



2009 JUN 23 P 3:56

June 23, 2009

HAND-DELIVERED

Mr. Mark Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14342

Re: Application of Armstrong Energy Corporation for Approval of a Waterflood Project for its Round Tank-Queen Waterflood Unit Area and Qualification of said project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Chaves County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Armstrong Energy Corporation in the above-referenced case as well as a copy of a legal advertisement. Armstrong Energy Corporation requests that this matter be placed on the docket for the July 23, 2009 Examiner hearings.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr
Attorney for Armstrong Energy Corporation

Enclosures

cc: Mr. Bruce Stubbs
Armstrong Energy Corporation
Post Office Box 1973
Roswell, New Mexico 88202-1973

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

IN THE MATTER OF THE APPLICATION OF ARMSTRONG ENERGY CORPORATION FOR APPROVAL OF A WATERFLOOD PROJECT FOR ITS ROUND TANK-QUEEN WATERFLOOD UNIT AND QUALIFICATION OF SAID PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, CHAVES COUNTY, NEW MEXICO.

CASE NO. 14342

APPLICATION

ARMSTRONG ENERGY CORPORATION ("Armstrong") through its attorneys, Holland & Hart, LLP, hereby makes application for an order approving a secondary recovery project for the injection of water into the Queen formation in its proposed Round Tank-Queen Unit, and qualification of this project for the Recovered Oil Tax Rate pursuant to the provisions of the New Mexico Enhanced Oil Recovery Act, and in support thereof states:

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1. Armstrong seeks approval of the Round Tank Unit Waterflood Project and authorization to implement secondary recovery operations in the Unit Area by the injection of water into the Queen formation, Round Tank-Queen Pool. A copy of Armstrong's Application for Authorization to Inject (Division Form C-108) through one injection well in the waterflood project area is attached hereto as Exhibit A.

2. The proposed waterflood project area includes 1922.72 acres, more or less of State and Federal lands located in Chaves County, New Mexico, more particularly described as follows:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM

Section 24: E/2, E/2 W/2,

Section 25: E/2

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Irregular Section 19: Lots 1 through 4, E/2 W/2
(W/2 Equivalent), E/2

Irregular Section 30: Lots 1 through 4, E/2W/2,
(W/2 Equivalent), E/2.

3. Applicant requests that the Division establish a procedure for the administrative approval of additional injection wells within the waterflood project area/ unit area without the necessity for further hearings.

4. Armstrong seeks to qualify this project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act.

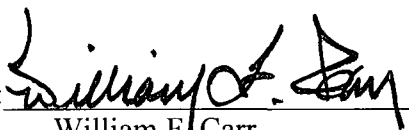
5. Notice of this application has been provided to the owner of the surface of the land on which the proposed injection well is to be located and to each leasehold operator within one-half mile of the injection well location and these owners are identified on the Notice List attached to this application as **Exhibit B.**

6. Approval of this application will afford Armstrong the opportunity to produce its just and equitable share of the remaining reserves in the Round Tank-Queen Unit Area 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 July 23, 2009 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

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No

II. OPERATOR: Armstrong Energy Corporation

ADDRESS: P.O. Box 1973, Roswell, NM 88202-1973

CONTACT PARTY: Bruce A. Stubbs

PHONE: 575-625-2222

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 No
If yes, give the Division order number authorizing the project: _____

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

TITLE: Vice President - Operations

SIGNATURE: 

DATE: May 11, 2009

E-MAIL ADDRESS: bastubbs@armstrongenergycorp.com

* 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

EXHIBIT A

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

INJECTION WELL DATA SHEET

OPERATOR: Armstrong Energy Corporation

WELL NAME & NUMBER: Round Tank Federal #1

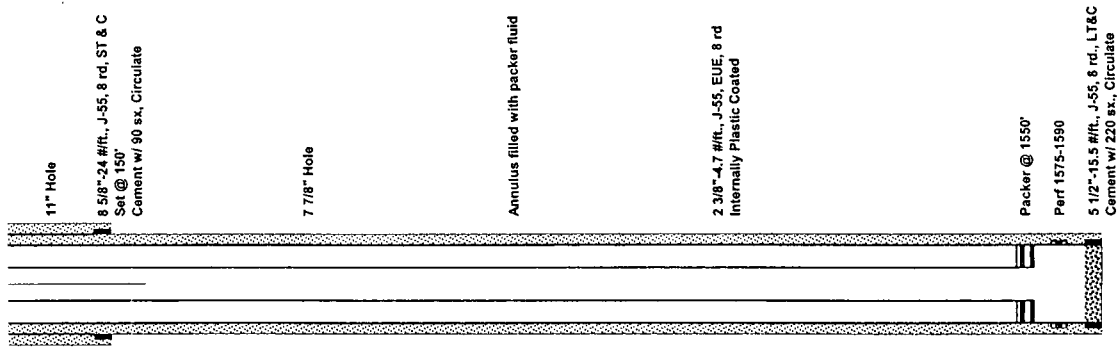
29E

WELL LOCATION: 715' FNL & 825' FEL
FOOTAGE LOCATION

UNIT LETTER: A SECTION: 30 TOWNSHIP: 15S RANGE: 30E

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA
Surface Casing



Cemented with: 105 sx. or ft³

Hole Size: 11" Casing Size: 8 5/8"

Top of Cement: Surface Method Determined: Circulation

Intermediate Casing

Hole Size: Casing Size:

Cemented with: sx. or ft³

Top of Cement: Method Determined:

Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2"

Cemented with: 220 sx. or ft³

Top of Cement: Surface Method Determined: Circulation

Total Depth: +/- 1600'

Injection Interval

+/- 1575' feet to +/- 1590'

Perforated (Perforated or Open Hole; indicate which)

Packer @ 1550'
Perf 1575-1590
5 1/2"-15.5 #/ft., J-55, 8 rd., LT&C
Cement w/ 220 sx., Circulate

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" - 4.7 #/ft., J-55, EUE 8 RD Lining Material: Tuboscope TK-2 coating or equivalent

Type of Packer: Plastic coated Elder Model "T" Tension Packer or equivalent

Packer Setting Depth: +/- 1550'

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

Additional Data

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

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

2. Name of the Injection Formation: Queen

3. Name of Field or Pool (if applicable): Round Tank Queen (Assoc.)

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. New Well

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: San Andres @ 2900' - 3100'

