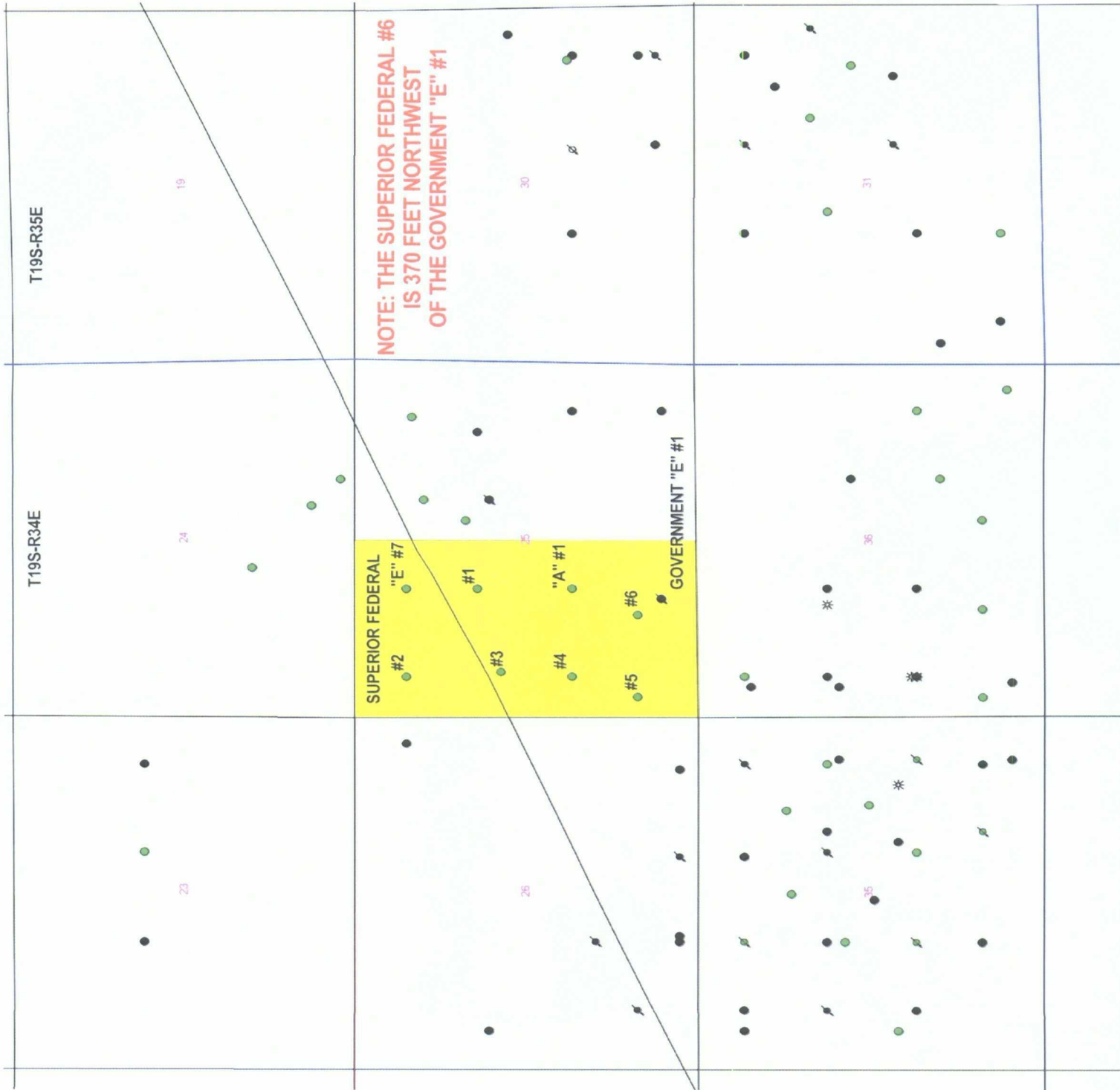




Superior Federal Lease
W/2 Sec. 25-T19S-R34E
Lea County, NM
Wells within a one-mile
radius of the Superior
Federal Lease

EXHIBIT 1
MARCH 4, 2010
CASE No.: 14411

Government "E" #1 SWD Well

Location: 610' FSL & 1880' FWL, Unit "N", Section 25-T19S-R29E, Lea County, New Mexico
API No.: 30-025-23708

Operator: The Superior Oil Company

Spud Date: 2-13-71 T.D. Reached: 3-23-71 T.D.: 10,300'

5 1/2" T.O.C.: at 7,700', found with temperature survey. Uncemented open hole from 7700'-4089'.

8 5/8" Casing: Set at 4089', T.O.C. At 2,200', found with temperature survey.

Perforations: 9,720'-9,728' (Squeezed), 9,716'-9,720' acidized w/2500 gals. 7 1/2% & 500 gals. 15%

I.P.: 97 BOPD, 191 MCFGD, 314 BWPD (4-26-71)

Cumulative Production: 181,829 BO, 517,301 MCFG, 121,334 BW

Cumulative injection: 3,181,722 BW through January 2008

SWD-559: 5-19-1994 SWD Permit Approved

C-103: 7-26-94 Convert to SWD, reperforate 9719-36' & 9743-46', acidize with 2500 gals. 15% HCL, test casing at 820 psi, ran tubing and packer.

C-103: 2-9-98 Pulled tubing, tested, perforate and acidized 10,223'-10,238', returned to service

C-103: 3-15-00 Pulled tubing, found leak, replaced bad joints, ran MIT Test, O.K.

