

Armstrong
ENERGY CORPORATION

500 NORTH MAIN STREET
P. O. BOX 1973
ROSWELL, NEW MEXICO 88202-1973
575/625-2222
FAX 575/622-2512

September 11, 2008

SEP 15 2008
OCD-ARTESIA

Oil Conservation Division
1301 W. Grand Avenue
Artesia, New Mexico 88210

Re: Cobra Federal #2
Township 11 South, Range 27 East, NMPM
Section 19
Chaves County, New Mexico 30-005-63735

Dear Sir/Madam:

Enclosed are two (2) copies of the Release Notification and Corrective Action, Form C-141, for the captioned well to be filed with your office.

If you have any questions, please contact Bruce Stubbs at 505-625-2222.

Sincerely,

ARMSTRONG ENERGY CORPORATION

By: Irma Cunningham
Irma Cunningham, Land Secretary

Enclosures

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

SEP 15 2008

OCD-ARTESIA

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. | 575-625-2222 |
| Facility Name | Cobra Federal #2 | Facility Type | Tank Battery |

| | | | | | |
|---------------|--------------|---------------|-----|-----------|----------|
| Surface Owner | Alton Munson | Mineral Owner | BLM | Lease No. | NM-58803 |
|---------------|--------------|---------------|-----|-----------|----------|

30 005 63735

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| L | 19 | 11S | 27E | 1710 | South | 950 | West | Chaves |

Latitude 33.3477 N Longitude 104.28161 W

NATURE OF RELEASE

| | | | | | |
|-----------------------------|---|---|----------------|----------------------------|----------------|
| Type of Release | Produced Water | Volume of Release | 208 BBLs. | Volume Recovered | None |
| Source of Release | 500 BBL. Fiberglass Water Storage Tank | Date and Hour of Occurrence | 7-3-08 7:00 PM | Date and Hour of Discovery | 7-3-08 7:00 PM |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Called OCD office in Artesia and left message | | | |
| By Whom? | Rocky Ray | Date and Hour | 7-3-08 7:30 PM | | |
| 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.*

Remove dirt approximately 100' x 50' down to clean dirt. See Cardinal Laboratories analysis dated 08/20/08. Filled excavation with clean soil. Rebuilt battery. See attached photos.

Describe Area Affected and Cleanup Action Taken.*

Remove dirt under old tank battery, approximately 100' x 50', down to clean dirt. See Cardinal Laboratories' analysis dated 08/20/08. Filled excavation with clean soil. Rebuilt battery. See attached photos.

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:  | OIL CONSERVATION DIVISION | | |
| Printed Name: Bruce A. Stubbs | Approved by District Supervisor: <u>TCum by SB</u> | | |
| Title: Vice President | Approval Date: <u>9-30-08</u> | Expiration Date: <u>N/A</u> | |
| E-mail Address: bastubbs@zianet.com | Conditions of Approval: <u>N/A</u> | Attached <input type="checkbox"/> <u>N/A</u> | |
| Date: 9-11-08 | Phone: 575-625-2222 | <u>2RP-194</u> | |

* Attach Additional Sheets If Necessary



**ARDINAL
LABORATORIES**

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
ARMSTRONG ENERGY CORP.
ATTN: ROCKY RAY
P.O. BOX 1973
ROSWELL, NM 88202
FAX TO: (575) 622-2512

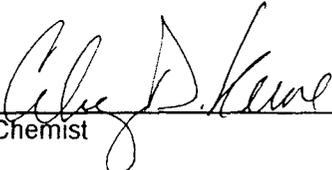
RECEIVED AUG 29 2008

Receiving Date: 08/21/08
Reporting Date: 08/25/08
Project Number: NOT GIVEN
Project Name: COBRA FED #2
Project Location: NOT GIVEN

Sampling Date: 08/20/08
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: ML
Analyzed By: AB/HM

| LAB NUMBER | SAMPLE ID | GRO (C ₆ -C ₁₀) (mg/kg) | DRO (>C ₁₀ -C ₂₈) (mg/kg) | Cl* (mg/kg) |
|------------|-----------------------------|--|--|----------------|
| | ANALYSIS DATE | 08/22/08 | 08/22/08 | 08/22/08 |
| H15785-1 | WEST 1/2 TANK PAD | <10.0 | <10.0 | 32 |
| H15785-2 | EAST 1/2 TANK PAD | <10.0 | <10.0 | 16 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | Quality Control | 553 | 411 | 500 |
| | True Value QC | 500 | 500 | 500 |
| | % Recovery | 111 | 82.2 | 100 |
| | Relative Percent Difference | 3.8 | 4.1 | 3.9 |

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Cl: Std. Methods 4500-ClB
*Analyses performed on 1:4 w:v aqueous extracts.