ROUND TANK FEDERAL #1 INJECTION WELL 1/2 MILE RADIUS OF REVIEW
WELL DATA

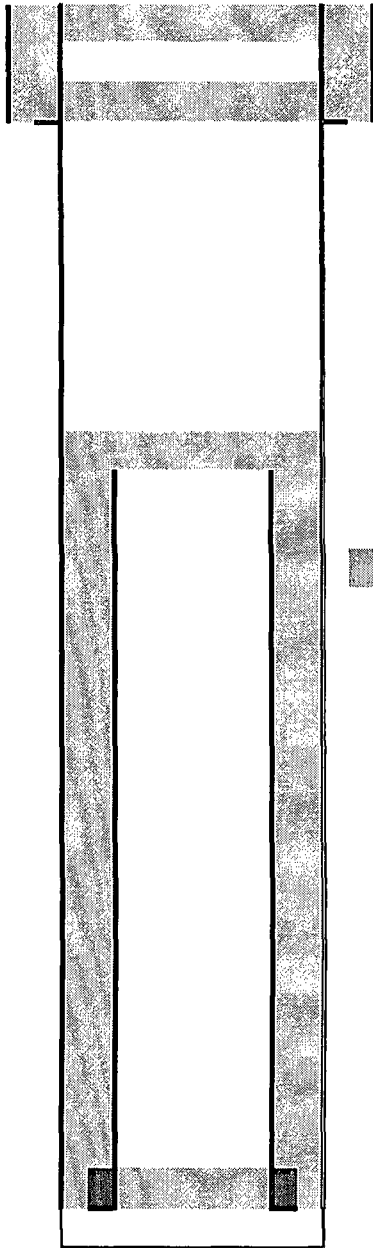
API	LEASE NAME	NO.:	STATUS	OPERATOR NAME	LOCATION	FOOTAGE	DRILLER ID	SPUD DATE	COMP DATE	LATITUDE	LONGITUDE
30005640270000	ESKIMO STATE FEDERAL	1	PROD.	MACK ENERGY CORP	19 15S 29E SW SE SW	330 FSL 1650 FWL	3460	20080720	20080910	32.994970	-104.070850
30005004650000	FEDERAL	1	P/A	PRAY MAX	30 15S 29E	1980 FNL 2080 FEL	3115	19621110	19621207	32.988610	-104.065430
30005004650001	FEDERAL	1	P/A	GANDY M C & DALE	30 15S 29E	1980 FNL 2080 FEL	3145	19630411	19630418	32.988610	-104.065430
30005004630000	STATE-MULLIS C	1	P/A	KERN COUNTY LAND CO	30 15S 29E	1980 FNL 1980 FWL	3090	19620917	19621003	32.988650	-104.069760
30005004620001	STATE-MULLIS B	1	P/A	KERN COUNTY LAND CO	30 15S 29E	660 FNL 1980 FWL	3334	19620101	19621026	32.992280	-104.069790
30005603360000	FEDERAL /A/	1	P/A	LARUE & MUNCY	29 15S 29E	2310 FSL 330 FWL	3171	19750331	19750826	32.985840	-104.057580
30005004670000	STATE A	1	P/A	GANDY M C & DALE	30 15S 29E	1980 FSL 1980 FWL	3090	19621103	19621126	32.984980	-104.069730
30005004660001	CHRISTINE FEDERAL	2	P/A	ELK OIL COMPANY	30 15S 29E	660 FNL 1980 FEL	3116	19750731	19750821	32.992240	-104.065090
30005004660000	FEDERAL	2	P/A	GANDY M C & DALE	30 15S 29E	660 FNL 1980 FEL	3116	19621116	19621211	32.992240	-104.065090
30005606180000	MARK FEDERAL	1	P/A	ELK OIL COMPANY	19 15S 29E	660 FSL 1980 FEL	1552	19791126	19800315	32.995860	-104.065110
30005602010001	JACK FEDERAL	1	P/A	MCCLELLAN OIL CORP	29 15S 29E	1980 FNL 1980 FWL	1762	19820317	19820720	32.988520	-104.052190
30005602010000	JACK FEDERAL	1	P/A	KINCAID&WATSON DRLG	29 15S 29E	1980 FNL 1980 FWL	1762	19711215	19720114	32.988520	-104.052190
30005604820000	CHRISTINE FEDERAL	3	PROD.	ELK OIL COMPANY	30 15S 29E	680 FNL 1980 FEL	1559	19780205	19781101	32.992180	-104.065090
30005640260000	ESKIMO STATE	2	PROD.	MACK ENERGY CORP	19 15S 29E SW NE SW	1650 FSL 1650 FWL	3455	20080901	20081006	32.998590	-104.070830
30005004640000	BRAINARD	2	P/A	MOAB DRLG CO	30 15S 29E	1980 FSL 1980 FEL	2116	19570605	19570911	32.984970	-104.065110
30005640160000	SEAHAWKS FEDERAL	1H	PROD.	MACK ENERGY CORP	19 15S 29E SW NW SE	1650 FSL 2310 FEL	9350	20080425	20080630	32.998590	-104.066340
30005640500000	ESKIMO STATE	4	NEW	MACK ENERGY CORP	30 15S 29E NE SE NW	1675 FNL 2310 FWL	3370	20081212		32.989450	-104.068710
30005640490000	ESKIMO STATE	3	PROD.	MACK ENERGY CORP	30 15S 29E NE NE NW	505 FNL 2310 FWL	3448	20081023	20081201	32.992670	-104.068700
30005640930000	SEAHAWKS FEDERAL	2	LOC.	MACK ENERGY CORP	19 15S 29E SW NE SE	1650 FSL 990 FEL				32.998530	-104.062030
30005641030000	VICTORIA FEDERAL	3	LOC.	MACK ENERGY CORP	30 15S 29E SW NW NE	990 FNL 2310 FEL				32.991280	-104.066431
30005641020000	VICTORIA FEDERAL	4	LOC.	MACK ENERGY CORP	30 15S 29E SW SW NE	2310 FNL 2310 FEL				32.987652	-104.066507
30005640960000	WHITEHORSE FEDERAL	1	LOC.	MACK ENERGY CORP	30 15S 29E SW NW SE	1650 FSL 2310 FEL				32.984089	-104.066582
30005640940000	FAIRBANKS FEDERAL	1	LOC.	MACK ENERGY CORP	19 15S 29E NW SW SE	864 FSL 2525 FEL				32.996378	-104.067056
30005640510000	ESKIMO STATE	5	NEW	MACK ENERGY CORP	30 15S 29E NE NE SW	2285 FSL 2310 FWL	3350	20081218		32.985890	-104.068720
30005640950000	ROUND TANK SWD	1	DRILLING	MACK ENERGY CORP	19 15S 29E C NE SW	1980 FSL 1980 FWL				32.999450	-104.069750
30005600900000	STATE JW	1	P/A	ELK OIL COMPANY	30 15S 29E	2300 FSL 1677 FWL	1705	19691008	19691130	32.985860	-104.070720

