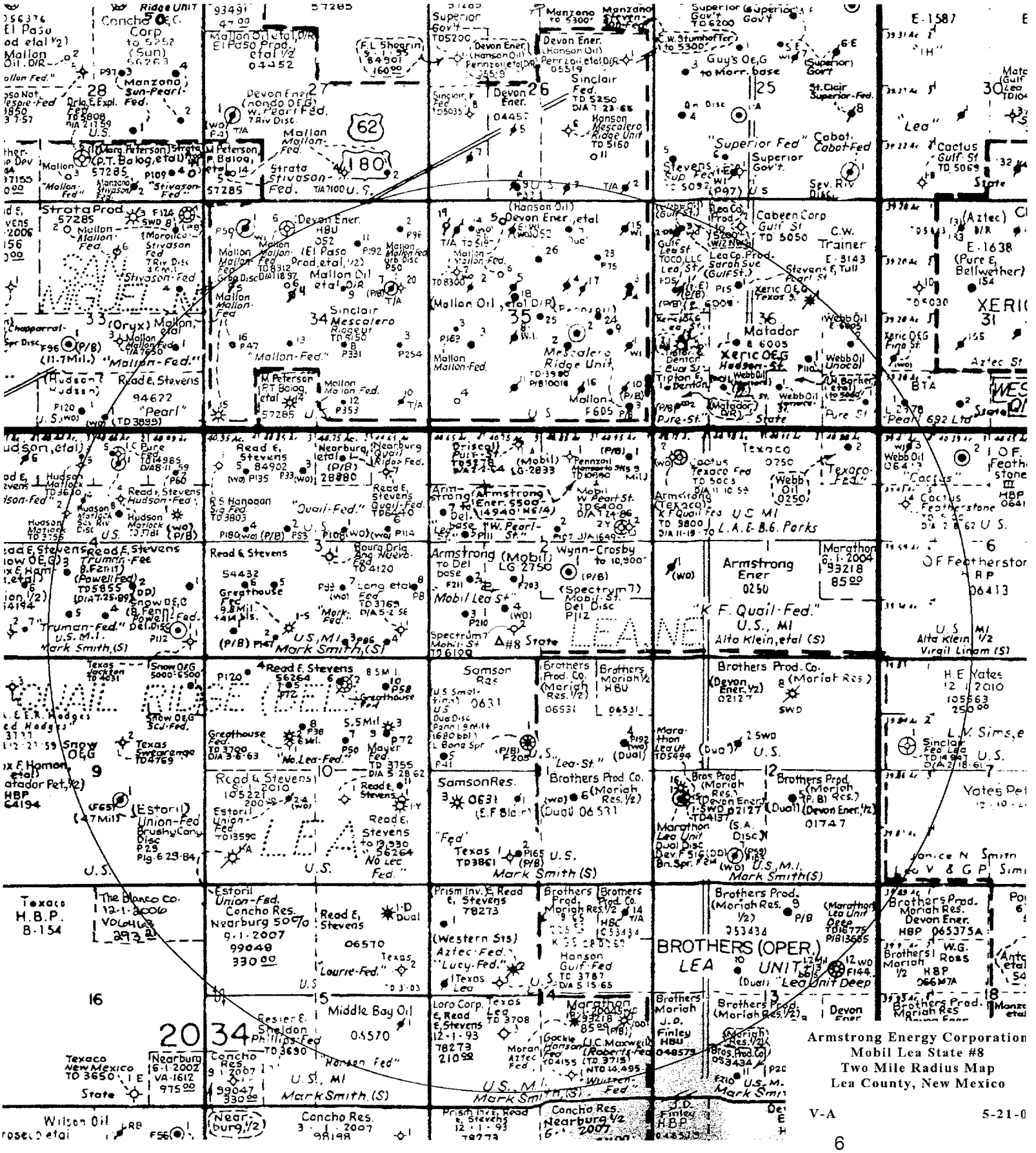
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. N.A.

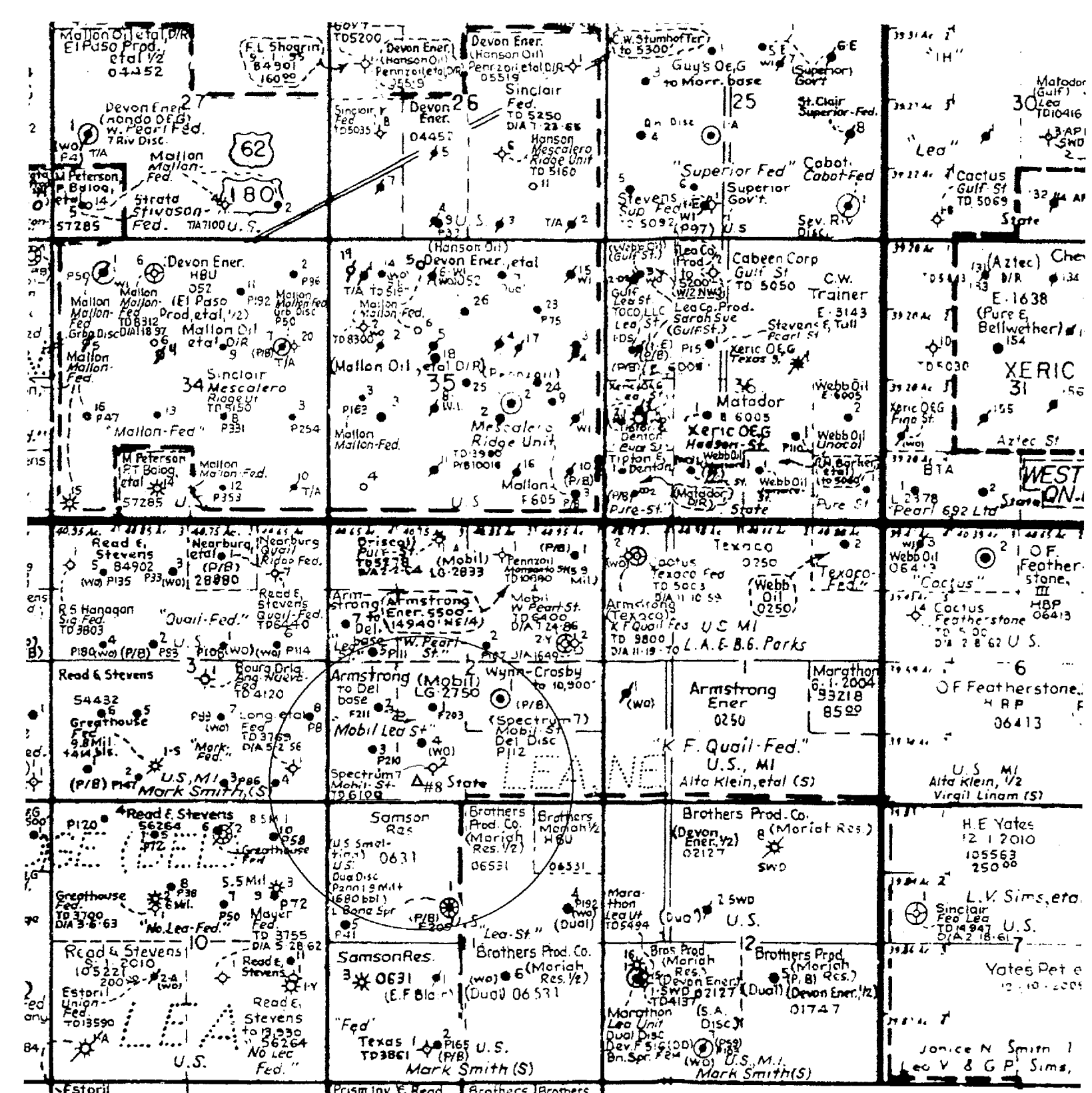
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: DELAWARE CHERRY CANYON 1ST SAND 5456-5676'

