



September 22, 2009

VIA HAND DELIVERY

William V. Jones, PE
Hearing Examiner
Oil Conservation Division
1225 South Saint Francis Drive
Santa Fe, New Mexico 89505

Case 14411

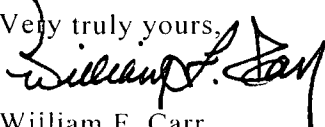
RECEIVED OCD
2009 SEP 22 P 3:29

Re: Application of Agua Sucia, LLC to reinstate a permit for salt water disposal for its Government "E" Well No. 1 located in Unit Letter "N" Section 25, Township 19 South, Range 34 East, Lea County, New Mexico.

Dear Mr. Jones:

Louray Oil Company requested the reinstatement of an expired permit for salt water disposal (Order SWD-559) in the Government "E" Well No. 1 located in Section 25, Township 19 South, Range 34 East, Lea County, New Mexico. Armstrong Energy Corporation objected to this application and it was set for hearing as Division Case No. 14345. By letter dated September 15, 2009, James Bruce, attorney for Louray Oil Company, requested that this case be dismissed. Armstrong has now been advised by Agua Sucia, LLC, that it has filed a new application for reinstatement of SWD-559.

The purpose of this letter is to advise the Division that Armstrong Energy Corporation renews its objection to this application and requests that Agua Sucia LLC's application be set for hearing before a Division Examiner at the earliest possible date.

Very truly yours,

William F. Carr

cc: Mr. Robert Armstrong
Post Office Box 1973
Roswell, New Mexico 88202-1973

Mr. Ben Stone
SOS Consulting, LLC
Post Office Box 300
Como, Texas 75431

Mr. James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504

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

APPLICATION AGUA SUCIA, LLC TO REINSTATE A PERMIT FOR SALTWATER DISPOSAL FOR ITS GOVERNMENT 'E' WELL NO. 1 LOCATED IN UNIT 'N', SECTION 25, TOWNSHIP 19 SOUTH, RANGE 34 EAST, LEA COUNTY, NEW MEXICO.

CASE NO. _____

SUBPOENA DUCES TECUM

TO: Agua Sucia, LLC
c/o James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504

Pursuant to Section 70-2-8, NMSA (1978) and 19.15.4.16.A. NMAC of the New Mexico Oil Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 9:00 a.m., October 1, 2009, at the offices of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505 and to produce the documents and items specified in attached Exhibit A and to make available to Armstrong Energy Corporation, and their attorney, William F. Carr, for copying, all of said documents.

This subpoena is issued on application of Armstrong Energy Corporation, through their attorneys, Holland & Hart, LLP., Post Office Box 2208, Santa Fe, New Mexico 87504.

Dated this ____ day of September, 2009.

NEW MEXICO OIL CONSERVATION DIVISION

**BY: _____
MARK E. FESMIRE, DIRECTOR**

EXHIBIT "A"
TO SUBPOENA DUCES TECUM
TO AGUA SUCIA, LLC
IN NEW MEXICO OIL CONSERVATION DIVISION
CASE _____

PURPOSE: The purpose of this subpoena is to provide all of the information necessary for Armstrong Energy Corporation to be able to prepare its opposition to Aqua Sucia, LLC or successor operator seeking authorization to inject in the Government E Well No. 1, located 610 feet from the South line and 1880 feet from the West Line of Section 25, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico:

PRODUCE THE FOLLOWING DOCUMENTS:

For the Government E Well No. 1, located 610 feet from the South line and 1880 feet from the West Line of Section 25, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico:

Documents:

1. All articles of incorporation or other documents that show the nature of your business organization, your qualifications to do business in New Mexico and the partners and officers of your business.
2. All documents between Louray Oil Company and Agua Sucia LLC, or any other entity, concerning or related to the sale or other conveyance of an ownership interest in the subject well or the land dedicated thereto.
3. log data
4. All completion data
5. All water analysis
6. All fluid data
7. All information on any fluids previously injected in this well
8. All reservoir performance data
9. All well performance data
10. All pressure data
11. All geologic data including
 - a. Permeability data