C-103: 8-3-01 Shut-in pending sale

Change of Operator: October 1, 2001 Subsurface Water disposal, Inc. To Louray Oil Co. LLC

C-103: 1-12-02 Ran new packer and plastic coated tubing, MIT test, O.K. (~~No Reported Depths~~)

C-103: 9-15-05 pulled tubing, replaced 4 bad collars, ran back, tested annulus at 400 Psi, O.K.

C-104's: Subsurface Water Disposal filed approximately one (1) C-104 "Authorization to Transport" per month, since Louray took over, no C-104's have been filed.

Government “E” #1 SWD Well

OCD Meeting: 1-14-08 Met with OCD in Hobbs about water flows on Superior Federal #5 & #6. OCD indicated they would check bradenheads on wells in the area. Before the OCD could check, 1-29-08 Louray pulled the tubing from the Gov. “E” #1, had it hauled off and cut up. No one would admit to how much tubing was in the well. It was reported that the tubing had holes in it and later it was determined that the casing had holes from 4167.78’-5332.49’. No injection after January 2008.

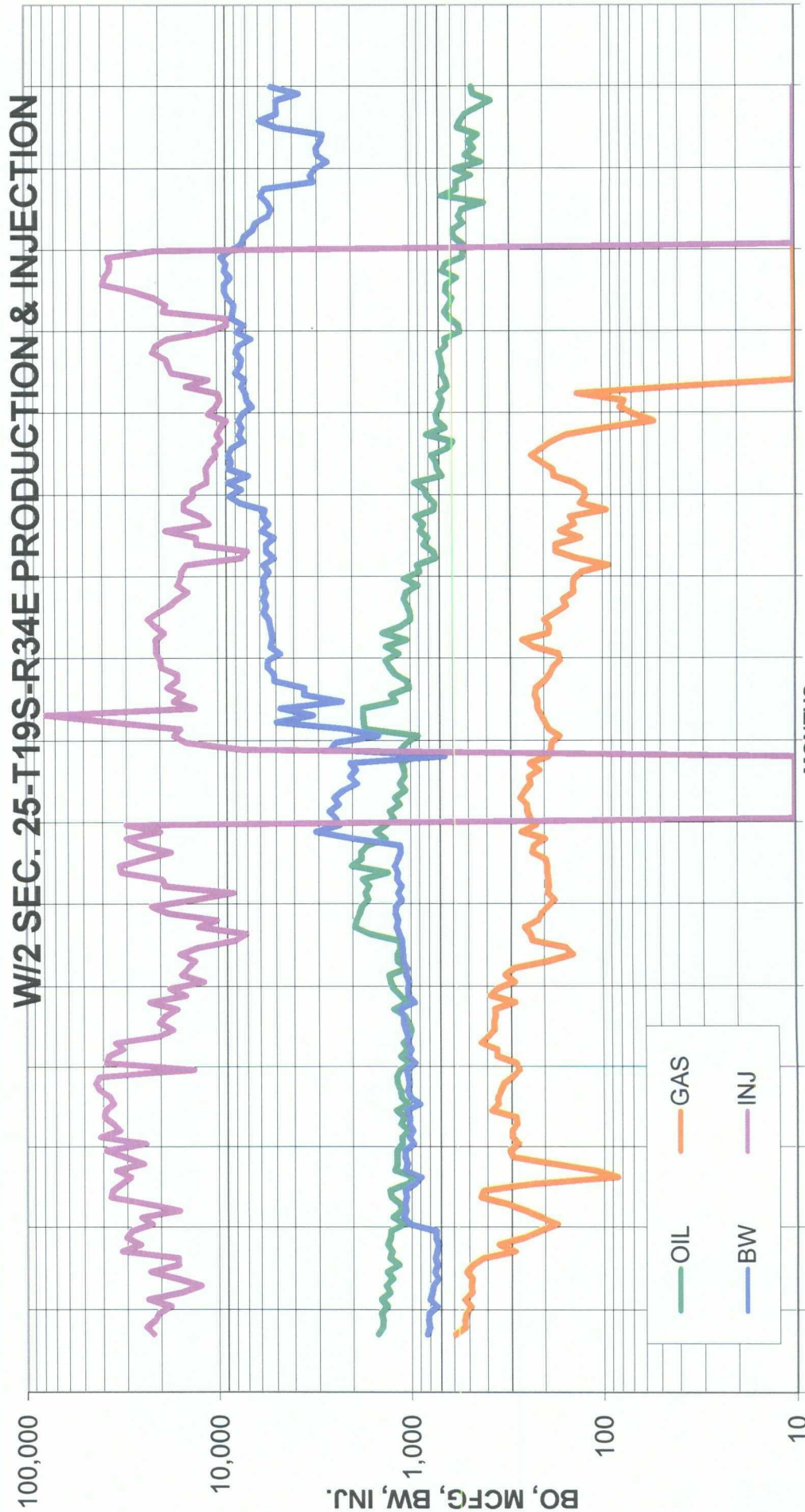
C-103: 2-4-08 Intent to repair casing. Squeeze 4167.78’-5332.49’. Denied

2-5-2008 Louray went ahead and squeezed the hole and put cement into the annulus in an unreported procedure and amounts of cement. Notified the OCD after the fact and the procedure was not witnessed. No Subsequent Report has been filed as of 2-16-2010. Pressure gauges on the Superior Federal #6 indicate the job was pumped at 4:00 pm instead of 6:00 pm.

C-103: 1-21-09 “Notice of Intent” to run 4” liner from 4000’-9650’. No cement volumes were reported. No Subsequent Report has been filed as of 2-16-2010.

Water Disposal Permit: On May 19, 1994 SWD-559 was approved with a maximum injection pressure of 1,943 psi.

