

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

| | | | |
|-----------------|----------------------------------|---------------|--------------|
| Name of Company | Armstrong Energy Corporation | Contact | Bruce Stubbs |
| Address | P.O. Box 1973, Roswell, NM 88202 | Telephone No. | 505-625-2222 |
| Facility Name | Government "G" SWD LINE | Facility Type | Flowline |
| Surface Owner | U.S. | Mineral Owner | U.S. |
| | | Lease No. | NM-086 |

LOCATION OF RELEASE API #

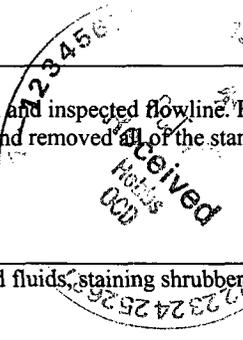
| | | | | | | | | |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| M | 25 | 19S | 34E | 1000 | South | 900 | West | Lea |

100'

Latitude 32.62780 N Longitude 103.51944 W

NATURE OF RELEASE

| | | | | | |
|--|---|---|---------------------------------|----------------------------|------------------|
| Type of Release | Produced Water & Oil | Volume of Release | 70 BW, 2 BO | Volume Recovered | 15 Barrels |
| Source of Release | Split in Flowline | Date and Hour of Occurrence | 10-12-06 AM | Date and Hour of Discovery | 10-12-06 8:00 AM |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? | OCD - Gary Wink, BLM - Jim Amos | | |
| By Whom? | Bruce Stubbs | Date and Hour | 10-12-06 9:00 AM | | |
| Was a Watercourse Reached? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. | N/A | | |
| If a Watercourse was Impacted, Describe Fully.* | | | | | |
| N/A | | | | | |
| Describe Cause of Problem and Remedial Action Taken.* | | | | | |
| Split in the black poly flowline sprayed the surrounding area with produced water and a skim of oil. Shut well in and inspected flowline. Flowline had been scrapped and that provided a weak point for the line to fail. Repaired the flowline. Called a vacuum truck and removed all of the standing fluid, approximately 15 bbls. | | | | | |
| Describe Area Affected and Cleanup Action Taken.* An area approximately 50' x 75' was sprayed with produced fluids, staining shrubbery and soil. The Area will be treated with Micro-blaze and reseeded when a wet period is predicted. | | | | | |
| I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations. | | | | | |