Chemist

08/26/08

Date

H15785 TCL AE

PLEASE NOTE **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
ARMSTRONG ENERGY CORP.
ATTN: ROCKY RAY
P.O. BOX 1973
ROSWELL, NM 88202
FAX TO: (575) 622-2512

Receiving Date: 08/21/08
Reporting Date: 08/22/08
Project Number: NOT GIVEN
Project Name: COBRA FED #2
Project Location: NOT GIVEN

Sampling Date: 08/20/08
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: ML
Analyzed By: ZL

| LAB NUMBER | SAMPLE ID | BENZENE (mg/kg) | TOLUENE (mg/kg) | ETHYL BENZENE (mg/kg) | TOTAL XYLENES (mg/kg) |
|------------|-----------------------------|--------------------|--------------------|-----------------------------|-----------------------------|
| | ANALYSIS DATE | 08/21/08 | 08/21/08 | 08/21/08 | 08/21/08 |
| H15785-1 | WEST 1/2 TANK PAD | <0.050 | <0.050 | <0.050 | <0.150 |
| H15785-2 | EAST 1/2 TANK PAD | <0.050 | <0.050 | <0.050 | <0.150 |
| | | | | | |
| | | | | | |
| | | | | | |
| | Quality Control | 0.049 | 0.044 | 0.045 | 0.149 |
| | True Value QC | 0.050 | 0.050 | 0.050 | 0.150 |
| | % Recovery | 98.0 | 88.0 | 90.0 | 99.3 |
| | Relative Percent Difference | 16.1 | 2.0 | 3.9 | 2.5 |

METHOD: EPA SW-846 8021B

TEXAS NELAP CERTIFICATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE,
AND TOTAL XYLENES.



Chemist

08/26/08

Date



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240
(575) 393-2326 Fax (575) 393-2476

| | | | | | | | | | | | | | | | |
|---|--|-------------------------|--|-------------------------|--|--|--|--|--|--|--|--|--|--|--|
| Company Name: ARMSTRONG ENERGY CORP | | BILL TO | | ANALYSIS REQUEST | | | | | | | | | | | |
| Project Manager: Rocky Ray | | P.O. #: | | | | | | | | | | | | | |
| Address: Box 1927 | | Company: SAME | | | | | | | | | | | | | |
| City: ROSWELL State: NM Zip: 88202 | | Attn: | | | | | | | | | | | | | |
| Phone #: 420-6371 Fax #: | | Address: | | | | | | | | | | | | | |
| Project #: _____ Project Owner: | | City: | | | | | | | | | | | | | |
| Project Name: COBRA FED #2 | | State: _____ Zip: _____ | | | | | | | | | | | | | |
| Project Location: | | Phone #: | | | | | | | | | | | | | |
| Sampler Name: Rocky Ray | | Fax #: | | | | | | | | | | | | | |

| FOR LAB USE ONLY | | (G)RAB OR (C)OMP. | # CONTAINERS | MATRIX | | | | | PRESERV | | | SAMPLING | | DATE | TIME | BTEX | TPH | Cl- |
|------------------|-------------------|-------------------|--------------|-------------|------------|------|-----|--------|---------|----------|----------|----------|---------|-------|------|------|-----|-----|
| Lab I.D. | Sample I.D. | | | GROUNDWATER | WASTEWATER | SOIL | OIL | SLUDGE | OTHER | ACIDBASE | ICE/COOL | OTHER | | | | | | |
| H15185-1 | West 1/2 Tank Pad | G | 1 | | | ✓ | | | | | | | 8/20/07 | 3:00p | X | X | X | |
| -2 | East 1/2 Tank Pad | G | 1 | | | ✓ | | | | | | | + | 3:00p | X | X | X | |

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analysis and claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, or affiliates, or any third party, or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice and all costs of collections, including attorney's fees.

| | | | | | | |
|--|----------------------|-----------------------|---|--|-------------|---|
| Sampler Relinquished By: Rocky Ray | Date: 8-21-08 | Time: 10:00 Am | Received By: Misty LeBart | Date: _____ | Time: _____ | Phone Result: <input type="checkbox"/> No <input type="checkbox"/> Add'l Phone #: |
| Relinquished By: _____ | Date: _____ | Time: _____ | Received By: _____ | Date: _____ | Time: _____ | Fax Result: <input type="checkbox"/> No <input type="checkbox"/> Add'l Fax #: |
| Delivered By: (Circle One) <input type="checkbox"/> UPS <input type="checkbox"/> Bus <input type="checkbox"/> Other: | | | | | | REMARKS: |
| Temp _____ | | | Sample Condition | CHECKED BY: MCXB | | |
| | | | Cool <input checked="" type="checkbox"/> Intact <input checked="" type="checkbox"/> | Initials | | |
| | | | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> | | |

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

Completed rehabilitation of spill area.

COBRA FEDERAL #2
UNIT 1 SEC 19 T1S R27E
T10 N75L R 950 F41E
#NM-58803
CHAVES CO, NM
APN #30-009-62735