W/2 SEC. 25-T19S-R34E PRODUCTION & INJECTION

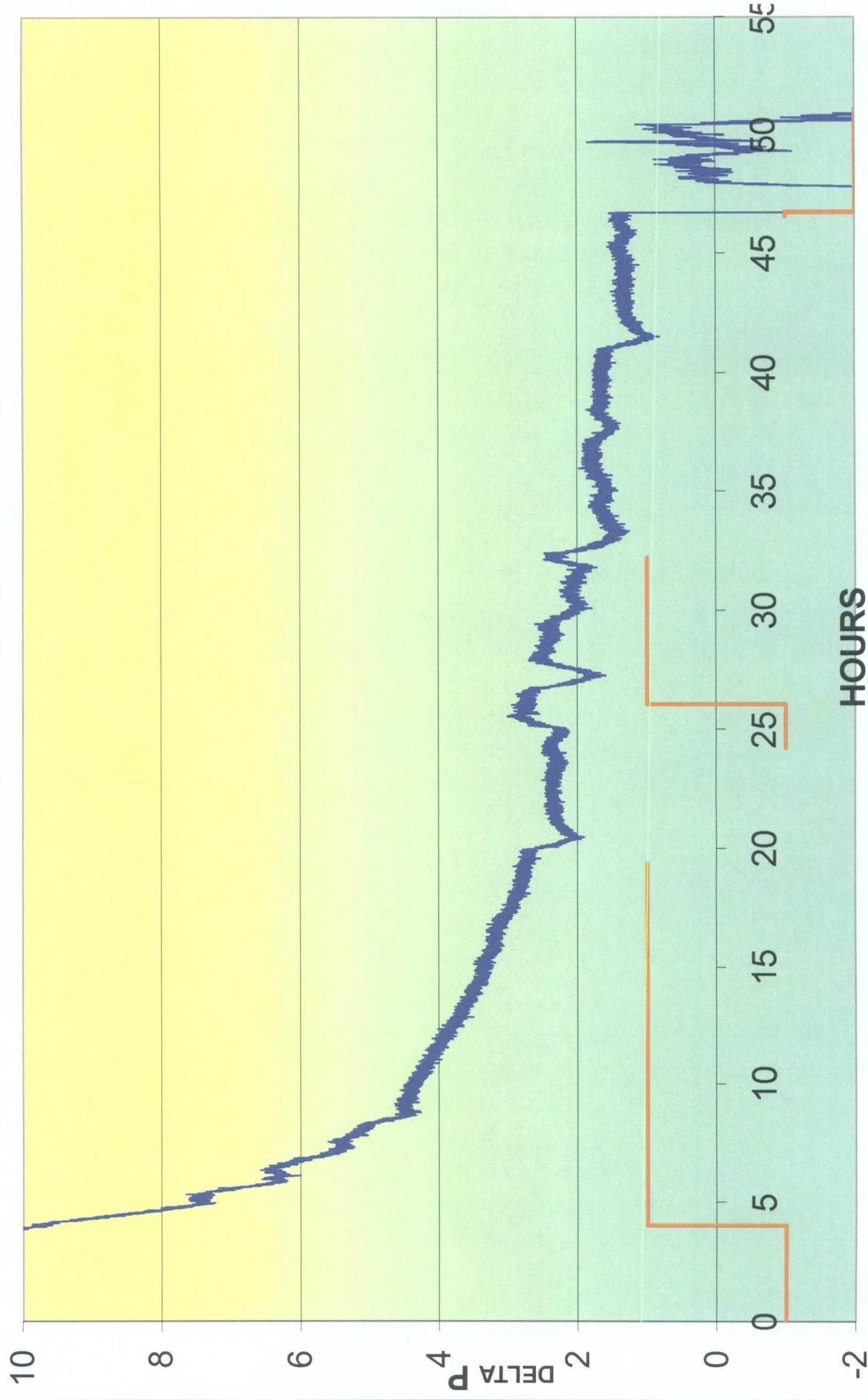


MONTHS

Jan-94 Jan-95 Jan-96 Jan-97 Jan-98 Jan-99 Jan-00 Jan-01 Jan-02 Jan-03 Jan-04 Jan-05 Jan-06 Jan-07 Jan-08 Jan-09 Jan-10 Jan-11

5-19-94 SWD-559 PERMIT APPROVED
7-26-94 WELL PREPARED FOR INJECTION
START INJECTION
2-9-98 REPAIR LEAK & ADD PERFS
3-15-00 REPAIRED TUBING LEAK
8-3-01 S.I. PENDING SALE
10-1-01 C.O.O. FROM SUBSURFACE TO LOURAY
1-12-02 RAN NEW TUBING & PKR (NO REPORTED DEPTHS)
8-1-03 C.O.O. FROM ST. CLAIR TO A.E.C.
7-14-04 STARTED WATER TO MERIT
7-15-04 PUT 320 UNIT ON #5 & 114 UNIT TO #6, F.L. @ 74 JTS.
9-21-04 SET 160 UNIT ON #6
9-15-05 REPAIRED LEAK, REPLACED 4 COLLARS. MIT
5-25-06 #4 F.L. @ 145 JTS., 475' COVER, #5 F.L. @ 65 JTS., 2961' COVER
4-5-07 WATER TO MLS
5-5-07 #6 FLOWING WATER, SICP 400 PSI IN 12 HOURS
1-26-08 GOV. "E" #1 POH & LD TUBING
2-6-08 WORKOVER DENIED
10-15-08 STARTED WORKING ON GOV "E" #1
1-21-09 INTENT TO RUN LINER
7-09 PUT #5 BACK ON PRODUCTION