ROUND TANK FEDERAL #1 INJECTION WELL 1/2 MILE RADIUS OF REVIEW

CASING & CEMENT		SURFACE			INTERMEDIATE			PRODUCTION						
LEASE NAME	NO.:	STATUS	CASING SIZE	DEPTH	CEMENT SX	TOC	CASING SIZE	DEPTH	CEMENT SX	TOC	CASING SIZE	DEPTH	CEMENT SX	TOC
ESKIMO STATE	1	PROD.	8 5/8"	194'	150	SURF.					5 1/2"	3457	500	+/- 1200'
FEDERAL	1	P/A	8 5/8"	327'	140	SURF.					4 1/2"	3070'	400	+/- 1200'
FEDERAL	1	P/A	8 5/8"	327'	140	SURF.					4 1/2"	3077'	400	+/- 1200'
STATE-MULLIS C	1	P/A	8 5/8"	305'	135	SURF.					4 1/2"	3088'	85	+/- 2400'
STATE-MULLIS B	1	P/A	8 5/8"	301'	245+45	SURF.					4 1/2"	3331'	300	+/- 1050'
FEDERAL /A/	1	P/A	7"	375'	100	SURF.					NONE			
STATE A	1	P/A	8 5/8"	318'	150	SURF.					5 1/2"	3064	125	2375'
CHRISTINE FEDERAL	2	P/A	8 5/8"	322'	150	SURF.					4 1/2"	3058'	400	+/- 1200'
FEDERAL	2	P/A	8 5/8"	322'	150	SURF.					4 1/2"	3058'	400	+/- 1200'
MARK FEDERAL	1	P/A	8 5/8"	243'	150	SURF.					4 1/2"	1552'	150	+/- 750'
JACK FEDERAL	1	P/A	8 5/8"	315'	125	SURF.					5 1/2"	1745'	100	+/- 1200'
JACK FEDERAL	1	P/A	8 5/8"	315'	125	SURF.					NONE			
CHRISTINE FEDERAL	3	PROD.	8 5/8"	250'	150	50'					4 1/2"	1552'	150	+/- 900'
ESKIMO STATE	2	PROD.	8 5/8"	466'	940	SURF.					5 1/2"	3448'	550	SURF.
BRAINARD	2	P/A	8 5/8"	171.5'	75	SURF.					5 1/2"	1623'	80	1107'
SEAHAWKS FEDERAL	1H	PROD.	13 3/8"	192	720	SURF.	8 5/8"	1828'	645	SURF.	5 1/2"	3820'	642	SURF.
ESKIMO STATE	4	NEW	8 5/8"	453'	530	SURF.					5 1/2"	3370'	600	SURF.
ESKIMO STATE	3	PROD.	8 5/8"	434'	350	SURF.					5 1/2"	3443'	650	SURF.
SEAHAWKS FEDERAL	2	LOC.												
VICTORIA FEDERAL	3	LOC.												
VICTORIA FEDERAL	4	LOC.												
WHITEHORSE FEDERAL	1	LOC.												
FAIRBANKS FEDERAL	1	LOC.												
ESKIMO STATE	5	NEW	8 5/8"	465'	530	SURF.					5 1/2"	3350'	600	SURF.
ROUND TANK SWD	1	DRILLING												
STATE JW	1	P/A	8 5/8"	317'	150	SURF.					5 1/2"	1697'	253	+/- 500'

ROUND TANK FEDERAL #1 INJECTION WELL 1/2 MILE RADIUS OF REVIEW
PERFORMANCE & STIMULATION

<u>LEASE NAME</u>	<u>NO.:</u>	<u>PERFORATIONS</u>	<u>STIMULATION/COMMENTS</u>
ESKIMO STATE	1	2931-3214'	2520 GALS. ACID, 170,343 GALS. + 18,000 # L.P. + 171,140 # SAND + 15,000 # SLC
FEDERAL	1	3013-50' & OH 3077-3115'	SHOT W/ 110 QUARTS, 57,120 GALS. + 80,000 # SAND
FEDERAL	1	3013-50' & OH 3077-3115'	28,560 GALS. + 40,000 # SAND & 24,700 GALS. + 40,000 # SAND
STATE-MULLIS C	1	2950-3064'	500 GALS. ACID, 40,000 GALS. + 40,000 # SAND
STATE-MULLIS B	1	2943-3069' & 3279-80'	800 GALS. ACID, 20,250 GALS. + 21,000 # SAND, 2250 GALS. ACID,
FEDERAL /A/	1	T.D. @ 3171'	QUEEN IS "TITE"
STATE A	1	3001-44' & OH 3064-90'	29,800 GALS + 40,000# SAND & 34,750 GALS. + 40,000# SAND
CHRISTINE FEDERAL	2	OH 3058-3116'	FAILED REENTRY ATTEMPT - ORIGINALLY FEDERAL #2
FEDERAL	2	OH 3058-3116'	34,000 GALS. + 60,000 # SAND
MARK FEDERAL	1	1502-1508'	1000 GALS. ACID, 20,000 GALS. + 20,000 # SAND
JACK FEDERAL	1	1617-1627'	REENTRY, 1500 GALS. ACID, 18,000 GALS + 17,000 # SAND
JACK FEDERAL	1		TD 1763', P/A'D
CHRISTINE FEDERAL	3	1515-1525'	500 GALS. ACID, 10,000 GALS. + 10,000 # SAND
ESKIMO STATE	2	2953-3230'	2500 GALS. ACID, 155,500 GALS. + 18,120 # L.P. + 193,579 # SAND
BRAINARD	2	1548-66'	TD @ 2115', FRAC W/ 10,000 GALS. & 10,000 # SAND
SEAHAWKS FEDERAL	1H	2941-3228	T.D. 9350', P/BTD 3840', 4000 GALS. ACID, 8012 # L.P. + 73,500 # SAND + 15,020 S.P.
ESKIMO STATE	4		NOT COMPLETED
ESKIMO STATE	3	2932-3190'	3500 GALS. ACID, 250,857 GALS + 31,120 # L.P. + 254,074 # SAND
SEAHAWKS FEDERAL	2		W.O. DRILLING
VICTORIA FEDERAL	3		W.O. DRILLING
VICTORIA FEDERAL	4		W.O. DRILLING
WHITEHORSE FEDERAL	1		W.O. DRILLING
FAIRBANKS FEDERAL	1		W.O. DRILLING
ESKIMO STATE	5		NOT COMPLETED
ROUND TANK SWD	1		DRILLING
STATE JW	1	1506-1510'	10,000 GALS. + 10,000 # SAND