   BONE SPRING 9476-10258'

   MORROW 13034-13462'

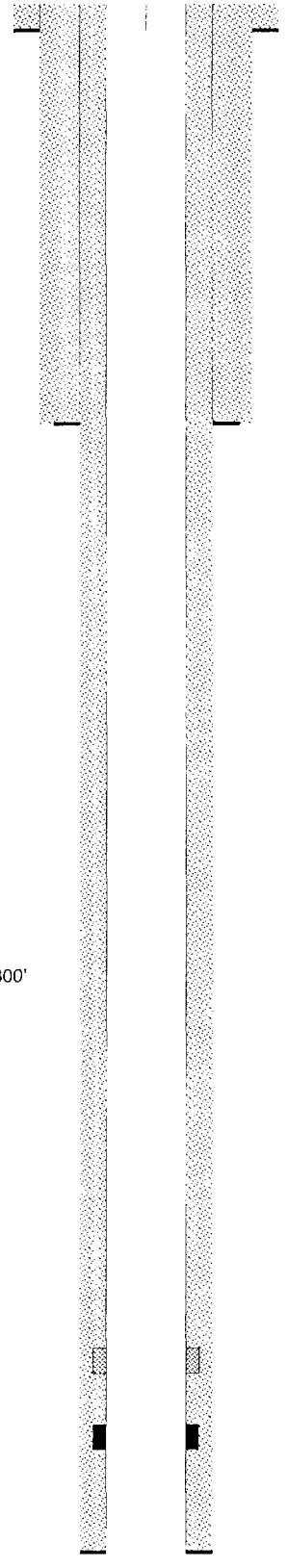
   DEVONIAN 14360'


Armstrong Energy Corporation
Mobil Lea State #8
Two Mile Radius Map
Lea County, New Mexico
V-A
5-21-0
6


Armstrong Energy Corporation
Mobil Lea State #8
Sec. 2N-T20S-R34E
Half Mile Radius Map
Lea County, New Mexico
7
V-B
5-21-02

VI. WELLS WITHIN A 1/2 MILE RADIUS OF THE PROPOSED INJECTION WELL

API	LEASE NAME	WELL #	OPERATOR NAME	LOCATION	FIELD NAME	STATUS	ROD ZONE NA	OIL CUM	GAS CUM	WTR CUM	TD	U PERF	L PERF
30025324660000	MOBIL LEA STATE	5	ARMSTRONG ENERGY CORPORATION	2E 20S 34E SW NW	LEA NORTHEAST	ACT	DELAWARE	16029	14439	9792	6058	5610	5630
30025292040000	MOBIL STATE	1	WYNN-CROSBY ENERGY INCORPORATED	2J 20S 34E	LEA NORTHEAST	ACT	DELAWARE	103667	104853	44463	10800	5626	5695
30025316960000	MOBIL LEA STATE	1	ARMSTRONG ENERGY CORPORATION	2K 20S 34E S2 NE SW	LEA NORTHEAST	ACT	DELAWARE	190945	251018	26510	6289	5658	5931
30025319280000	MOBIL LEA STATE	2	ARMSTRONG ENERGY CORPORATION	2L 20S 34E NW SW	LEA NORTHEAST	ACT	DELAWARE	325643	344534	34068	6256	5605	6048
30025321050000	MOBIL LEA STATE	3	ARMSTRONG ENERGY CORPORATION	2M 20S 34E SW SW	LEA NORTHEAST	ACT	DELAWARE	146361	223498	132413	6300	5918	5936
30025323100000	MOBIL LEA STATE	4	ARMSTRONG ENERGY CORPORATION	2N 20S 34E SE SW	LEA NORTHEAST	ACT	DELAWARE	146993	230037	39262	6285	5544	5940
	MOBIL STATE	2	SPECTRUM 7 EXPLORATION	2N 20S 34E SE SW		P/A					6100	5698	5716
30025321580000	MARK FEDERAL	8	READ & STEVENS INCORPORATED	3I 20S 34E NE SE	LEA NORTHEAST	ACT	DELAWARE	7178	13322	29149	6349	5910	6038
30025318180000	MARK FEDERAL	4	READ & STEVENS INCORPORATED	3P 20S 34E SE SE	LEA NORTHEAST	ACT	DELAWARE	53833	68455	30837	6480	5912	5922
	FEDERAL "A"	1	LANG & SCHLACHTER	3P 20S 34E SE SE		P/A					3769		
30025318220000	NORTH LEA FEDERAL	10	READ & STEVENS INCORPORATED	10A 20S 34E NE NE	LEA NORTHEAST	ACT	DELAWARE	87767	192083	174446	6488	5910	5930
30025326190000	FEDERAL 11 20 34	5	SAMSON RESOURCES COMPANY	11E 20S 34E SW NW	LEA NORTHEAST	ACT	DELAWARE	34466	21766	63409	6255	5456	5466
30025024260000	FEDERAL 11 20 34	1	SAMSON RESOURCES COMPANY	11F 20S 34E	LEA	ACT	BONE SPRING	158085	867241	29446	14619	10158	10166



14"-28 #/FT. @ 40'
3 CU.YDS. REDI-MIX

8 5/8"-32 #/FT. @ 1705'
800 SX
CIRC.

D.V. TOOL @ 5207'
1400 SX
CIRC.
5610'-5630', 21 SHOTS

5 1/2"-15.5 #/FT. @ 6058'
325 SX

MOBIL LEA STATE #5
ARMSTRONG ENERGY CORPORATION
2440' FNL & 870' FWL
SW/NW
SECTION 2-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 3/26/94

WELL TYPE: OIL WELL

CONDUCTOR PIPE:

CASING:	16"-54 #/FT. @ 40'
HOLE:	22" HOLE
CEMENT:	3 CU. YDS. REDI-MIX
T.O.C.:	CIRC.

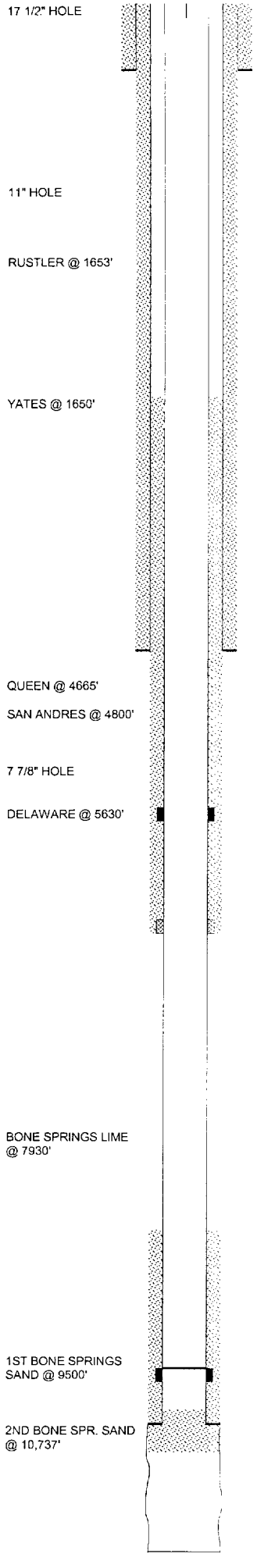
SURFACE CASING:

CASING:	8 5/8"-32 #/FT. @ 1705'
HOLE:	12 1/4" HOLE
CEMENT:	800 SX.
T.O.C.:	CIRC.