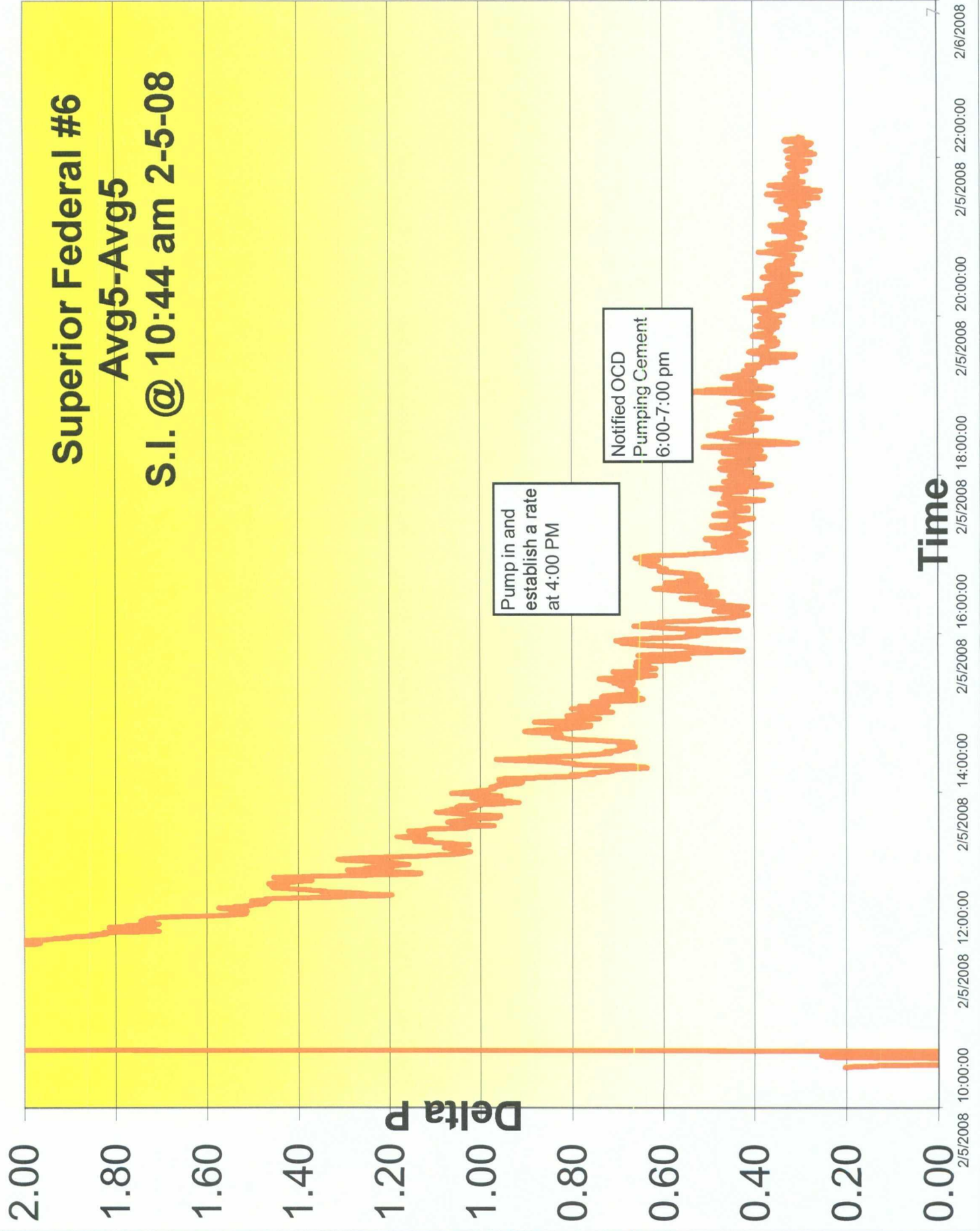
DELTA PRESSURE - 1/2 HOUR



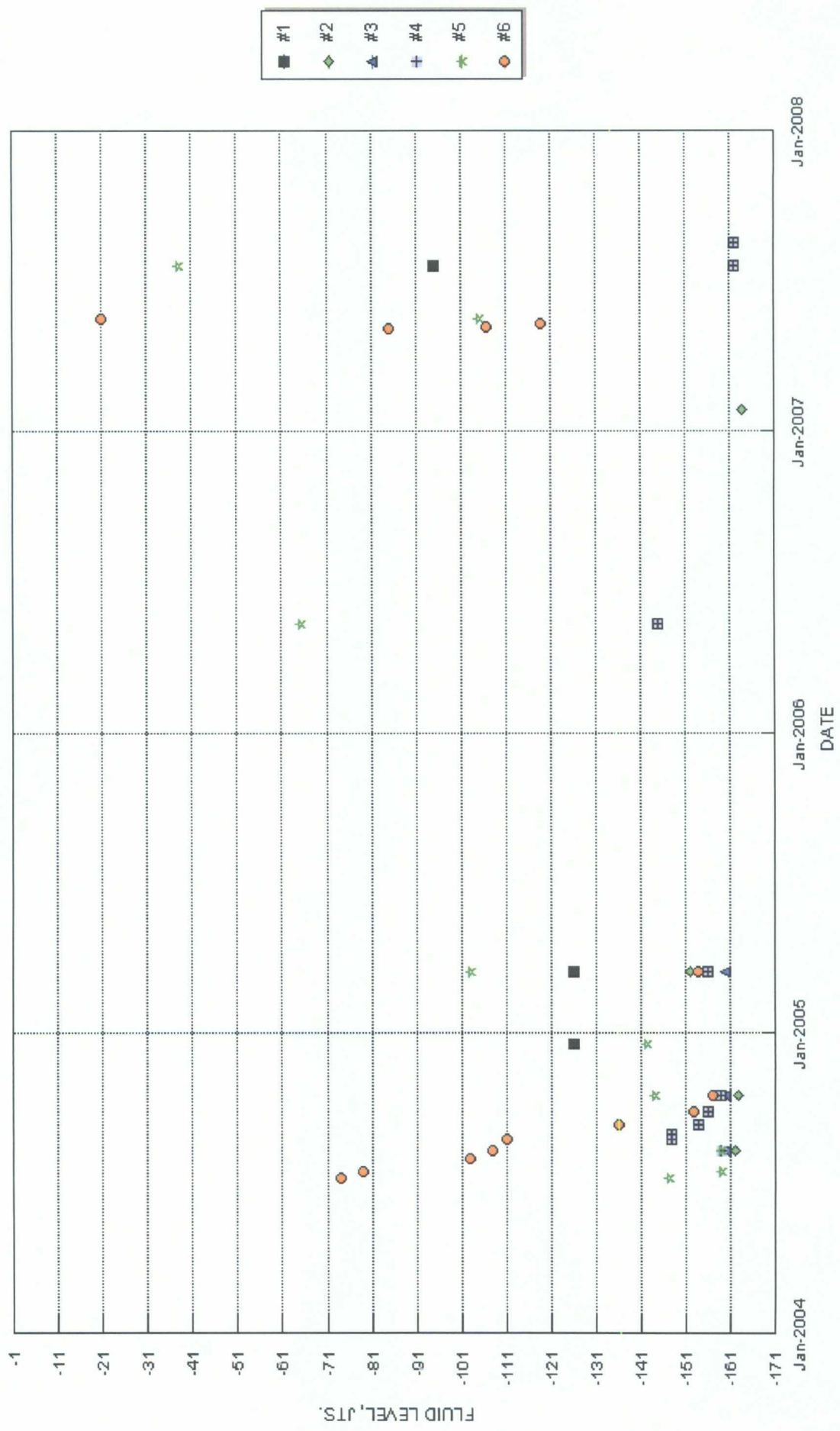
Superior Federal #6 Pressure Recording

Delta P

Superior Federal #6
Avg5-Avg5
S.I. @ 10:44 am 2-5-08



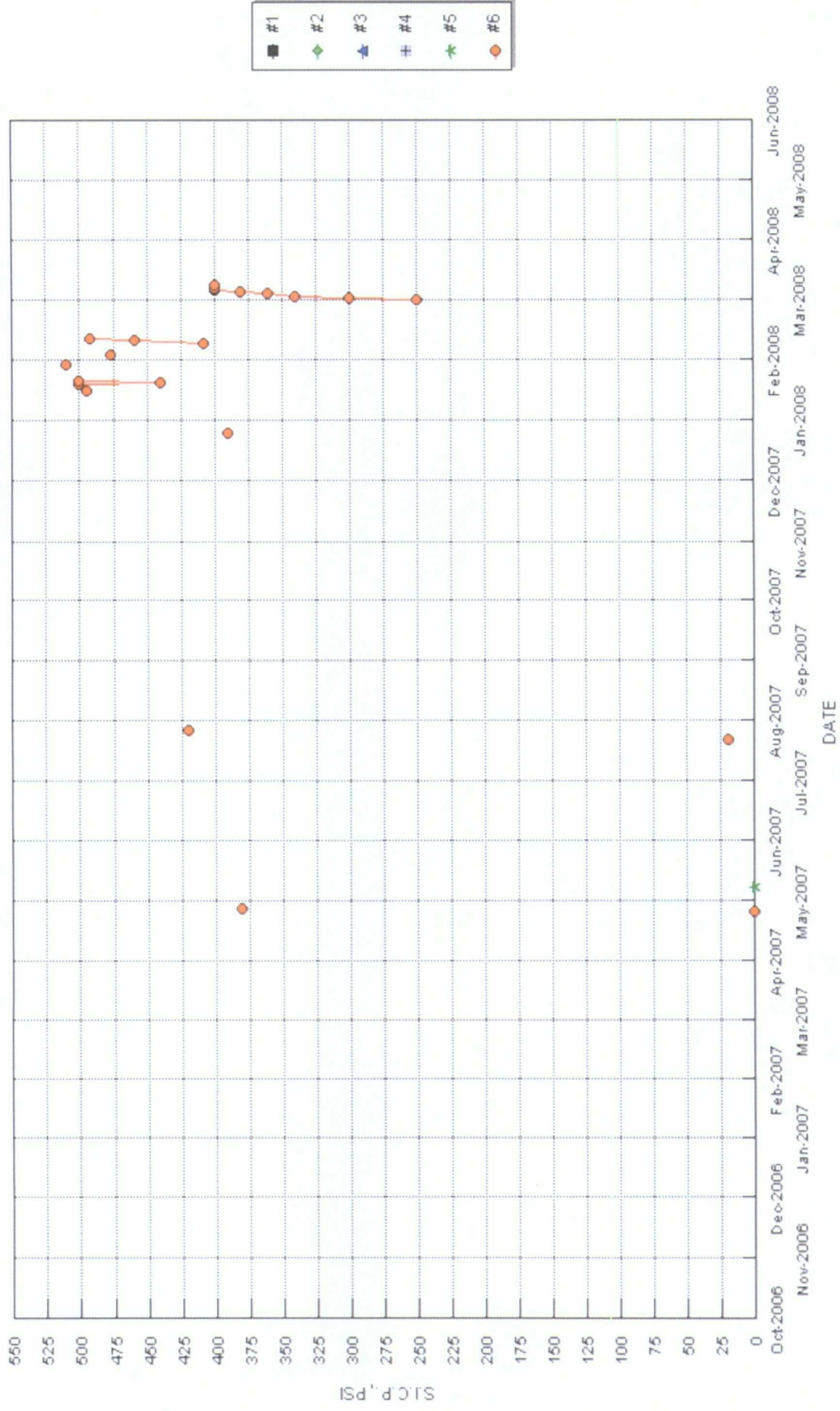
FLUID LEVELS SUPERIOR FEDERAL



W/2 SEC. 25-T19S-R34E
LEA COUNTY, NM

SHUT-IN CASING PRESSURES

SUPERIOR FEDERAL



W2 SEC. 25-T19S-R34E
LEA COUNTY, NM

Superior Federal #5

Armstrong Energy Corporation

Superior Federal #5 API No.: 30-025-21370

Field: Pearl Queen

Sec. 25N-T19S-R34E 990' F SL & 400' FWL

Lea County, New Mexico

Spud Date: 10-6-65 T.D. Reached: 10-22-65 T.D.: 5,150'
Perforations: 4882', 4883', 4934', 4939', 4942', 4946', 4965', 4984' & 4986'
Cumulative Production: 174 ,130 BO, 116,338 MCFG, 257,439 BW
C.O.O.: 8-1-2003 St. Clair Energy Corp. to Armstrong Energy Corp.

7/15/2004 MOVED 320 UNIT TO #5 AND STARTED PUMPING
7/20/2004 #5 F.L. 147 JTS., 159 JTS. TOTAL, 387' ABOVE PUMP, DOWN 5 JTS. FROM LAST F.L.
7/27/2004 F.L. #5 159 JTS, PUMPED OFF
8/13/2004 REBALANCED #5 PUMPING UNIT
8/23/2004 #5 159 JTS
10/29/2004 #5 F.L. 144 JTS., 458 ' COVER