10 SX @ SURF.
 11" HOLE
 8 5/8" @ 327'
 CMT W/ 140 SX
 35 SX @ 327'

(MAX PREY) FEDERAL #1
 1980' FNL & 2080' FEL
 SEC 30-T15S-R29E
 CHAVES COUNTY, NM
 AAPI NO.: 30-005-00465

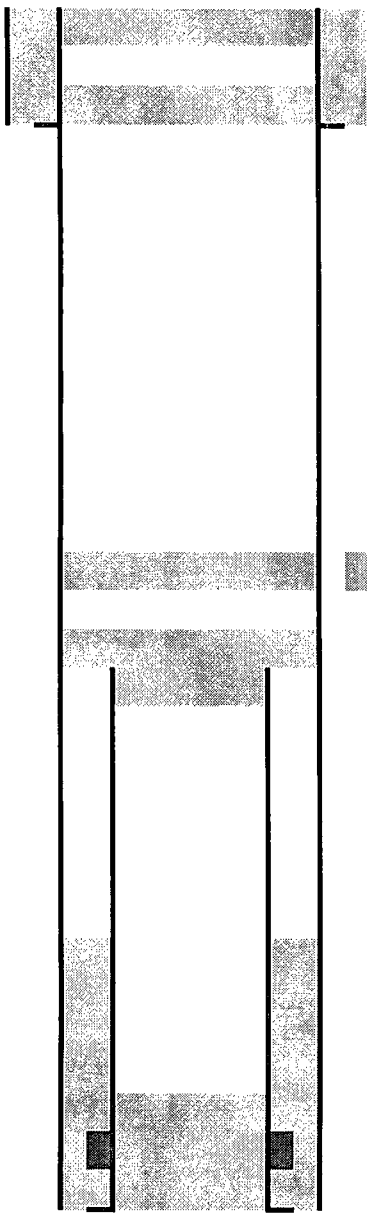
CUT CASING ???
 25 SX @ 1100'
 TOC @ +/- 1200'

$400 * 1.32 / 1.25 / .2278 =$

1854.3 FT. FILL

15 SX @ 3070'
 3013-3050'
 4 1/2" @ 3077'
 CMT W/ 400 SX
 OPEN HOLE 3077-3115'

100
200
300
400
500
600
700
800
900
1000
1100
1200
1300
1400
1500
1600
1700
1800
1900
2000
2100
2200
2300
2400
2500
2600
2700
2800
2900
3000
3100
3200
3300



10 SX @ SURF.
11" HOLE
8 5/8" @ 305'
CMT W/ 135 SX
25 SX PLUG @ 310'

MULLIS "C" STATE #1
1980' FNL & 1980' FWL
SEC 30-T15S-R29E
CHAVES COUNTY, NM
API NO.: 30-005-463

25 SX PLUG @ 1485'

25 SX PLUG
CUT & PULLED CASING FROM 1751'

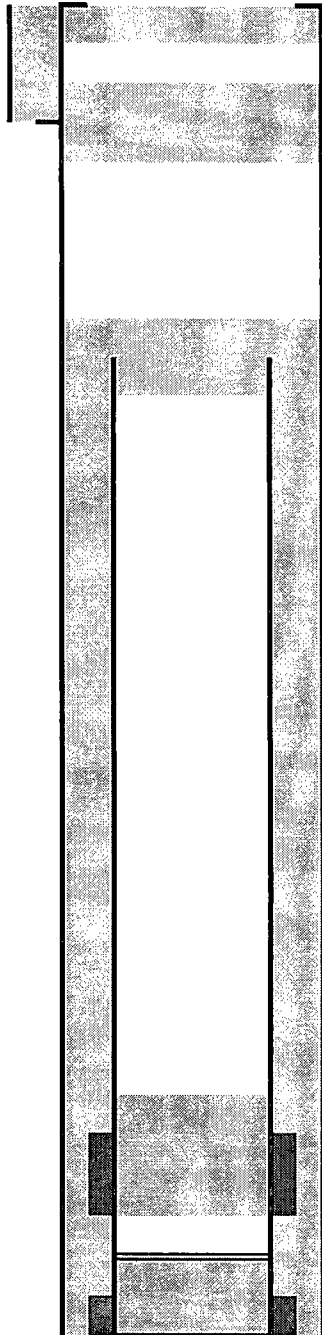
6 3/4" HOLE - AIR

TOC EST @ 2400'

$85 * 1.32 / 1.25 / .1381 =$ 650.0 FT. FILL

25 SX ACROSS PERFS
2950-3064'

4 1/2" @ 3088'
CMT W/ 85 SX



5 SX @ SURFACE
 12 1/4" HOLE
 8 5/8" @ 301'
 CMT W/ 245 SX
 NO CIRC.
 PUMPED DOWN ANNULUS 30 SX CALSEAL + 15 SX CLASS "C"
 25 SX @ 310'
 25 SX PLUG
 CUT AND PULLED CASING FROM 950'