LONG STRING:

CASING:	5 1/2"-15.5 #/FT. @ 6058'
HOLE:	7 7/8" HOLE
CEMENT:	325 SX
2ND STAGE:	D.V. TOOL @ 5207'
CEMENT:	1400 SX.
T.O.C.:	CIRC.
TOTAL DEPTH:	6058'

PRODUCTION ZONES: CHERRY CANYON



17 1/2" HOLE

11" HOLE

RUSTLER @ 1653'

YATES @ 1650'

QUEEN @ 4665'

SAN ANDRES @ 4800'

7 7/8" HOLE

DELAWARE @ 5630'

BONE SPRINGS LIME
@ 7930'

1ST BONE SPRINGS
SAND @ 9500'

2ND BONE SPR. SAND
@ 10,737'

MOBIL STATE #1
WYNN-CROSBYINC.
1980' FSL & 1980' FEL
NW/SE
SECTION 2-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 4/16/85

WELL TYPE: OIL WELL

SURFACE CASING:

CASING:	13 3/8"-54.5 #/FT. K-55 @ 422'
HOLE:	17 1/2" HOLE
CEMENT:	450 SX
T.O.C.:	CIRC.

INTERMEDIATE CASING:

CASING:	8 5/8"-32 & 28 #/FT @ 4380'
HOLE:	11" HOLE
CEMENT:	2700 SX.
T.O.C.:	CIRC.

LONG STRING:

CASING.	5 1/2"-17#/FT J-55 & N-80 @ 9816'
HOLE:	7 7/8" HOLE
CEMENT:	225 SX
T.O.C.:	CALC. @ 8550'
2ND STAGE.	D.V. TOOL @ 6374'
CEMENT:	505 SX.
T.O.C.:	CALC. @ 2660'
TOTAL DEPTH:	10800'

PRODUCTION ZONES: FIRST BONE SPRINGS SAND
CHERRY CANYON

13 3/8"-54.5 #/FT. K-55 @ 422'
250 SX. "HLC" 3% SALT, & 1/4# FLOCELE
200 SX CLASS "C", 2% CACL
CIRCULATED 135 SX

8 5/8"-32 & 28 #/FT @ 4380'
1000 SX HLC, 18 % SALT, 5# GILSONITE & 1/4 #/SX FLOCELE
1500 SX HLC, 18% SALT & 1/4 #/SX FLOCELE
200 SX CLASS "C" W/ 1% CACL
CIRCULATED 550 SX

5626', 31', 33', 44', 71, 75', 86', 93' & 95', 10 SHOTS

D.V. TOOL @ 6374'
355 SX HLC W/ 1/4#/SX FLOCELE
150 SX CLASS "H"

1.97 CU.FT./SX	699.35 CU.FT.
1.06 CU FT./SX	159.00 CU.FT

7 7/8" X 5 1/2"	0.1733 CU FT./FT
THEORETICAL FILL	4953.0 FT.
LESS 25% EXCESS	3714.8 FT.
CALCULATED T.O.C.	2660 FT.

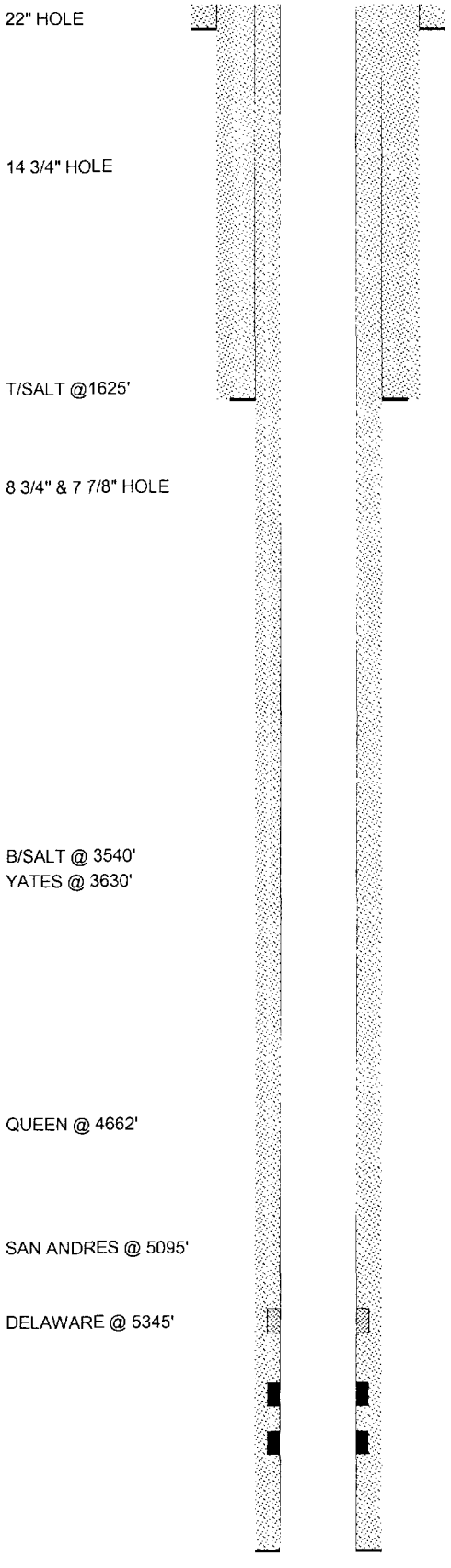
CALCULATED T.O.C. 8550'

CIBP @ 9600'
9650'-54', 9663'66', 9676'-9681' & 9636'-9688', 2 SHOTS/FT.

5 1/2"-17#/FT J-55 & N-80 @ 9816'
225 SX CLASS "H" 50/50 POZ 2% GEL, 6% HALAD-22A, .3% CFR-2, 5# KCL & 1/4# FLOCELE

1.30 CU. FT./SX	292.5 CU FT.
7 7/8" X 5 1/2"	0.1733 CU FT./FT
THEORETICAL FILL	1687.8 FT.
LESS 25% EXCESS	1265.9 FT.
CALCULATED T.O.C.	8550.1 FT.

T.D. @ 10800'



16"-54 #/FT. @ 42'
3 CU. YDS. REDI-MIX

9 5/8"-36 #/FT. @ 1697'
1300 SX.
CIRC.

D.V. TOOL @ 5345'
1600 SX.
CIRC.
5658'-5695', 11 SHOTS

5890'-5931', 41 SHOTS

5 1/2"-15.5 #/FT. @ 6289'
290 SX

MOBIL LEA STATE #1
ARMSTRONG ENERGY CORPORATION
1800' FSL & 1980' FWL
NE/SW
SECTION 2-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 9/30/92

WELL TYPE: OIL WELL

CONDUCTOR PIPE:

CASING:	16"-54 #/FT. @ 42'
HOLE:	22" HOLE
CEMENT:	3 CU. YDS. REDI-MIX
T.O.C.:	CIRC.

