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WRITER:

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June 7, 2012

**VIA HAND DELIVERY**

Florene Davidson  
 Oil Conservation Division  
 1220 S. St. Francis Drive  
 Santa Fe, NM 87505

*Case 14875*

Re: Armstrong Energy Corporation Application

Dear Florene:

On behalf of Armstrong Energy Corporation, I am enclosing an application for compulsory pooling and a proposed legal notice. Armstrong Energy requests that the application be set for hearing on the July 12, 2012 Examiner docket.

Thank you for your attention to this matter.

Very truly yours,

Gary W. Larson

GWL:js  
 Encls.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF ARMSTRONG  
ENERGY CORPORATION FOR  
COMPULSORY POOLING, ROOSEVELT  
COUNTY, NEW MEXICO

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Case No. 14875

APPLICATION

Armstrong Energy Corporation ("Armstrong") applies for an order pooling all uncommitted mineral interests from the surface to the base of the Fusselman formation in the SW/4 NW/4 of Section 31, Township 5 South, Range 34 East, NMPM, Roosevelt County, New Mexico. In support of its application, Armstrong states:

1. Armstrong is an interest owner in the SW/4 NW/4 of Section 31, and intends to drill and complete a vertical well thereon.
2. Armstrong will drill the Ruby Tuesday #1 well to a depth sufficient to test the Fusselman formation, with a total depth of 8,300 feet. The well will be drilled at an orthodox location.
3. Armstrong has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW/4 NW/4 of Section 31 in the Ruby Tuesday #1 well.
4. Despite its good faith efforts, Armstrong has been unable to obtain voluntary agreements from all of the mineral interest owners to participate in the drilling of the well or otherwise commit their interests to the well.
5. Therefore, Armstrong seeks an order pooling the uncommitted mineral interest owners in the SW/4 NW/4 of Section 31, from the surface to the base of the Fusselman formation, pursuant to NMSA §§ 70-2-17 & 18.

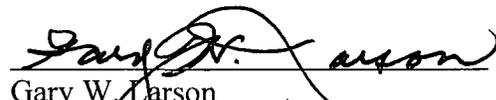
6. Approval of the pooling of the uncommitted mineral interests will prevent the drilling of unnecessary wells, protect correlative rights, and prevent waste.

WHEREFORE, Armstrong requests that, after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted mineral interests in the SW/4 NW/4 of Section 31 from the surface to the base of the Fusselman formation;
- B. Designating Armstrong as the operator of the Ruby Tuesday #1 well;
- C. Considering the cost of drilling and completing the well and allocating the cost among the well's uncommitted working interest owners;
- D. Approving actual operating charges and costs for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event the uncommitted working interest owners elect not to participate in the well.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR  
& MARTIN, LLP



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*Counsel for Armstrong Energy Corporation*

**PROPOSED ADVERTISEMENT**

Case No 14875 : **Application of Armstrong Energy Corporation for compulsory pooling, Roosevelt County, New Mexico.** Applicant seeks the pooling of all uncommitted mineral interests from the surface to the base of the Fusselman formation in the SW/4 NW/4 of Section 31, Township 5 South, Range 34 East, NMPM. The standard 40-acre unit is to be dedicated to the Ruby Tuesday #1, a vertical well to be drilled at an orthodox location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well a actual operating costs and charges for supervision, the designation of Armstrong Energy Corporation as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well will be located approximately five miles east of Pep, New Mexico,

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