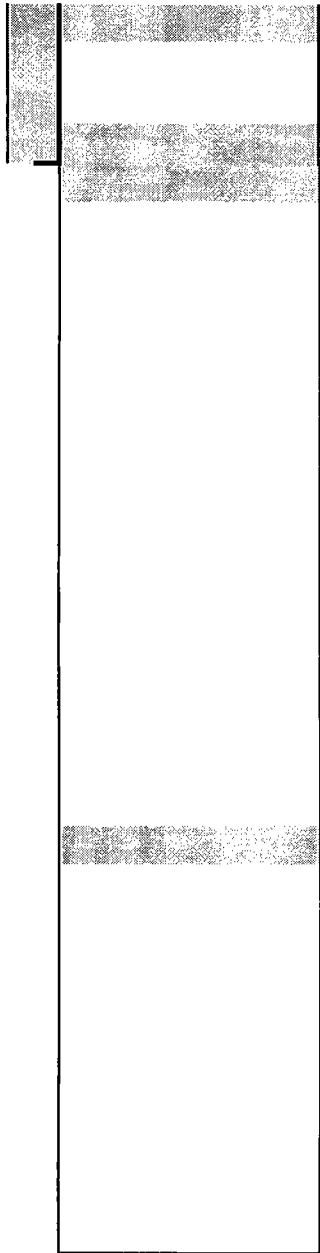
MULLIS "B" #1
 660' FNL & 1980' FWL
 SEC 30-T15S-R29E
 CHAVES COUNTY, NM
 API NO.: 30-005-00462

TOC @ +/- 1050'
 300*1.32/1.25/.1378= 2299.0

QUEEN

6 3/4" HOLE

25 SX ACROSS PERFS
 2943-3069'
 3051-3052'
 3254' SQUEEZE RETAINER 3100' SQUEEZED W/ 200 SX
 3279-80'
 4 1/2" @ 3331'
 CMT W/ 300 SX



10 SX SURF
9 5/8" HOLE
35 SX @ SHOE
7" @ 375'
CMT W/ 100 SX

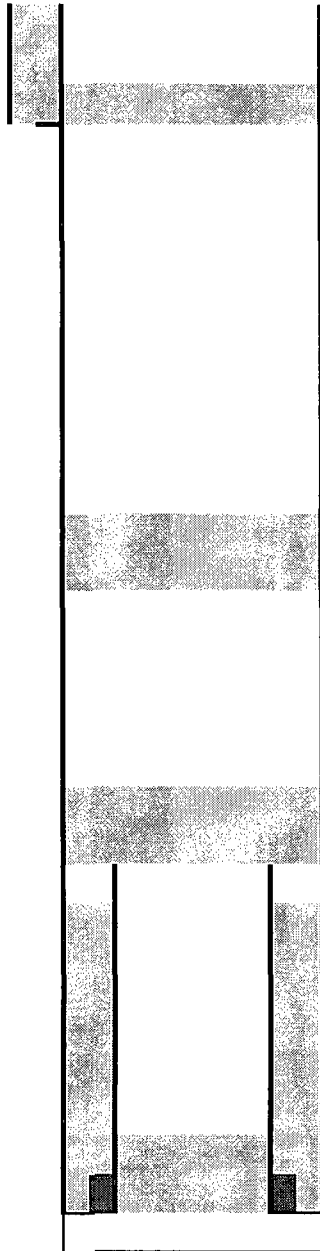
FEDERAL A #1
2310' FSL & 330' FWL ("L")
SEC 29-T15S-R29E
CHAVES COUNTY, NM
API NO.: 30-005-60336

OPEN HOLE

■ QUEEN

35 SX 2100-2000'

TD 3171'



11" HOLE
8 5/8" @ 318'
CMT W/ 150 SX
CIRC 5 SX
20 SX @ 318'

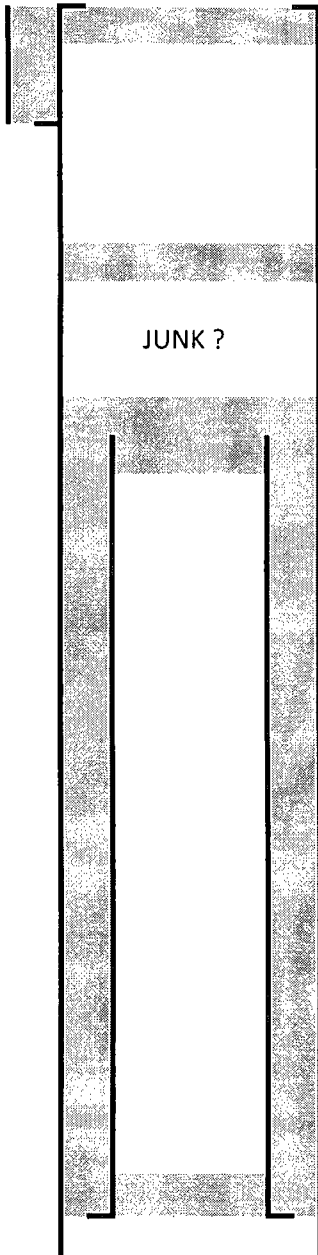
20 SX @ 1500'

20 SX @ CASING STUB

TOC @ 2375'

30 SX @ 3090'
3001-3044'
5 1/2" @ 3064'
CMT W/ 125 SX
OPEN HOLE 3064-3090'

STATE A #1
1980' FSL & 1980' FWL
SEC 30-T15S-R29E
CHAVES COUNTY, NM
API NO.: 30-005-00467



10 SX @ SURF.

8 5/8" @ 322'

CMT W/ 150 SX

20 SX @ 600'

JUNK ?