- b. Porosity data
 - c. Reservoir thickness
- 12. Reservoir pressure data by individual zone (perforation) including, but not limited to, bottom-hole surveys or pressures, surface pressure readings, daily tubing pressure and casing pressures, drill stem tests, build-up tests and interference tests, with relevant information as to shut-in time and production rates prior to shut-in;
- 13. Chronological reports that include details of all work performed on the well showing, but not limited to, the following:
 - a. Perforating and perforation locations;
 - b. Reservoir Stimulation including fluids, volumes, rates, and pressures for each treated interval;
 - c. Swabbing, flowing and/or pumping results for each interval that was perforated and tested include pre-stimulation and post-stimulation results as applicable; and
 - d. Daily drilling and completion reports;
- 14. All petroleum engineering data used or to be used by you to justify your application for reinstatement of Division Order SWD-559 including all pressure data including, but not limited to, bottom hole pressure surveys, daily tubing pressure and casing pressure surveys, with relevant information as to shut-in time and production rate prior to shut-in;
- 15. All oil sales from the property including Skim Oil and all volumes oil back flowed from the subject well;
- 16. All estimates of potential disposal volumes;
- 17. All reservoir studies including, but not limited to, well interference studies, pressure studies or well communication studies;

18. All geologic data including geologic maps, structure maps, isopach maps, cross-sections, and/or logs being used by you to justify your application for reinstatement of Division Order SWD-559.

Correspondence/Communications/Accounting/Land Files/ Hearing Exhibits:

1. All contracts, communitization agreements, joint operating agreements, leases, assignments, correspondence, and farmout agreements that apply to the subject well or the acreage dedicated thereto;
2. All contracts or other documents concerning the sale of the subject well or the acreage dedicated thereto;
3. All land files;
4. All documents between you and the Bureau of Land Management;
5. All documents between you and Oil Conservation Division located in Santa Fe, New Mexico;
6. All documents between you and Oil Conservation Division located in Hobbs, New Mexico;
7. All land exhibits and ownership data and exhibits to be used by you at the hearing on this application;
8. All geologic data and exhibits including geologic maps, structure maps, isopach maps, cross-sections, and/or logs to be used by you at the hearing on this application;
9. All geophysical data/studies and exhibits to be used by you at the hearing on this application; and
10. All petroleum engineering data/studies and exhibits to be used by you at the hearing on this application.

11. If not already included above, all data and documents utilized by you for support of all exhibits you will present at hearing.

IF NOT ALREADY INCLUDED ABOVE, THE FOLLOWING ADDITIONAL DATA:

1. All geological and reservoir engineering analyses pertaining to the subject well.
2. All geological and reservoir engineering analyses, Authorizations for Expenditure and any other communications pertaining to the subject well.

INSTRUCTIONS

This Subpoena Duces Tecum seeks all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, computers documents, employees, former employees, consultants, counsel and former counsel. It is directed to each person to whom such information is a matter of personal knowledge.

When used herein, "you" or "your" refers to the person or entity to whom this Subpoena Duces Tecum is addressed to including all of his or its attorneys, officers, agents, consultants, employees, directors, representatives, officials, departments, divisions, subdivisions, subsidiaries, or predecessors in interest.

The term "document" as used herein means every writing and record of every type and description in the possession, custody or control of Louray Oil Company whether prepared by you or otherwise, which is in your possession or control or known by you to exist, including but not limited to all drafts, papers, books, writings, records, letters, photographs, computer disks, tangible things, correspondence, communications, telegrams, cables, telex messages, memoranda, notes, notations, work papers, transcripts, minutes, reports and recordings of telephone or other conversations or of interviews, conferences, or meetings. It also includes diary entries, affidavits, statements, summaries, opinions, reports, studies, analyses, evaluations, contracts, agreements, jottings, agenda, bulletins, notices, announcements, plans, specifications, sketches, instructions charts, manuals, brochures, publications, schedules, price lists, client lists, journals, statistical records, desk calendars, appointment books, lists, tabulations sound recordings, computer printouts, books of accounts, checks, accounting records, vouchers, and invoices reflecting business operations, financial statements, and any notice or drafts relating to the foregoing, without regard to whether marked confidential or proprietary. It also includes duplicate copies if the original is unavailable or if the duplicate is different in any way, including marginal notations, from the original.