12/30/2004 #1 CUTTING 3% OIL, #1 F.L. 126 JTS, 167 JTS IN WELL 1230' COVER, #5 F.L. 142 JTS, 159 JTS IN WELL, 536' COVER.
3/30/2005 F.L #1 126/167 JTS., #2 152/163 JTS., #3 160/160 JTS., #4 156/159 JTS., #5 103/159 JTS., #6 154/159 JTS.
5/25/2006 #4 F.L. @145 JTS, 475' COVER, +11 JTS. #5 F.L. 65 JTS., 2961' COVER, +79 JTS.
5/18/2007 #5 F.L. AT SURFACE.
5/20/2007 #5 ON 4 HOURS TIME.
8/1/2007 #5 38 JTS. TO FLUID, #4 162 JTS TO FLUID, #1 95 JTS. TO FLUID.
9/23/2007 #5 S.D., HIGH WATER VOLUME.

Superior Federal #6

Armstrong Energy Corporation

Superior Federal #6 API No.: 30-025-21745

Field: Pearl Queen

Sec. 25N-T19S-R34E 900' F SL & 1650' FWL

Lea County, New Mexico

Spud Date:	3-23-66	T.D. Reached: 4-5-66	T.D.: 5,150'
Perforations:	4811', 4814', 4899', 4903', 4967', 4971', 4992', 5011' & 5015'		
Cumulative Production:	68,847 BO, 55,359 MCFG, 197,652 BW		
C.O.O.:	8-1-2003 St. Clair Energy Corp. to Armstrong Energy Corp.		
7/15/2004	MOVED 114 UNIT TO #6 AND STARTED PUMPING.		
7/20/2004	#6 F.L. AT 74 JTS, TOTAL 159 JTS., 2678' ABOVE PUMP, LAST F.L. AT 44 JTS., LOWERED 30 JTS.		
7/27/2004	#6 79 JTS, 5 JTS LOWER THAN 7-20-04, 2520' FLUID ABOVE PUMP		