TOC @ +/- 1200'

$400 * 1.32 / 1.25 / .2278 = 1854.3$

15 SX @ 1100'

CUT CASING @ 1100'

■ QUEEN 1520-1535'

25 SX PLUG @ 3070'

4 1/2" @ 3058'

CMT W/ 400 SX

OPEN HOLE 3058-3116'

CHRISTINE FEDERAL #2

660' FNL & 1980' FEL

SEC 30-T15S-R29E

CHAVES COUNTY, NM

REENTRY ATTEMPT

API NO.: 30-005-00466

ORIGINAL WELL:

GANDY M C & DALE

FEDERAL #2

660' FNL & 1980' FEL

SEC 30-T15S-R29E

CHAVES COUNTY, NM



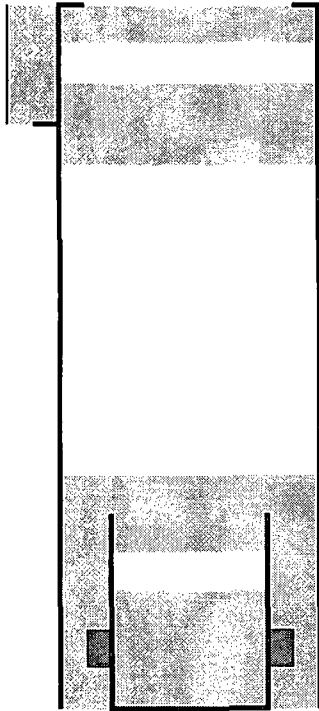
10 SX, 110' TO SURF
 PERF 293, SQUEEZE 155 SX, S 660' FSL & 1980' FWL ("O")
 8 5/8" @ 243'
 CMT W/ 150 SX CIRC.

MARK FEDERAL #1
 SEC 19-T15S-R28E
 CHAVES COUNTY, NM
 AZPI NO.: 30-005-60618

$150 * 1.32 / 1.25 / .2278 =$ 695.3 FT. FILL
 TOC @ +/- 750'

20 SX 1468-1168'

QUEEN 1502-1508'
 4 1/2" @ 1552'
 CMT W/ 150 SX



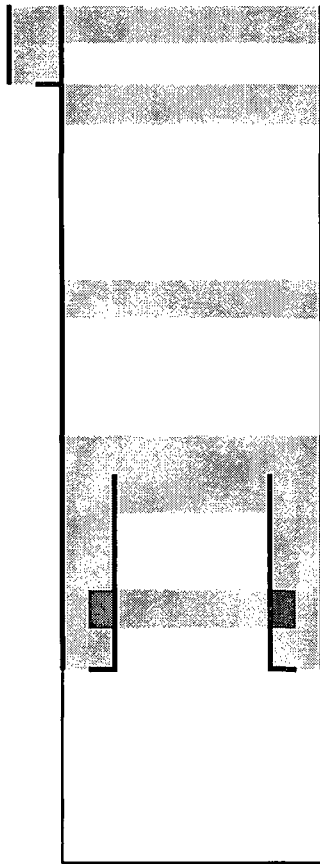
15 SX SURF.
8 5/8" @ 315'
CMT W/ 125 SX.

JACK FEDERAL #1
1980' FNL & 1980' FWL ("F")
SEC 29-T15S-R29E
CHAVES COUNTY, NM
API NO.: 30-005-60201

45 SX 1334-1223'
CUT CASING @ 1284'
T.O.C. @ +/- 1300'
100*1.32/1.25/.1733=

609.3 FT. FILL

30 SX 1750-1500'
QUEEN 1617-1627'
5 1/2" @ 1745'
CMT W/ 100 SX



2 SX PLUG @ SURFACE
 12 1/4" HOLE?
 8 5/8" @ 171.5'
 CMT W/ 75 SX
 5 SX PLUG @ 250'
 75*1.32/.4127/1.25=

MARY BRAINARD FEDERAL #2
 1980' FSL & 1980' FEL
 SEC 30-T15S-R29E
 CHAVES COUNTY, NM
 API NO.: 30-005-00464
 191.9 FT. FILL

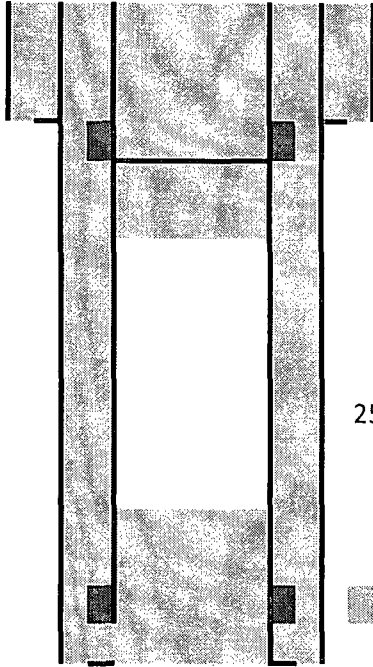
5 SX PLUG @ 780'
 7 7/8" HOLE

10 SX PLUG W/ TOP @ 1105'
 CUT CASING @ 1107'

10 SX PLUG @ 1580' TO COVER PERFS

QUEEN 1548-1566'
 5 1/2" @ 1623'
 CMT W/ 80 SX

TD @ 2115'



10" HOLE
 8 5/8" @ 317'
 CMT W/ 150 SX

PERF @ 370', CIRC 65 SX, CASING FULL
 25 SX 600-400'

$$253 * 1.32 / .1733 / 1.25 = 1541.65$$

10 SX 1470-1370'
 50 SX 1525-1470'
 QUEEN 1506-1510'
 5 1/2" @ 1697'
 CMT W/ 253 SX

JW STATE #1
 2300' FSL & 1677' FWL
 SEC 30-T15S-R29E
 CHAVES COUNTY, NM
 API NO.: 30-005-60090

VII. Operations

1. Average rate: 100 BWPD Maximum rate: 200 BWPD
Volume: 250,000 BW
2. Closed system
3. Average Pressure: 100 PSI Maximum Pressure: 300 PSI
4. Injection water will be from San Andres wells in the area.

	J.W. State #1 Queen Water	Eskimo State #2 San Andres Water
Res.	.060 @ 59 ^o	.065 @ 68 ^o
S.G.	1.178	1.099
pH	5.8	6.67
Ca	5,900	2,560
Mg	9,600	1,890
Cl	159,000	85,205
SO ₄	2,200	Heavy
HCO ₃	144	457
Fe	20	0
Oil Grav.	37.0 ^o	33.4 ^o

Waters are compatible, there is a slight tendency toward calcium carbonate scale that can be control with scale inhibitors.

5. N.A.

VIII. Geological Data

Lithological Detail- Sandstone
Geological Name- Queen
Thickness- 16 ft.
Depth- 1575-1590'
Drinking Water- Quaternary, above the Rustler at +/- 140', closest water well is in section 3-T15S-R29E, 5 miles N-NE.
Underlying Zones- None

IX. Stimulation Program

Breakdown perforations with 1500 gals. 15% NEFE acid. Fracture stimulate with 20,000 gals. + 20,000 pounds of sand.