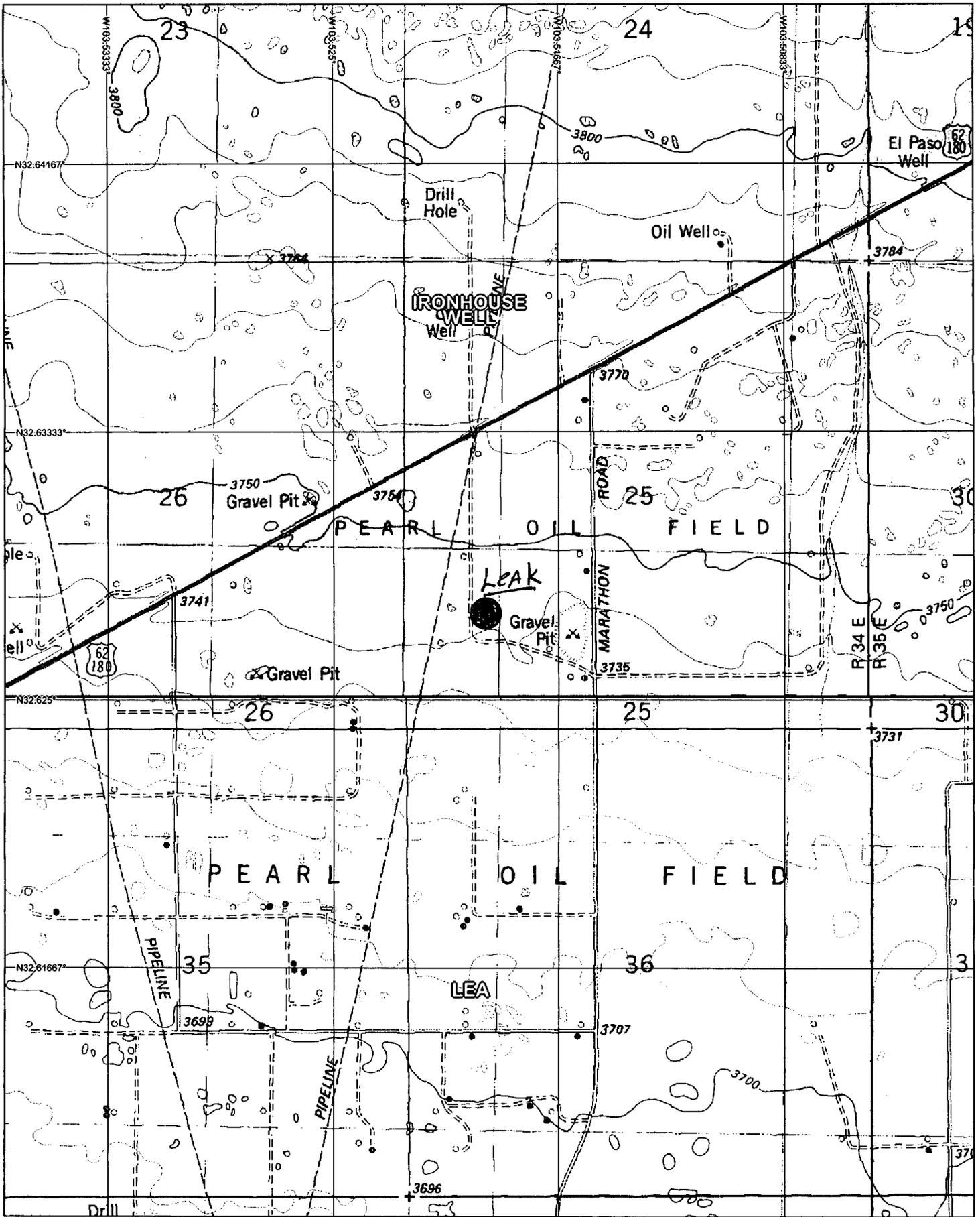


| | | | |
|-----------------|---------------------|----------------------------------|-----------------------------------|
| Signature: | <i>Bruce Stubbs</i> | OIL CONSERVATION DIVISION | |
| Printed Name: | Bruce Stubbs | Approved by District Supervisor: | <i>[Signature]</i> |
| Title: | Engineer | Approval Date: | 10.15.06 |
| E-mail Address: | bastubbs@zianet.com | Expiration Date: | 11.15.06 |
| Date: | 10-13-06 | Conditions of Approval: | Attached <input type="checkbox"/> |

* Attach Additional Sheets If Necessary

RP# 1088

SUBMIT VERT & HORIZONTAL DELINEATION OF SPILL AREA - SUBMIT CHLORIDE CONTENT OF WATER W/ CLEAN UP PLAN.



Armstrong
ENERGY CORPORATION

500 NORTH MAIN STREET, SUITE 1000
P. O. BOX 1973
ROSWELL, NEW MEXICO 88202-1973
505/625-2222
FAX 505/622-2512

October 13, 2006

Mr. Larry Johnson
New Mexico Oil Conservation Division
1625 North French Drive
Hobbs, New Mexico 88240

Re: Armstrong Energy Corporation
Superior Federal
Section 25M, T19S-R34E
Lea County, New Mexico

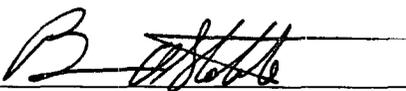
Dear Sir:

Armstrong Energy Corporation had a leak on the Government "G" SWD line crossing the Superior Federal lease in the W/2 of section 25-T19S-R34E, Lea County, New Mexico. Enclosed, please find two (2) copies of form C-141 giving the details of this incident.

Mr. Jim Amos with the BLM plans to look at the affected area Monday and he will work on a plan to rehabilitate the affected area. Should you require any additional information concerning this incident, please contact me at your convenience.

Sincerely,

ARMSTRONG ENERGY CORPORATION

By: 
Bruce A. Stubbs, Vice President Operations

BS/jb

Enclosures