8/13/2004	#6 F.L. 102 JTS, 1796' OF COVER, S.I. 30 MIN, F.L. 103 JTS, 1764' OF COVER		
8/23/2004	#6 F.L. 108 JTS, 158 TOTAL, 50 JTS. OF COVER, 1575'		
9/6/2004	#6 OIL CUT <1%, F.L. 111 JTS, 48 JTS COVER, 1512'		
9/12/2004	PREP TO PUT 160 JENSEN UNIT ON #6		
9/22/2004	#6 SET 160 JENSEN, 12 SPM, 64" STROKE, 8 PSI ON TREATER		
9/23/2004	#6 F.L. 136 JTS., 725' COVER.		
10/29/2004	#6 F.L. 157 JTS., 60' COVER		
12/30/2004	#1 CUTTING 3% OIL, #1 F.L. 126 JTS, 167 JTS IN WELL 1230' COVER, #5 F.L. 142 JTS, 159 JTS IN WELL, 536' COVER.		
3/30/2005	F.L. #1 126/167 JTS., #2 152/163 JTS., #3 160/160 JTS., #4 156/159 JTS., #5 103/159 JTS., #6 154/159 JTS.		

Superior Federal #6 Continued

5/5/2007 #6 FLUID LEVEL AT SURFACE, FLOWING WATER TO BATTERY +125 BWPD, S.I.C.P. 380 psi.

5/8/2007 #6 S.I. CP 380 PSI

5/14/2007 M.I.R.U. Robin Hood Services. N.D. wellhead, well flowing to frac tank, picking up excess fluid with a vacuum truck. P.O.H. with 198 rods and pump. Remove pumping tee, threads were bad, ordered out a spear, engage tubing, P.O.H. with tubing, tubing pitted, some holes and collars are worn. Ordered out 3000' of new tubing. Installed environmental pump and released vacuum truck. S.D.O.N.