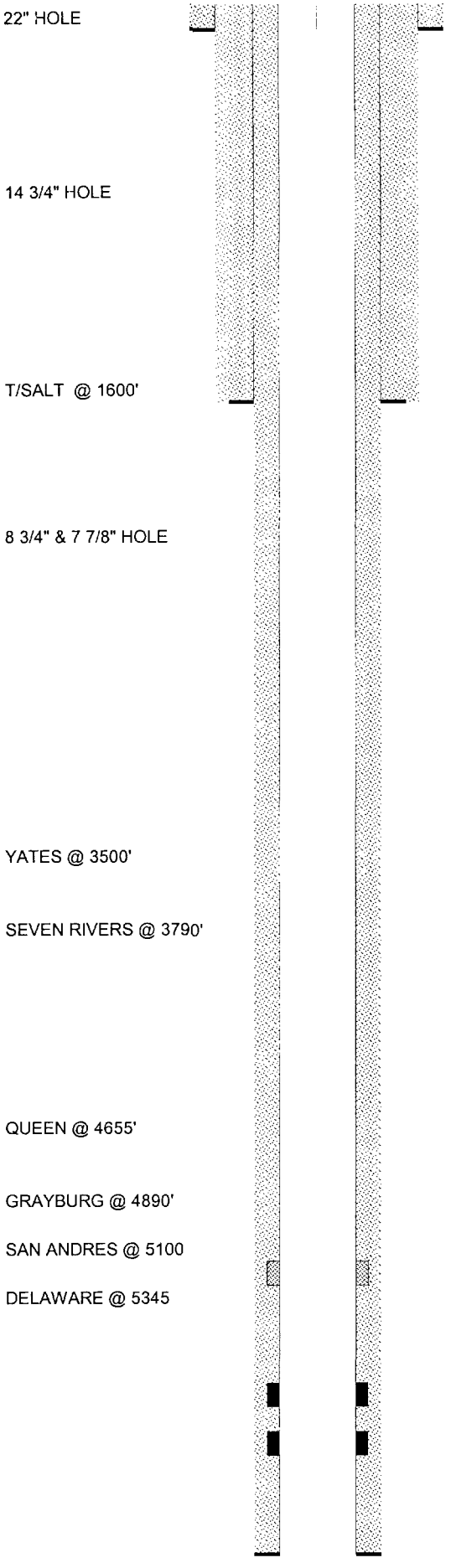
SURFACE CASING:

CASING:	9 5/8"-36 #/FT. @ 1697'
HOLE:	14 3/4" HOLE
CEMENT:	1300 SX.
T.O.C.:	CIRC.

LONG STRING:

CASING:	5 1/2"-15.5 #/FT. @ 6289'
HOLE:	8 3/4" & 7 7/8" HOLE
CEMENT:	290 SX
2ND STAGE:	D.V. TOOL @ 5345'
CEMENT:	1600 SX.
T.O.C.:	CIRC.
TOTAL DEPTH:	6289'

PRODUCTION ZONES: CHERRY CANYON



16"-54 #/FT. @ 40'
3 CU. YDS. REDI-MIX

9 5/8"-36 #/FT. @ 1702'
1200 SX
CIRC.

D.V. TOOL @ 5171'
1600 SX
CIRC.

5605'-5654'

5890'-5930', 39 shots

5 1/2"-15.5 #/FT. @ 6256'
380 SX

MOBIL LEA STATE #2
ARMSTRONG ENERGY CORPORATION
1800' FSL & 990' FWL
NW/SW
SECTION 2-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 3/19/93

WELL TYPE: OIL WELL

CONDUCTOR PIPE:

CASING:	16"-54 #/FT. @ 40'
HOLE:	22" HOLE
CEMENT:	3 CU. YDS. REDI-MIX
T.O.C.:	CIRC.

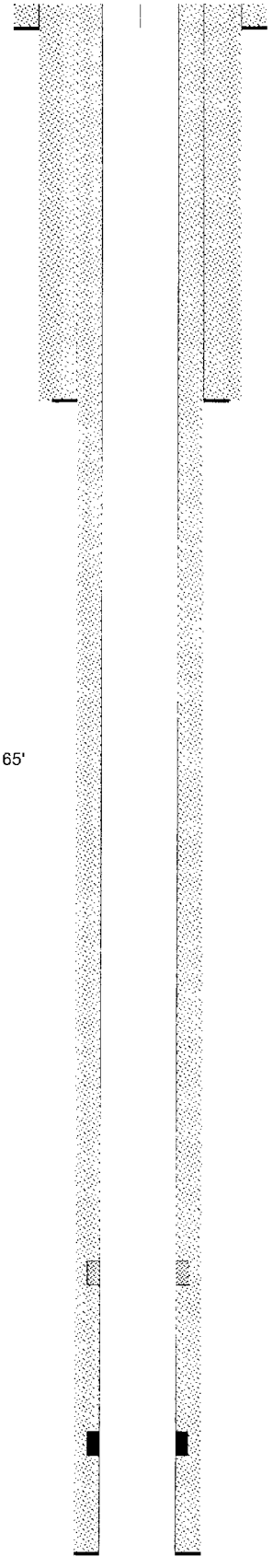
SURFACE CASING:

CASING:	9 5/8"-36 #/FT. @ 1702'
HOLE:	14 3/4" HOLE
CEMENT:	1200 SX.
T.O.C.:	CIRC.

LONG STRING:

CASING:	5 1/2"-15.5 #/FT. @ 6289'
HOLE:	8 3/4" & 7 7/8" HOLE
CEMENT:	380 SX
2ND STAGE:	D.V. TOOL @ 5171'
CEMENT:	1600 SX.
T.O.C.:	CIRC.
TOTAL DEPTH:	6256'

PRODUCTION ZONES: CHERRY CANYON



16"-54 #/FT. @ 42'
3 CU. YDS.

9 5/8"-36 #/FT. @ 1706'
1100 SX
CIRC.

D.V. TOOL @ 5126'
1600 SX
CIRC.

5918'-5936', 30 SHOTS

5 1/2"-15.5 #/FT. @ 6300'
414 SX

MOBIL LEA STATE #3
ARMSTRONG ENERGY CORPORATION
990' FSL & 870' FWL
SW/SW
SECTION 2-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 8/5/93

WELL TYPE: OIL WELL

CONDUCTOR PIPE:

CASING:	16"-54 #/FT. @ 42'
HOLE:	22" HOLE
CEMENT:	3 CU. YDS. REDI-MIX
T.O.C.:	CIRC.

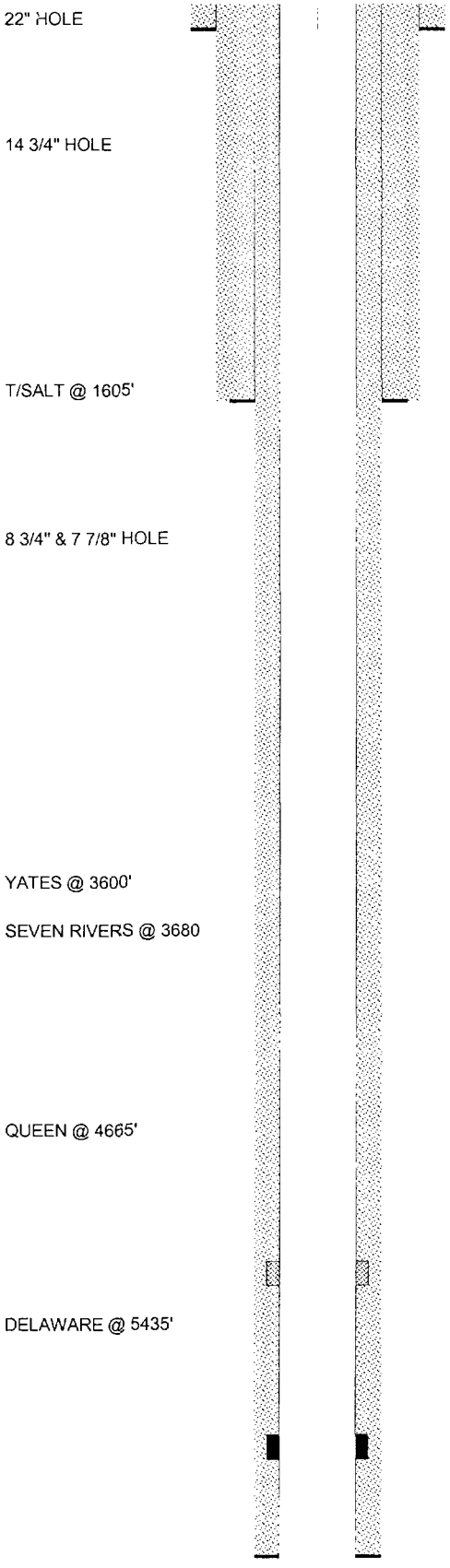
SURFACE CASING:

CASING:	9 5/8"-36 #/FT. @ 1706'
HOLE:	14 3/4" HOLE
CEMENT:	1100 SX.
T.O.C.:	CIRC.

LONG STRING:

CASING:	5 1/2"-15.5 #/FT. @ 6300'
HOLE:	8 3/4" & 7 7/8" HOLE
CEMENT:	414 SX
2ND STAGE:	D.V. TOOL @ 5126'
CEMENT:	1600 SX.
T.O.C.:	CIRC.
TOTAL DEPTH:	6256'

PRODUCTION ZONES: CHERRY CANYON



16"-54 #/FT. @ 40'
3 CU. YDS. REDI-MIX

9 5/8"-36 #/FT. @ 1706'
1050 SX
CIRC.

D.V. TOOL @ 5166'
1550 SX.
CIRC.

5910'-5940', 31 SHOTS

5 1/2"-15.5 #/FT. @ 6285'
360 SX

MOBIL LEA STATE #4
ARMSTRONG ENERGY CORPORATION
1155' FSL & 1770' FWL
SE/SW
SECTION 2-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 12/7/93

WELL TYPE: OIL WELL

CONDUCTOR PIPE:

CASING:	16"-54 #/FT. @ 40'
HOLE:	22" HOLE
CEMENT:	3 CU. YDS. REDI-MIX
T.O.C.:	CIRC.

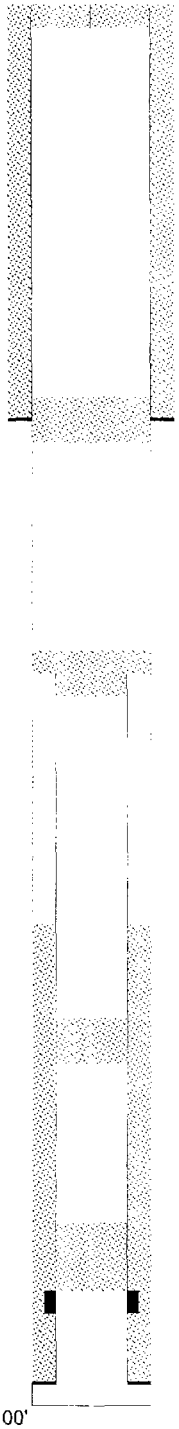
SURFACE CASING:

CASING:	9 5/8"-36 #/FT. @ 1706'
HOLE:	14 3/4" HOLE
CEMENT:	1050 SX.
T.O.C.:	CIRC.

LONG STRING:

CASING:	5 1/2"-15.5 #/FT. @ 6285'
HOLE:	8 3/4" & 7 7/8" HOLE
CEMENT:	360 SX
2ND STAGE:	D.V. TOOL @ 5166'
CEMENT:	1550 SX.
T.O.C.:	CIRC.
TOTAL DEPTH:	6285'

PRODUCTION ZONES: CHERRY CANYON



25 SX @ SURFACE

40 SX PLUG @ 1778'

8 5/8"24 #/FT. @ 1728'
650 SX HLC W/ 1/4#/SX FLOCELE
200 SX CLASS "C" W/ 2% CACL
CIRCULATED 100 SX

CASING CUT AND PULLED @ 2903'
40 SX PLUG @2950', DID NOT TAG
40 SX @ 2950', TAGGED @ 2793'

EST. TOC @ 4075'

25 SX @ 4600'

25 SX PLUG @ 5600'-5400'

25 SX PLUG @ 5650'-5600'
5698', 5699', 5700', 01', 02', 05', 06', 07', 13', 14', 15' & 16'

4 1/2"-10.5#/FT. & 11.6#/FT. @ 6043'
450 SX CLASS "C" POZ W/ .6% CF-14 & 1/4#/SX FLOCELE

YIELD 1.33 CU.FT./SX	598.5	CU.FT.
7 7/8" X 4 1/2"	0.2278	CU.FT./FT.
	2627.3	FT.
LESS 25%	1970.5	FT
EST. T.O.C.	4073	FT.

MOBIL STATE #2
SPECTRUM "7" EXPLORATION
660' FSL & 1980' FWL
SE/SW
SECTION 2-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 6/12/86

WELL TYPE: DRY HOLE, P/A

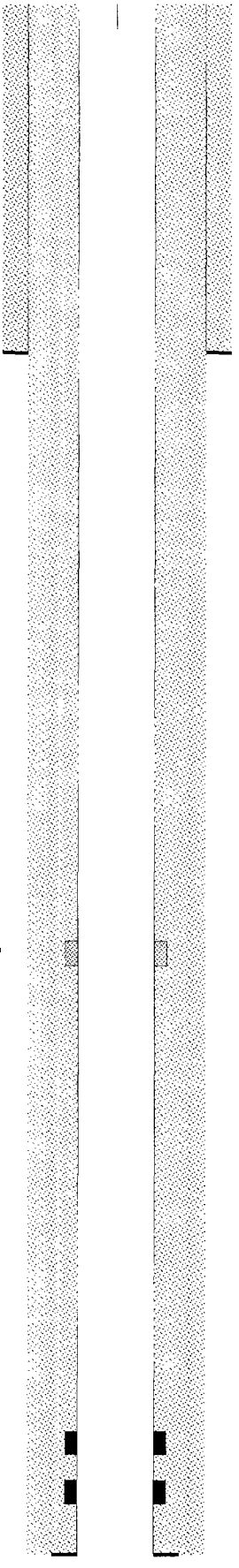
SURFACE CASING:

CASING:	8 5/8"24 #/FT. @ 1728'
HOLE:	12 1/4" HOLE
CEMENT:	850 SX.
T.O.C.:	CIRC.

LONG STRING:

CASING:	4 1/2"-10.5#/FT. & 11.6#/FT. @ 6043'
HOLE:	7 7/8" HOLE
CEMENT:	450 SX
T.O.C.:	CALC. @ 4075'
TOTAL DEPTH:	6100'

PRODUCTION ZONES: TESTED CHERRY CANYON



17 1/2" HOLE

OCHOA @ 1556'

7 7/8" HOLE

YATES @ 3401'

SEVEN RIVERS @ 3840'

DELAWARE @ 5456'

MARK FEDERAL #8
READ & STEVENS INC.
1650' FSL & 330 ' FEL
NE/SE
SECTION 3-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 8/31/93

WELL TYPE:OIL WELL

SURFACE CASING:
CASING: 13 3/8"-54.5 #/FT. @ 1496'
HOLE: 17 1/2" HOLE
CEMENT: 1250 SX
T.O.C.: CIRC.

