

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

RECEIVED OCD
2009 APR 16 P 2:25

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:

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 RECOVERY ACT, CHAVES COUNTY,
NEW MEXICO.

PRE-HEARING STATEMENT

Holland & Hart LLP submits this Pre-Hearing Statement as required by the Oil
Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Armstrong Energy Corporation
Attention: Mr. Bruce Stubbs
Sunwest Centre, Suite 1000
Post Office Box 1973
Roswell, NM 88202

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

STATEMENT OF CASE

APPLICANT

Applicant seeks approval of ITS Round Tank-Queen Waterflood Unit comprised of 1922.72 acres, more or less of State of New Mexico 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 28 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/2 W/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 the East line of Section 30, Township 15 South, Range 29 East, NMPM. Applicant proposes to inject up to 200 barrels of water per day at a maximum injection 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 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).

PROPOSED EVIDENCE


APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Bruce Stubbs (Petroleum Engineer)	Approx. 20 Minutes	10

Tom King
Geologist
(May Call)

PROCEDURAL MATTERS

Armstrong Energy Corporation will request that this case be consolidated for hearing with Case No. 14341.

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr
Attorney for Armstrong Energy

Corporation

2957001_1.DOC