



November 3, 2009

**VIA HAND DELIVERY**

Mark E. Fesmire, PE, JD  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 14403*

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Re: Application of Armstrong Energy Corporation for amendment of Division Order No. R-13183 to remove the requirement for the plugging and abandonment of the Federal "A" Well No. 1, Chaves County, New Mexico.

Dear Mr. Fesmire:

Enclosed are an original and one copy of the application of Armstrong Energy Corporation in the above-referenced case and a copy of a legal advertisement. By copy of this letter, an additional copy of this Application is being transmitted to the Oil Conservation Division District Office in Artesia.

Anadarko requests that this matter be placed on the docket for the December 3, 2009 Examiner Hearings.

Very truly yours,

William F. Carr  
Attorney for Armstrong Energy Corporation

Enclosures

cc: Mr. Randy Dade  
District Supervisor  
Oil Conservation Division  
District II

Mr. Bruce Stubbs  
Armstrong Energy Corporation

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

**IN THE MATTER OF THE APPLICATION OF ARMSTRONG ENERGY CORPORATION FOR AMENDMENT OF DIVISION ORDER NO. R-13183 TO REMOVE THE REQUIREMENT FOR THE PLUGGING AND ABANDONMENT OF THE FEDERAL "A" WELL NO. 1, CHAVES COUNTY, NEW MEXICO.**

CASE NO. 14403

**APPLICATION**

ARMSTRONG ENERGY CORPORATION ("Armstrong") through its attorneys, Holland & Hart, LLP, hereby makes application for amendment of Order No. R- 13183 to remove the requirement for the plugging and abandonment of the Federal "A" Well No. 1 (API NO. 30-005-60336) and in support of its application states:

1. By Order No. R-13183 dated October 19, 2009, the Division granted the application of Armstrong 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.

2. At the hearing, the engineering witness for Armstrong identified the Federal "A" Well No. 1, located 2310 feet from the South line and 330 feet from the West line of Section 29, Township 15 South, Range 29 East, NMPM, as a well in which he had questions concerning the integrity of the wellbore and recommended that Armstrong be authorized to meet with representatives of the Division's Artesia District office to determine if remedial work was required on this well to assure that injected fluids would not escape from the injection interval.

3. However, Order No. R-13183 provides that "Prior to injection into the

Round Tank Queen Unit #7, The Federal "A" No. 1, API No. 30-005-60336, shall be properly plugged and abandoned."

4. To resolve the issue with the Federal "A" No. 1, a meeting was held on October 22, 2009 with Randy Dade, OCD District Supervisor, at the Artesia office of the Division to review the records on this well.

5. After reviewing the logs, well data and plugging information, it was concluded that the Federal "A" Well No. 1 is located east of the Queen porosity pinch out and there is not a zone capable of transmitting fluids and that the well is plugged in a manner to prohibit fluid movement to any potential fresh water zones or zones productive of oil or gas.

6. Armstrong therefore seeks amendment of Order No. R-13183 to remove the requirement that the Federal "A" Well No. 1 be plugged and abandoned.

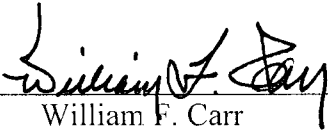
5. Notice of this application has been provided to the owner of the surface of the land on which the proposed injection well is to be located and to each leasehold operator within one-half mile of the injection well location and these owners are identified on the Notice List attached to this application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

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 December 3, 2009 and after notice and hearing as required by law, the Division enters 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

**EXHIBIT A**

**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. 14403: Application of Armstrong Energy Corporation for amendment of Division Order No. R-13183 to remove the requirement for the plugging and abandonment of the Federal "A" Well No. 1, Chaves County, New Mexico.** Applicant in the above-styled cause, seeks amendment of Division Order No. R-13183 to remove the requirement for the plugging and abandonment of the Federal "A" Well No. 1, located 2310 feet from the South line and 330 feet from the West line of Section 29, Township 15 South, Range 29 East, NMPM, Chaves County, New Mexico. Said well is located approximately 13 miles northwest of Loco Hills, New Mexico.