13 3/8"-54.5 #/FT. @ 1496'
950 SX LITE
250 SX P.P.
CIRC.

LONG STRING:
CASING: 5 1/2"-15.5 #/FT. J-55 @ 6349'
HOLE: 7 7/8" HOLE
CEMENT: 2690 SX
T.O.C.: CIRC.

TOTAL DEF6349'

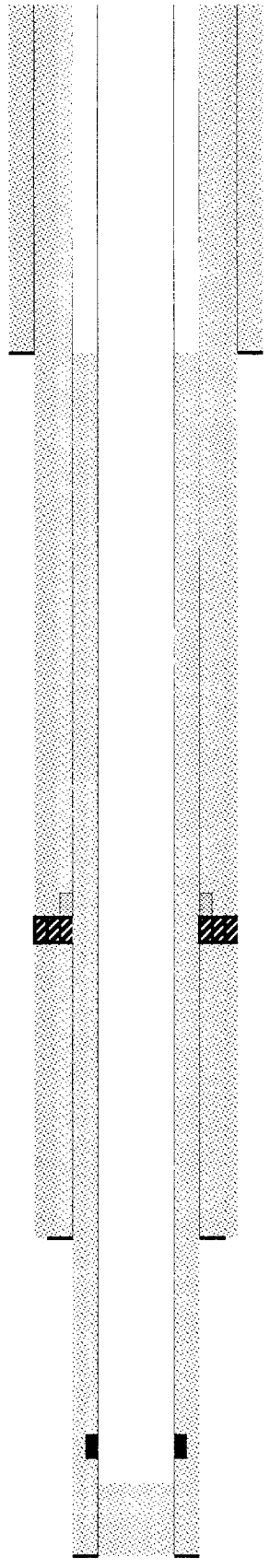
PRODUCTION ZONES: CHERRY CANYON

D.V. TOOL @ 3830'
1400 SX HLC W/ 10 #/SX SALT
470 SX CLASS "C"
CIRC 86 SX TO SURFACE

5910'-5986', 32 SHOTS

6030'-6038', 32 SHOTS

5 1/2"-15.5 #/FT. @ 6349'
545 SX HLC W/ 5 #/SX GILSONITE
275 SX CLASS "H"



MARK FEDERAL #4
READ & STEVENS INC.
330' SFL & 990 ' FEL
SE/SE
SECTION 3-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 10/27/93

WELL TYPE: OIL WELL

T.O.C. @ 1500', CBL

13 3/8"-54.5 #/FT. @ 1486'
950 SX LITE
250 CLASS "C"
CIRC. 160 SX

SURFACE CASING:

CASING:	13 3/8"-54.5 #/FT. @ 1486'
HOLE:	17 1/2" HOLE
CEMENT:	1200 SX
T.O.C.:	CIRC.

INTERMEDIATE CASING:

CASING:	8 5/8"-32 #/FT @ 5005'
HOLE:	11" HOLE
CEMENT:	1750 SX.
T.O.C.:	CIRC.

LONG STRING:

CASING:	5 1/2"-15.5 #/FT. J-55 @ 6132'
HOLE:	7 7/8" HOLE
CEMENT:	650 SX
T.O.C.:	1500' - CBL

TOTAL DEPTH: 6214'

PRODUCTION ZONES: CHERRY CANYON

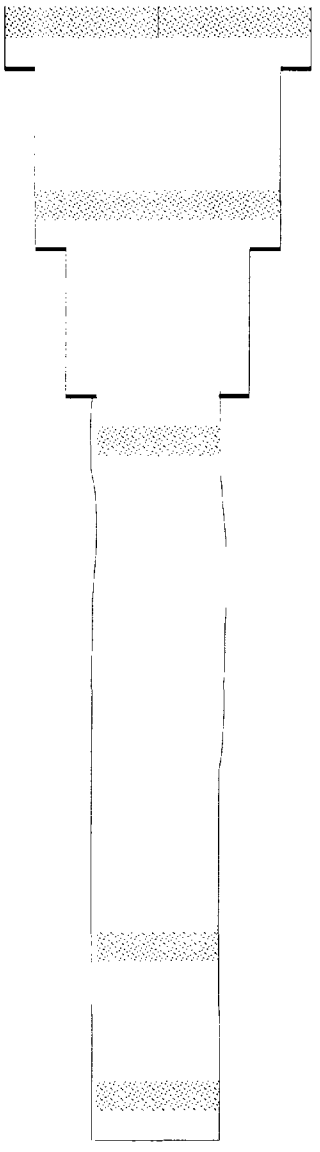
D.V. TOOL @ 3771'
ECP @ 3816'
1100 SX LITE W/ 15 #/SX SALT & 1/4 #/SX FLOCELE
250 SX PREMIUM PLUS W/ 2% CACL
CIRC

8 5/8"-32 #/FT. J-55 & S-80 @ 5005'
400 SX PREMIUM PLUS

5912'-5922'

PBTD @ 6157'

5 1/2"-15.5 #/FT. J-55 @ 6214'
250 SX LITE
400 SX CLASS "C"



BRIDGE @ 80' W/ 90 SX CEMENT

13 3/8" @ 126'
SET & PULLED

10 SX PLUG @ 600'

10 3/4" @ 720'
SET & PULLED

8" @ 1300'
SET & PULLED
20 SX PLUG @ 1500'

ANHYDRITE @ 1562'

B/SALT @ 3160'

20 SX PLUG @ 3270'

YATES @ 3379'

25 SX PLUG @ 3755'

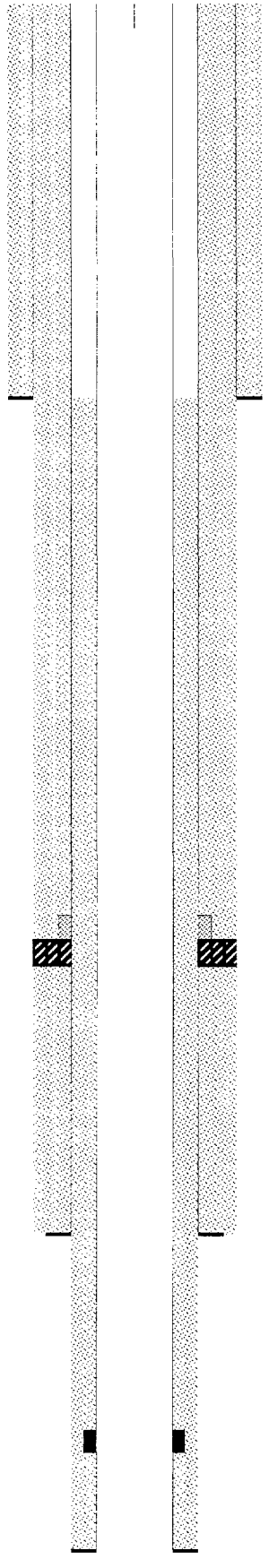
T.D. @ 3769'

FEDERAL "A" #1
LANG & SCHLACHTER
660' FSL & 660' FEL
SE/SE
SECTION 3-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 3/26/56

WELL TYPE: DRY HOLE, P/A

THIS WELL DID NOT PENETRATE THE CHERRY CANYON INTERVAL



17 1/2" HOLE

OCHOA @ 1556'

YATES @ 3401'

SEVEN RIVERS @ 3840'

7 7/8" HOLE

DELAWARE @ 5456'

T.O.C. @ 1700'

13 3/8"-54.5 #/FT. J-55 @ 1550'
900 SX LITE
250 SX P.P. W/ 2% CACL
CIRC.

