

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

**APPLICATIONS OF TEXAS STANDARD  
OPERATING NM LLC FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO**

**CASE NOS. 23823-23824**

**ARMSTRONG ENERGY CORP. AND SLASH EXPLORATION LP'S VERIFIED  
UNOPOSED MOTION TO VACATE CONTESTED HEARING AND  
SET CASES FOR STATUS CONFERENCE**

Armstrong Energy Corp. ("Armstrong") and Slash Exploration LP ("Slash") request that the New Mexico Oil Conservation Division ("Division") issue an order: (1) vacating the May 16, 2024 contested hearing in this matter so that Slash and Armstrong have sufficient time to address Texas Standard Operating NM LLC's ("TSO") request that the Division disregard Slash's contractual overriding royalty interest for purposes of TSO's proposed units; and (2) setting these cases for a status conference on May 16, 2024. In support of this motion, Armstrong and Slash state the following.

1. In Case No. 23823, TSO seeks an order pooling uncommitted interests in the Upper Penn Shale formation underlying the W/2 SE/4 of Section 11, W/2 E/2 of Section 14, and W/2 NE/4 of Section 23, Township 17 South, Range 36 East and proposes to dedicate the unit to the Lap Dog State No. 1H and 2H Wells.

2. In Case No. 23824, TSO seeks an order pooling uncommitted interests in the Upper Penn Shale formation underlying the E/2 SE/4 of Section 11, E/2 E/2 of Section 14, and E/2 NE/4 of Section 23, Township 17 South, Range 36 East and proposes to dedicate the unit to the Lap Dog State No. 3H and 4H Wells.

3. Armstrong and Slash objected to these matters proceeding by affidavit, and on March 22, 2024, the Division issued a prehearing order setting the cases for a contested hearing on May 16, 2024.

4. As shown by TSO's hearing exhibits, Slash owns the lease that includes the NE/4 of Section 23. *See* TSO Exhibit 2-B. Thus, Slash owns 80 acres—25%—of the working interest in each of TSO's proposed spacing units. *See id.* Armstrong owns operating rights under the lease.

5. Slash and TSO engaged in negotiations regarding these matters but did not reach an agreement. On April 29<sup>th</sup>, Slash informed TSO that it would carve out an overriding royalty interest if necessary and sent TSO the proposed assignment. Slash also informed TSO that based on the override assignment, it would withdraw its objection to these cases proceeding by affidavit. Slash did not receive a response and consequently carved out an 11.25% overriding royalty interest. *See* TSO Exh. 2-E.

6. As a result of the override assignment, Slash and Armstrong withdrew their objection to these cases proceeding by affidavit on May 16, 2024.

7. On May 9, 2024, TSO filed its prehearing statement and exhibits arguing that the royalty assignment should be disregarded for purposes of these pooling cases. *See* TSO Prehearing Statement; TSO Exhibit 2 at ¶ 15.

8. TSO's argument presents significant factual and legal questions that require briefing, argument, and the presentation of evidence. The Division's decision on this issue has important financial implications for the parties and should be based on a complete record.

9. Because the assignment occurred after the March 21<sup>st</sup> status conference and TSO first raised the issue in its May 9<sup>th</sup> prehearing statement, Armstrong and Slash require additional time to address the issue. As a result, Slash and Armstrong request that the Division vacate the

May 16, 2024 contested hearing and set the cases for a status conference to discuss a briefing schedule and hearing date.

10. Counsel for TSO was contacted regarding this motion and does not oppose Armstrong and Slash’s request to vacate the contested hearing and hold a status conference.

For the foregoing reasons, Slash and Armstrong request that the Division issue an order: (1) vacating the May 16, 2024 contested hearing in this matter so that Slash and Armstrong have sufficient to time address TSO’s request that the Division disregard Slash’s contractual overriding royalty interest for purposes of TSO’s proposed units; and (2) setting these cases for a status conference on May 16, 2024.

Respectfully submitted,  
HINKLE SHANOR LLP

/s/ Dana S. Hardy  
Dana S. Hardy  
Jaclyn M. McLean  
P.O. Box 2068  
Santa Fe, NM 87504-2068  
Phone: (505) 982-4554  
Facsimile: (505) 982-8623  
dhardy@hinklelawfirm.com  
jmclean@hinklelawfirm.com  
*Counsel for Armstrong Energy Corporation and  
Slash Exploration LP*

**VERIFICATION**

I affirm that statements above are true and correct and are made under penalty of perjury under the laws of the State of New Mexico.

/s/ Kyle A. Armstrong  
Kyle A. Armstrong  
President and CEO, Armstrong Energy Corp.  
and Slash Exploration LP

May 13, 2024  
Date

**CERTIFICATE OF SERVICE**

I hereby certify that on May 13, 2024, I served a true and correct copy of the foregoing pleading on the following counsel of record by electronic mail:

James Bruce  
Post Office Box 1056  
Santa Fe, NM 87504  
[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

/s/ Dana S. Hardy  
Dana S. Hardy