5/15/2006 R.U. testers and test tubing to 5000 psi below slips, P.U. 84 new joints of 2 3/8" tubing. Set RBP at 4776', top perf at 4811', tested RBP at 500 psi, o.k. Tested casing at 500 psi, slow leak, no flow.

5/16/2007 0 psi C.P., open by-pass on RBP, well flowed, P.O.H. with RBP and run tubing, rods and pump.

5/19/2007 F.L. AT 85 JTS., C.P. 20 PSI, 156 JTS. IN WELL, 2272' COVER

5/29/2007 F.L. AT 135 JTS., 668' COVER

8/1/2007 #6 FULL OF FLUID, 20 PSI.

8/6/2007 #6 PRESSURED UP TO 420 PSI C.P. AND 400 PSI T.P.

12/21/2007 #6 S.I.C.P. 80 PSI, T.P. 60 PSI. OPENED ANNULUS TO BATTERY

1/1/2008 #6 S.I. 3:30 PM 290 PSI.

1/3/2008 #6 S.I. 7:45 AM 47.5 PSI, 160 PSI 8:45, 9:30 180 PSI, 10:50 205 PSI. Installed pressure recorder on annulus.

1/4/2008 #6 2:50 AM 360 PSI, 3:10 AM 375 PSI, 8:00 AM 390 PSI

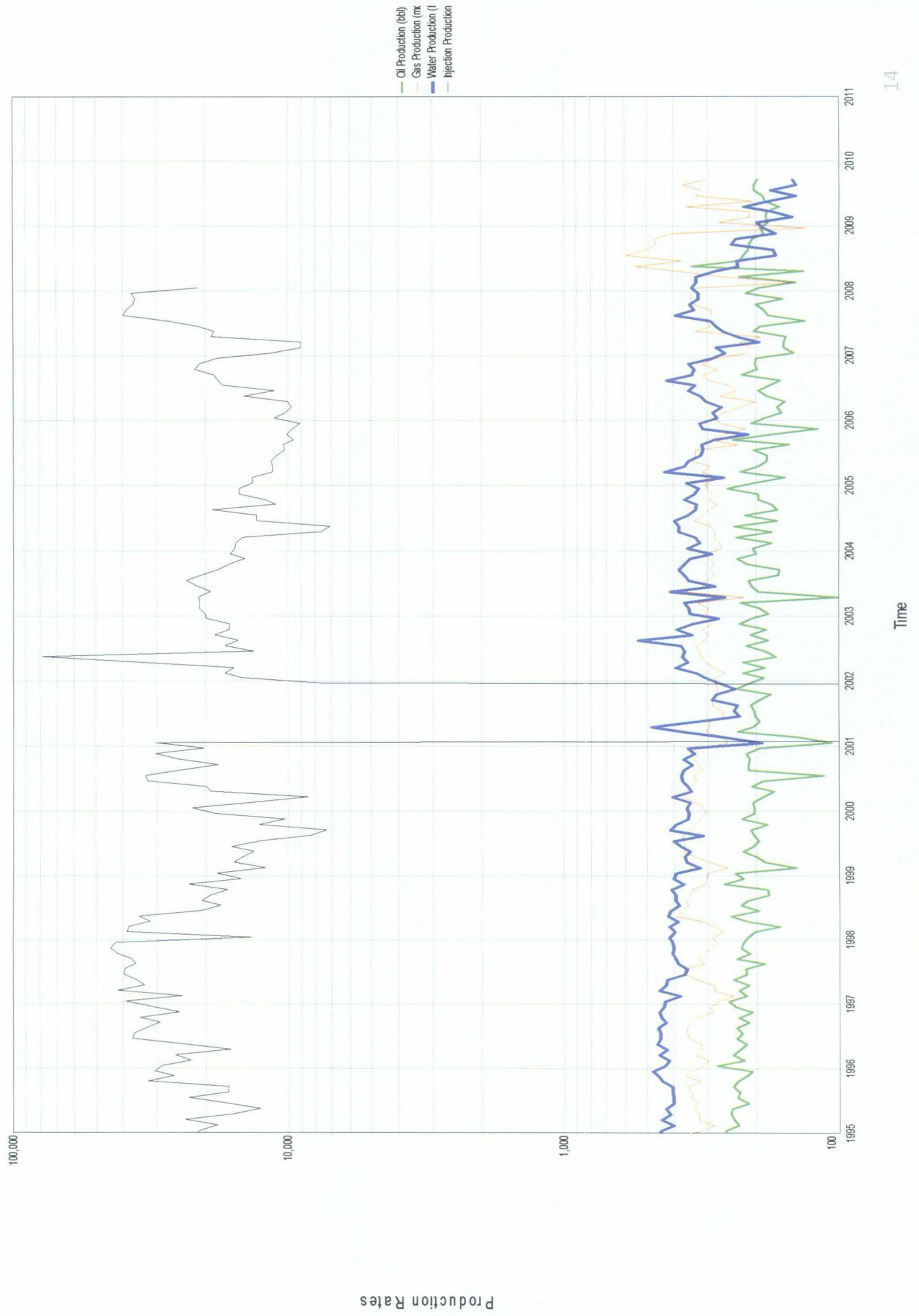
1/5/2008 #6 OPENED TO BATTERY. Removed recorder.