D.V. TOOL @ 3803'
ECP @ 3865'
1100 SX LITE
250 P.P.
CIRC. 125 SX

8 5/8"-32 #/FT S-80 & J-55 @ 4975'
400 SX CLASS "H"
CIRC 80 SX @ D.V. TOOL

5910'-5930', 40 SHOTS

5 1/2"-15.5#/FT. J-55 @ 6245'
250 SX LITE
450 SX P.P.

NORTH LEA FEDERAL #10
READ & STEVENS INC.
660' FNL & 990 ' FEL
NE/NE
SECTION 10-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 2/11/93

WELL TYPE:OIL WELL

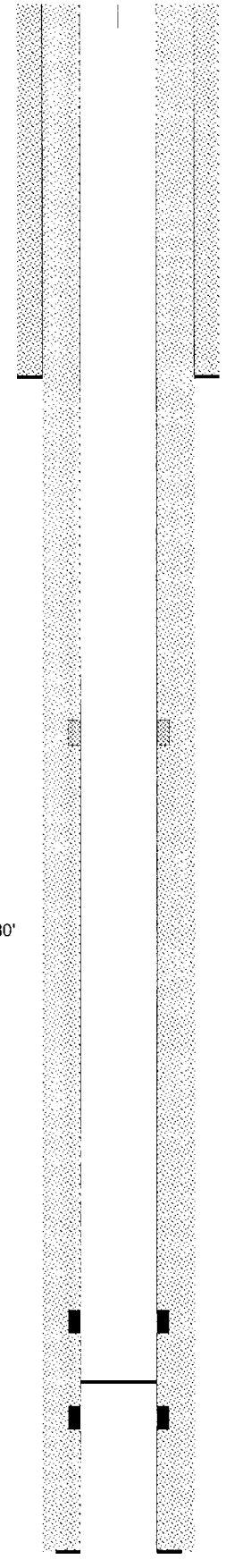
SURFACE CASING:
CASING: 13 3/8"-54.5 #/FT. J-55 @ 1550'
HOLE: 17 1/2" HOLE
CEMENT: 1150 SX
T.O.C.: CIRC.

INTERMEDIATE CASING:
CASING: 8 5/8"-32 #/FT @ 4975'
HOLE: 11" HOLE
CEMENT: 1750 SX.
T.O.C.: CIRC.

LONG STRING:
CASING: 5 1/2"-15.5 #/FT. J-55 @ 6245'
HOLE: 7 7/8" HOLE
CEMENT: 700 SX
T.O.C.: 1700'

TOTAL DEF6245'

PRODUCTION ZONES: CHERRY CANYON



12 1/4" HOLE

RUSTLER @ 1590'

7 7/8" HOLE

YATES @ 3422'

SEVEN RIVERS @ 3830'

DELAWARE @ 5454'

FEDERAL #5
SAMSON RESOURCES
2310' FNL & 330' FWL
SW/NW
SECTION 11-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 12/4/94

WELL TYPE: OIL WELL

SURFACE CASING:

CASING:	9 5/8"-36 #/FT. @ 1607'
HOLE:	12 1/4" HOLE
CEMENT:	600 SX
T.O.C.:	CIRC.

LONG STRING:

CASING:	5 1/2"-17 #/FT. J-55 @ 6255'
HOLE:	7 7/8" HOLE
CEMENT:	1320 SX
T.O.C.:	CIRC.

TOTAL DEPTH: 6255'

PRODUCTION ZONES: CHERRY CANYON

9 5/8"-36 #/FT. @ 1607'
450 SX CLASS "C" LITE
150 SX CLASS "C"
CIRC.

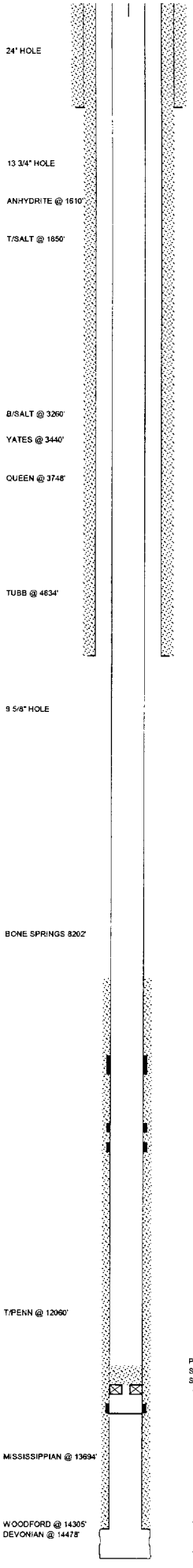
D.V. TOOL @ 3009'
610 SX CLASS "C" W/ADD.
100 SX CLASS "C"

5456'-5466', 21 SHOTS

CIBP @ 5560'

5702'-5782', 100 SHOTS

5 1/2"-17 #/FT. J-55 @ 6255'
410 SX CLASS "C" LITE
200 SX CLASS "C" W/ADD.



16"-65 #/FT @ 723'
1200 SX
CIRC

10 3/4" @ 5293'
3420 SX
CIRC

EST TOC @ 6680'

SQUEEZE HOLES @ 9420' & 9555'
SHOT HOLES @ 9470'
SQUEEZE W/ 30 SX CLASS "H" W/ 75% CF-14
SQUEEZE W/ 30 SX CLASS "H"
SQUEEZE W/ 30 SX CLASS "H" W/ 75% CF-14

10158'-10166', 32 SHOTS
SQUEEZED W/ 100 SX CLASS "H" W/ 6#/SX SAND,
1/4 #/SX FLOCELE, 5% CFR-2
10253'-10258', 10150'-10158', 9572'-9577', 9560'-9568', 9476'-9486', 4 JSPF

PBTD @ 12696'
SPOT 61 SX CLASS "H" W/ 75% CF-14 ON TOP OF PACKER
SPOT 65 SX CLASS "H" W/ 75% CF-14 ON TOP OF PACKER
PACKER @ 12948'

13034'-13054', 80 SHOTS
CIBP @ 13058'

7"-29 & 32 #/FT @ 14350'
1700 SX

T.D @ 14619'

FEDERAL #1
SAMSON RESOURCES
1980' FNL & 2130' FWL
SE/NW
SECTION 11-T20S-R34E
LEA COUNTY, N.M.

SPUD DATE: 11/4/60

WELL TYPE: GAS WELL - OIL WELL

SURFACE CASING:

CASING:	16"-65 #/FT. @ 723'
HOLE:	24" HOLE
CEMENT:	1200 SX
T.O.C..	CIRC.

INTERMEDIATE CASING:

CASING:	10 3/4" @ 5293'
HOLE:	13 3/4" HOLE
CEMENT:	3420 SX.
T.O.C.:	CIRC.

LONG STRING:

CASING:	7"-29 & 32 #/FT @ 14360'
HOLE:	9 5/8" HOLE
CEMENT:	1700 SX
T.O.C.:	CALC. @ 8680

TOTAL DEPTH: 14619'

PRODUCTION ZONES:
TESTED DEVONIAN
PRODUCEDMORROW
RECOMPLETED TO BONE SPRINGS

ARMSTRONG ENERGY CORPORATION

MOBIL LEA FEDERAL #8 PMW
330' FSL & 1650 FWL
SECTION 2-T20S-R34E
LEA COUNTY, NEW MEXICO

VII. PROPOSED OPERATION:

VOLUME OF FLUID TO BE INJECTED: AVERAGE DAILY RATE 500 BWPD
MAXIMUM DAILY RATE 700 BWPD

SYSTEM TYPE: CLOSED

INJECTION PRESSURE: AVERAGE INJECTION PRESSURE 1000 PSI
MAXIMUM INJECTION PRESSURE 1186 PSI (5930' X .2 PSI/FT.)

