

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:

APPLICATION OF AGUA SUCIA, LLC TO REINSTATE ADMINISTRATIVE ORDER  
SWD-559 FOR A SALT WATER DISPOSAL WELL, LEA, EDDY COUNTY, NEW  
MEXICO.

CASE NO. 24411

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PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted on behalf of Armstrong Energy Corporation by Holland & Hart LLP as required by the rules of the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Agua Sucia, LLC

ATTORNEY

James Bruce, Esq.  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
Fax: (505) 982-2151

OPPONENT

Armstrong Energy Corporation  
Robert G. Armstrong

ATTORNEY

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

STATEMENT OF CASE

APPLICANT:

Applicant in the above-styled cause seeks an order reinstating Division Administrative Order SWD-559 for a salt water disposal well, approving disposal into the Bone Spring formation in the Government E Well No. 1 located 610 feet from the South Line and 1880 feet from the West Line of Section 24, Township 19 South, Range 34 East, NMPM, at depths of 9716 through 10240 feet subsurface.

OPPONENT:

Armstrong Energy Corporation opposes the application. There has been substantial activity at this well under the current and prior operator. Armstrong believes that past and proposed injection operations at this well, have damaged offsetting Armstrong Energy Corporation

operated properties and will continued to damage these properties in the future.

**PROPOSED EVIDENCE**

**OPPONENT:**

<u>WITNESSES</u> (Name and Expertise)	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Bruce Stubbs Reservoir Engineer	30 Minutes	Approx. 10

**PROCEDURAL MATTERS**

Armstrong Energy Corporation has an outstanding subpoena and Motion to Enforce Subpoena seeking the production of documents by the applicant. If needed documents are not produced in time to be reviewed prior to hearing, Armstrong will seek a hearing on its Motion to Enforce Subpoena and a continuance.

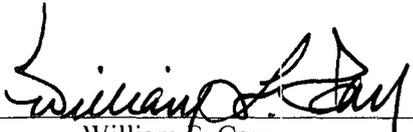
  
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William F. Carr  
Attorney for Armstrong Energy Corporation

**CERTIFICATE OF SERVICE**

I certify that on January 28, 2010 I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax

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William F. Carr