1/26/2008 Flowed back. Installed pressure recorder on #6. 8:05 am S.I. 65 psi, 9:15 am 160 psi, 9:55 am 195 psi, 11:00 am 210 psi, 11:45 am 215 psi, 4:35 pm 290 psi

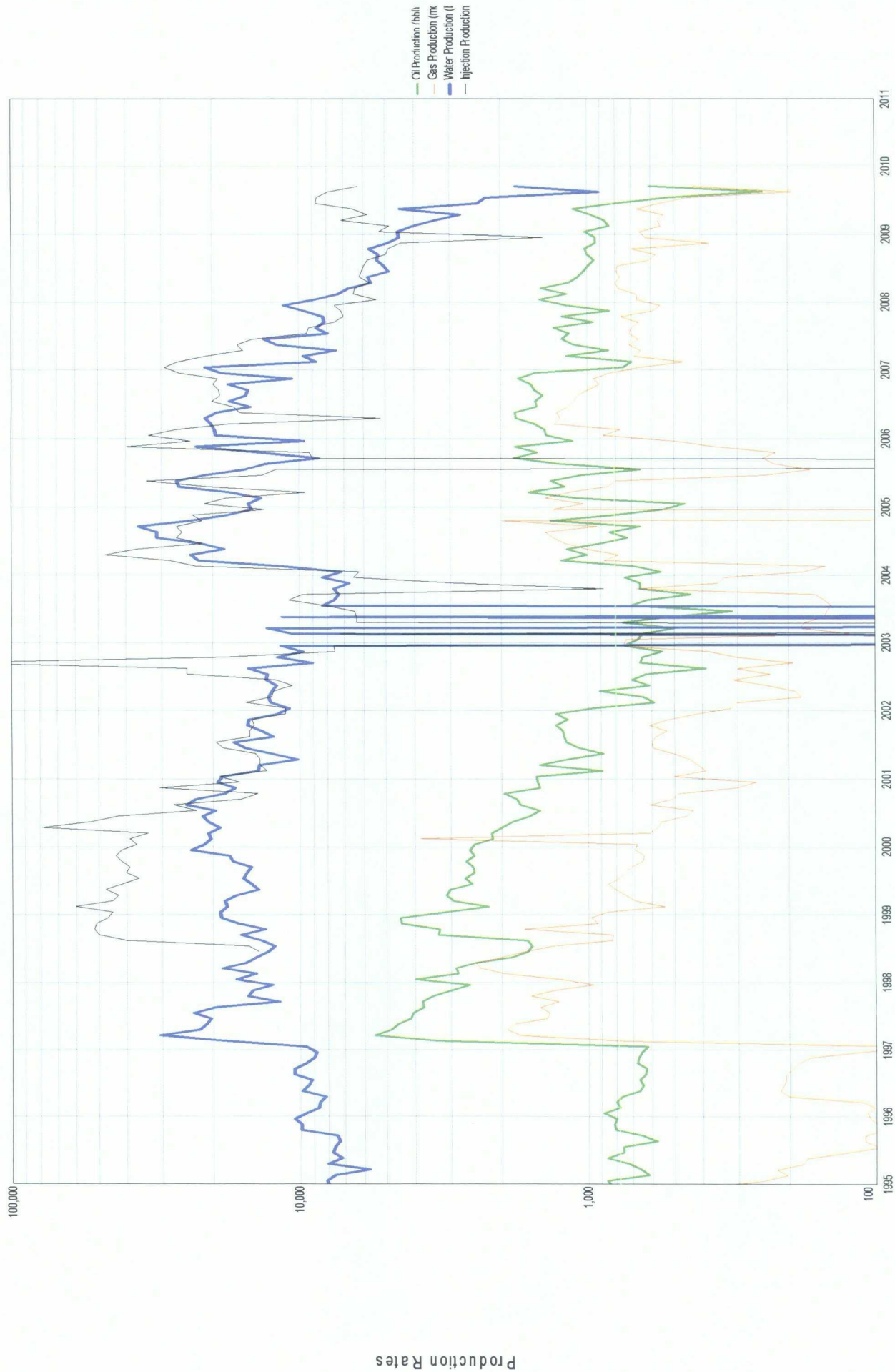
Superior Federal #6 Continued

1/27/2008	Flowed back. #6 10:17 am 395 psi, 12:30 pm 405 psi.
1/28/2007	Flowed back. #6 SICP 495 psi, bled off, S.I.
1/30/2008	#6 S.I.C.P. 440 PSI
1/31/2008	#6 OPENED TO BATTERY SICP 500 PSI.
2/8/2008	#6 S.I.C.P. 510 PSI
2/10/2008	#6 OPENED AT 11:00 AM
2/11/2008	#6 FLOWING AT 91 PSI
2/13/2008	#6 SICP 477 PSI, OPENED AT 9:30 AM.
2/15/2008	#6 OPENED, F.C.P. 100 PSI
2/18/2008	#6 FCP 53 PSI
2/19/2008	#6 SICP 405 PSI IN 25 HOURS, 408 PSI AT 11:00 AM.
2/20/2008	#6 SICP 459 PSI.
2/21/2008	#6 C.P. 492 PSI, OPENED UP, REMOVED RECORDER.

GOVERNMENT E - MULTIPLE - NE1/4 SEC. 25-T19S-R34E - 4 WELLS & GOV "E" #1



MESCALERO RIDGE UNIT - PEARL - QUEEN - E/2 E/2 SEC. 35-T19S-R34E - 6 WELLS



Conclusions

- Excessive water from the Superior Federal wells is coming from the Government “E” #1
- Water production increased after Louray started injection in December 2001 and steadily increased until the #5 and #6 filled with water and started flowing water from the annulus. Increased pumping capacity could not keep up with the increasing inflow.
- Water production decreased after injection into the Government “E” #1 stopped in January 2008.
- MIT tests on 1-12-02 and 9-15-05 indicate the casing was O.K., therefore communication with the Queen Formation is occurring in the formation or through the cement sheath.
- During the flow back of the Government “E” #1 oil was produced. Louray/Subsurface Water Disposal were assigned the wellbore only. Any oil and gas production is the property of Armstrong Energy Corp., et al.