WATER SOURCE: PRODUCED DELAWARE WATER FROM WELLS IN SECTIONS 1, 2, 3 & 10 T20S-R34E

WATER ANALYSIS:

MOBIL LEA STATE #1 12/9/92

TOTAL HARDNESS	1820.00	me/l
CALCIUM	32076.98	mg/l
MAGNESIUM	2673.31	mg/l
IRON	30.00	mg/l
SODIUM	44604.19	mg/l
CHLORIDE	1321995.38	mg/l
SULFATE	550.00	mg/l
CARBONATE	0.00	mg/l
BICARBONATE	183.04	mg/l
TOTAL SOLIDS	213112.90	mg/l
CARBON DIOXIDE	217.80	mg/l
pH	6.65	
SPECIFIC GRAVITY	1.14	
TDS	213115.89	
RESISTIVITY	0.057	@ 70 DEGREES

FORM C-108 ATTACHMENT

ARMSTRONG ENERGY CORPORATION

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VIII. GEOLOGICAL DATA:

GEOLOGICAL NAME:	DELAWARE - CHERRY CANYON
LITHOLOGICAL DETAIL:	PRIMARILY SANDSTONES INTERBEDDED WITH LIMESTONE AND SHALE.
FORMATION TOP:	CHERRY CANYON - THIRD SAND @ -2239 (MOBIL LEA STATE #3 LOG)
THICKNESS:	104 FT, 5910' - 6014'
GEOLOGICAL DATA OF DRINKING WATER ZONE:	THE UNDERGROUND SOURCE OF DRINKING WATER IN THE AREA IS THE "CHINLEE", FORMATION WHICH OCCURS AT 65'-200' AND IS APPROXIMATELY 100'-150' THICK. THE CLOSEST FRESHWATER WELL IS THE ROBERTS WELL LOCATED ONE AND ONE-HALF MILES WEST IN THE SE/SE SECTION 4-T20S-R34E. THE STATE ENGINEERS OFFICE INDICATES THAT THERE ARE ONLY MINOR ISOLATED ACCUMULATIONS OF FRESH WATER IN THIS AREA AND THERE ARE NO WELLS WITHIN ONE MILE OF THE PROPOSED WELL.

FORM C-108 ATTACHMENT

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IX. PROPOSED STIMULATION PROGRAM:

ACID BREAKDOWN: AFTER PERFORATING THE ZONE WILL BE ACIDIZED WITH 3000 GALLONS OF 7 1/2% HCL NEFE ACID WITH RCN BALLSEALERS.

FRACTURE STIMULATION: THE ZONE WILL BE FRACTURE STIMULATED WITH 20,000 GALLONS OF CROSSLINKED GELLED WATER CARRYING 45,000 POUNDS OF 16-30 SAND.

X. LOGGING AND TEST DATA: THIS WELL HAS NOT BEEN DRILLED YET. LOGS AND TEST DATA WILL BE SUBMITTED TO THE COMMISSION UPON COMPLETION OF THIS WELL. THE ANTICIPATED COMPLETION DATE IS SEPTEMBER, 2002.

FORM C-108 ATTACHMENT

ARMSTRONG ENERGY CORPORATION

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LEA COUNTY, NEW MEXICO

XI. ANALYSIS OF FRESH WATER WELLS:

THE CLOSEST SOURCE OF FRESH WATER IS A WINDMILL USED FOR LIVESTOCK WATERING LOCATED IN THE SE/SE OF SECTION 4-T20S-R34E. THIS IS CALLED THE ROBERTS WELL AND IT IS APPROXIMATELY ONE AND ONE-HALF MILES WEST OF THE PROPOSED PRESSURE MAINTENANCE WELL. A RECENT CHECK (10/31/95) BY ARMSTRONG ENERGY'S PUMPER INDICATED THIS WELL IS CAPPED AND WATER IS BEING PIPED TO THIS STOCK TANK FROM A SOURCE APPROXIMATELY TWO AND ONE-HALF MILES NORTH NORTHEAST OF THIS SITE. A SAMPLE OF THIS WATER WAS ANALYZED AND THE RESULTS ARE INCLUDED.

MR. KEN FRESQUEZ, WITH THE NEW MEXICO STATE ENGINEERS OFFICE IN ROSWELL, INDICATES THERE IS ONLY LIMITED AMOUNTS OF FRESH WATER IN THE AREA AND THE ROBERTS WELL IS THE CLOSEST SOURCE OF FRESH WATER. HE INDICATES THE ROBERTS WELL WAS DRILLED TO A DEPTH OF 200 FEET AND PRODUCES WATER FROM THE CHINLEE FORMATION. IN JANUARY 1986 THE WELL HAD A FLUID LEVEL OF 125.86 FEET FROM THE SURFACE.

SAMPLE FROM THE ROBERTS WELL STOCK TANK — 11/01/95
ANALYZED BY BAKER PETROLEUM CHEMICALS, INC.

ANALYSIS # 4462

TOTAL HARDNESS	1.00	me/l
CALCIUM	20.00	mg/l
MAGNESIUM	0.00	mg/l
IRON	0.00	mg/l
SODIUM	4452.80	mg/l
CHLORIDE	5000.00	mg/l
SULFATE	660.00	mg/l
CARBONATE	600.00	mg/l
BICARBONATE	1220.00	mg/l
TOTAL SOLIDS	11952.80	mg/l
CARBON DIOXIDE	0.00	mg/l
pH	7.70	
SPECIFIC GRAVITY	1.00	
TDS	11952.80	PPM

ARMSTRONG ENERGY CORPORATION

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LEA COUNTY, NEW MEXICO

XII. COMMUNICATION WITH SOURCES OF DRINKING WATER:

AFTER EXAMINING ALL AVAILABLE GEOLOGICAL AND ENGINEERING DATA, WE FIND NO EVIDENCE OF OPEN FAULTS OR ANY OTHER HYDROLOGIC CONNECTION BETWEEN THE INJECTION ZONE AND ANY UNDERGROUND SOURCE OF DRINKING WATER.

ARMSTRONG ENERGY CORPORATION

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LEA COUNTY, NEW MEXICO

XIII. NOTICE

A COPY OF OUR APPLICATION HAS BEEN FURNISHED BY CERTIFIED MAIL TO THE SURFACE OWNER AND TO EACH LEASEHOLD OPERATOR WITHIN ONE-HALF MILE OF OUR PROPOSED PRESSURE MAINTENANCE WELL. SEE LISTING ON EXHIBIT "A".

HOLLAND & HART LLP
ATTORNEYS AT LAW

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William F. Carr

wcarr@hollandhart.com

June 6, 2002

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL AFFECTED INTEREST OWNERS

Re: Application of Armstrong Energy Corporation for approval of a pressure maintenance project and for Qualification of the Project Area for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Armstrong Energy Corporation has filed an application with the New Mexico Oil Conservation Division seeking an order approving a pressure maintenance project in its New Mexico State Lease No. 2750 located in The SW/4 of Section 2, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. A copy of this application with attached Form C-108 is enclosed for your information.

This application has been set for hearing before a Division Examiner on June 27, 2002, at the Oil Conservation Division hearing room, located at 1220 South Saint Francis Drive, Santa Fe, NM 87504. 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 these matters at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement 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

Enclosures