

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

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

**CASE NO. 12885
ORDER NO. R-10541-A**

**APPLICATION OF ARMSTRONG ENERGY CORPORATION FOR
APPROVAL OF A PRESSURE MAINTENANCE PROJECT AND FOR
QUALIFICATION OF THE PROJECT AREA FOR THE RECOVERED OIL
TAX RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, LEA
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 27, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of July, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-10541 issued in Case No. 11436 on February 6, 1996, the Division authorized Armstrong Energy Corporation to institute a pressure maintenance project on a portion of its Mobil Lea State Lease by the injection of produced water into the third sand interval of the Cherry Canyon formation of the Delaware Mountain group in its proposed Mobil Lea State Well No. 6 to be drilled at a location 330 feet from the South line and 990 feet from the West line (Unit M) of Section 2, Township 20 South, Range 34 East, NMPM, Northeast Lea-Delaware Pool, Lea County, New Mexico.

(3) The pressure maintenance project was designated the Lea Pressure Maintenance Project, and the project area comprised the SW/4 of Section 2, Township 20 South, Range 34 East, NMPM.