X. Logging

After drilling, logs will be submitted with the completion report.

XI. Fresh Water Analysis – N.A., no water wells within one mile of the Round Tank Federal #1, 30A-T15S-R29E.

XII. Affirmative Statement
Re: Round Tank Federal #1

We have examined the available geological and engineering data and find no evidence of open faults or any other hydraulic connection between the injection zone and any underground source of drinking water.

Armstrong Energy Corporation

Date: 5/11/09



Bruce A. Stubbs, Vice President – Operations

XIII. Proof of Notice
See Attachments

**Armstrong Energy Corporation
Round Tank Federal #1
Queen Injection Well
715' FNL & 825' FEL
Section 30-T15S-R29E
Chaves County, New Mexico**

Drilling Program

1. The Estimated tops of geological markers are as follows:

Surface Formation: Permian – Quaternary

Quaternary	Surface
Rustler	140'
Yates	770'
Queen	1500'

2. The estimated depth at which anticipated water, oil or gas formations are expected to be encountered:

Water	140'
Oil	1500'

No other formations are expected to give up oil, gas or fresh water in measurable quantities. Any potential surface fresh water sands will be protected by setting 8 5/8" casing at 150' and circulating cement back to surface. The salt section will be protected by setting 5 1/2" casing to 1600' and circulating cement back to surface. Any shallower zones above TD, which contain commercial quantities of oil and/or gas, will have cement circulated across them by cementing 5 1/2" production casing with sufficient cement to circulate back to surface.

3. Proposed Casing and Cementing Program:

A. Casing Program:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft.</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Cond.</u>
11"	8 5/8"	24 #/ft.	J-55	ST&C	0-150'	New
7 7/8"	5 1/2"	15.5 #/ft.	J-55	LT&C	0-1600'	Used

Minimum casing design factors: Collapse 1.125, Burst 1.0, Tensile Strength 1.8

B. Cementing Program:

<u>String</u>	<u>Sacks</u>	<u>Type</u>	<u>Weight</u>	<u>Yield</u>	<u>T.O.C.</u>
Surface	105	Class "C" w/ 2% CaCl ₂	14.8 PPG	1.32 ft ³	Circ.
Production	120	EconoCem-C	11.9 PPG	2.46 ft ³	Circ.
	100	Class "C" w/.5% LAP-1, .5% CFR-3, 3.0 #/sx. Salt,	14.8 PPG	1.38 ft ³	1100'

3 #/sx. Gilsonite,
.25 #/sx. D-Air

4. Mud Program and Auxiliary Equipment: The well will be drilled to TD with air. The applicable depths and properties of this system are as follows:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid loss</u>
0-150'	Air & Mist			N.C.
150-1600'	Air & Mist			N.C.

5. Testing, logging and coring programs:

DST's: No DST's are planned.

Mud Logging: No mudlogger will be used.

Electric Logging: A cased hole GR-Neutron log will be run from surface to T.D.

Coring: No coring is anticipated at this time.

HALLIBURTON DIVISION LABORATORY
 HALLIBURTON COMPANY
 MIDLAND DIVISION

LABORATORY WATER ANALYSIS

No. W1-431-69

To Elk Oil Company

Date 11/19/69

Box 310

Roswell, New Mexico

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Submitted by _____ Date Rec. 11/19/69

Well No. J.W. State # 1 Depth 1510 Formation Queens

County Chaves Field Round Tank Source _____

	<u>J.W. State # 1</u>	<u>Mullis State A-1</u>
Resistivity	<u>.060 @ 59 F</u>	
Specific Gravity	<u>1.178</u>	
pH	<u>5.8</u>	
Calcium (Ca)	<u>5.900</u>	<u>*MPL</u>
Magnesium (Mg)	<u>9.600</u>	
Chlorides (Cl)	<u>159,000</u>	
Sulfates (SO ₄)	<u>2,200</u>	
Bicarbonates (HCO ₃)	<u>144</u>	
Soluble Iron (Fe)	<u>20</u>	
	<u>OIL</u>	<u>MULLIS STATE A-1</u>
API Gravity	<u>37 @ 60 F</u>	<u>San Andres Formation</u> <u>33.4 @ 60 F</u>
BS&W	<u>1.5 %</u>	<u>2 %</u>

Remarks:

*Milligrams per liter

Respectfully submitted,

Analyst: Robert Lansford
 cc: _____

HALLIBURTON COMPANY

By Robert Lansford
 DIVISION CHEMIST

NOTICE

This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any loss or damage, whether it be to act or omission, resulting from such report or its use.

HALLIBURTON

PERMAIN BASIN OPERATIONS LABORATORY
 WATER ANALYSIS REPORT
 HOBBS, NEW MEXICO

COMPANY Armstrong Energy

REPORT DATE W09-039
May 11, 2009
 DISTRICT Hobbs

SUBMITTED BY _____

WELL COUNTY TANK SAMPLE	DEPTH FIELD	FORMATION SOURCE	San Andres
	Round Tank		
	Eskimo #1	Eskimo #2	Eskimo #3
			Seahawk
Sample Temp.	68 °F	68 °F	68 °F
RESISTIVITY	0.079	0.065	0.063
SPECIFIC GR.	1.081	1.099	1.104
pH	6.89	6.67	6.84
CALCIUM	2,500 mpl	2,650 mpl	2,250 mpl
MAGNESIUM	1,200 mpl	1,890 mpl	1,350 mpl
CHLORIDE	70,145 mpl	85,205 mpl	89,168 mpl
SULFATES	Heavy mpl	Heavy mpl	Heavy mpl
BICARBONATES	464 mpl	457 mpl	750 mpl
SOLUBLE IRON	0 mpl	0 mpl	0 mpl
KCL	Negative	Negative	Negative
Sodium	mpl	mpl	mpl
TDS	mpl	mpl	mpl
OIL GRAVITY	@ °F	@ °F	@ °F

REMARKS _____

MPL = Milligrams per litter
 Resitivity measured in: Ohm/m2/m

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ANALYST: MB/MA

NM WAIDS

DATA

MAPS

HOME

SCALE

CORROSION

Water Sample Mix

Water Sample 1: Ions & Dissolved Gases (mg/L)

Ca ⁺⁺	<input type="text" value="5900"/>	Mg ⁺⁺	<input type="text" value="9600"/>	Na ⁺	<input type="text" value="0"/>	Ba ⁺⁺	<input type="text" value="0"/>	Fe ⁺⁺	<input type="text" value="20"/>	Sr ⁺⁺	<input type="text" value="0"/>
CO ₃ ⁼	<input type="text" value="0"/>	HCO ₃ ⁻	<input type="text" value="144"/>	SO ₄ ⁼	<input type="text" value="2200"/>	Cl ⁻	<input type="text" value="159000"/>	OH ⁻	<input type="text" value="0"/>		
H ₂ S	<input type="text" value="0"/>	O ₂	<input type="text" value="0"/>	CO ₂	<input type="text" value="0"/>						
pH	<input type="text" value="5.8"/>	Temperature (F)	<input type="text" value="75"/>	Volume 1 (L)	<input type="text" value="3"/>	<input type="button" value="Clear"/>					

Water Sample 2: Ions & Dissolved Gases (mg/L)

Ca ⁺⁺	<input type="text" value="2650"/>	Mg ⁺⁺	<input type="text" value="1890"/>	Na ⁺	<input type="text" value="0"/>	Ba ⁺⁺	<input type="text" value="0"/>	Fe ⁺⁺	<input type="text" value="0"/>	Sr ⁺⁺	<input type="text" value="0"/>
CO ₃ ⁼	<input type="text" value="0"/>	HCO ₃ ⁻	<input type="text" value="457"/>	SO ₄ ⁼	<input type="text" value="2000"/>	Cl ⁻	<input type="text" value="85205"/>	OH ⁻	<input type="text" value="0"/>		
H ₂ S	<input type="text" value="0"/>	O ₂	<input type="text" value="0"/>	CO ₂	<input type="text" value="0"/>						
pH	<input type="text" value="6.67"/>	Temperature (F)	<input type="text" value="75"/>	Volume 2 (L)	<input type="text" value="2"/>	<input type="button" value="Clear"/>					

Instructions:

There are two types of mixing available:

Mix by Ratio: Insert Temperatures and Ratios for each sample and the Total Volume.

Mix by Volume: Insert Temperatures and Volumes for each sample.

Then click Mix.

Mix Water by Ratio*

*You must enter a total volume to use this method.



Total Volume (L)

Mix Water By Volume



This will give you a mixed sample, which you can then use to calculate scaling tendencies by clicking the Calculate Scale button. You will be taken to the Calculate Scale page and can choose the method you want.

Mixing Water

Ca ⁺⁺	4600	Mg ⁺⁺	6516	Na ⁺	79915.39	Ba ⁺⁺	0	Fe ⁺⁺	12	Sr ⁺⁺	0
CO ₃ ⁼	0	HCO ₃ ⁻	269.2	SO ₄ ⁼	2120	Cl ⁻	129482	OH ⁻	0		
H ₂ S	0	O ₂	0	CO ₂	0						
Temperature			75	Ionic Strength		4.38	pH		5.98		

Surface Ownership

1. TURKEY TRACK (Range Lessee #65075) PO Box 153 ARTESIA NM 88211

Mineral Ownership (1/2 mile radius)

1. CHASE OIL CORPORATION PO BOX 860 ARTESIA NM 88210
2. SLASH EXPLORATION LIMITED PARTNERSHIP
3. LOBOS ENERGY PARTNERS LLC 3817 NW EXPRESSWAY #950
OKLAHOMA CITY OK 73112
4. MARSHALL & WINSTON INC PO BOX 50880 MIDLAND TX 79710
5. LOBOS ENERGY PARTNERS LLC 3817 NW EXPRESSWAY #950
OKLAHOMA CITY OK 73112
6. CHASE OIL CORPORATION PO BOX 860 ARTESIA NM 88210
7. SLASH EXPLORATION LIMITED PARTNERSHIP
8. SLASH EXPLORATION LIMITED PARTNERSHIP
9. SLASH EXPLORATION LIMITED PARTNERSHIP
10. SLASH EXPLORATION LIMITED PARTNERSHIP

EXHIBIT B

NOTICE LIST

**SURFACE OWNERS AND
LEASEHOLD OPERATORS
ARMSTRONG ENERGY CORPORATION
ROUND TANK QUEEN WATERFLOOD PROJECT
CHAVES COUNTY, NEW MEXICO**

SURFACE OWNER

Turkey Track Ranch
Post Office Box 153
Artesia, New Mexico 88211

LEASEHOLD OPERATORS

[1/2 MILE RADIUS]

Chase Oil Corporation
Post Office Box 860
Artesia, New Mexico 88210

Slash Exploration Limited Partnership
c/o Armstrong Energy Corporation
Post Office Box 1973
Roswell, New Mexico 88202-1973

Lobos Energy Partners, LLC
3817 NW Expressway #950
Oklahoma city, Oklahoma 73112

Marshall & Winston, Inc.
Post Office Box 50880
Midland, Texas 79710

CASE NO. 14342: Application of Armstrong Energy Corporation for approval of a Waterflood Project for its Round Tank-Queen Waterflood Unit Area and Qualification of said Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Chaves County, New Mexico. Applicant in the above-styled cause, seeks approval of its Round Tank-Queen Unit Waterflood Project comprised of 1922.72 acres, more or less of State and Federal lands located in Chaves County, New Mexico, more particularly described as follows:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM

Section 24: E/2, E/2 W/2,
Section 25: E/2

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Irregular Section 19: Lots 1 through 4, E/2 W/2
(W/2 Equivalent), SE/4
Irregular Section 30: Lots 1 through 4, E/2W/2,
(W/2 Equivalent), E/2,

Applicant seeks authorization to inject water into the Queen formation, Round Tank-Queen Pool, through its proposed Round Tank Federal Well No. 1 to be drilled 715 feet from the North line and 825 feet from East line of Section 30, Township 15 South, Range 29 East, NMPM. Applicant further proposes to inject up to 200 barrels of water per day at a maximum pressure of 300 psi, into the Queen formation, at an approximate depth of 1575 feet to 1590 feet.

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 13 miles northwest of Loco Hills, New Mexico.