

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No.
USANMNM 103584

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
BOX CAR BILLY FED. "29" #1

2. Name of Operator
DAVID H. ARRINGTON OIL & GAS, INC.

9. API Well No.
30-015-33615

3a. Address 214 W. TEXAS, SUITE 400
MIDLAND, TEXAS 79701

3b. Phone No. (include area code)
432.682.6685

10. Field and Pool, or Exploratory
WILDCAT MISSISSIPPIAN

4. Location of Well (Report location clearly and in accordance with any State requirements.)

SEP 09 2004

At surface 660' FSL & 1150' FWL

OOB-ARTESIA

11. Sec., T. R. M. or Blk. and Survey or Area

At proposed prod. zone

SECTION 29, T20S-R23E, NMPM

14. Distance in miles and direction from nearest town or post office*
18 MILES SOUTH OF HOPE, NEW MEXICO

12. County or Parish
EDDY

13. State
NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 660'

16. No. of acres in lease
560 ACRES

17. Spacing Unit dedicated to this well
320 ACRES

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. 2750'

19. Proposed Depth
9000'

20. BLM/BIA Bond No. on file
VIB 00 5938

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
4341' GL

22. Approximate date work will start*
09/01/2004

23. Estimated duration
45 DAYS

24. Attachments **Controlled Water Basin**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the
authorized officer.

25. Signature

Danny Ledford

Name (Printed/Typed)

DANNY LEDFORD

Date

07/22/2004

Title

SR. GEOLOGIST, OPERATIONS & DEVELOPMENT

Approved by (Signature)

/s/ Joe G. Lara

Name (Printed/Typed)

/s/ Joe G. Lara

Date

SEP 2004

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to
conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United
States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

RECEIVED
SEP 2004
FIELD OFFICE

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals, and Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name <i>MISSISSIPPIAN WILDCAT</i>
⁴ Property Code	⁵ Property Name BOX CAR BILLY FEDERAL "29"	
⁷ OGRID No. <i>05898</i>	⁸ Operator Name DAVID H. ARRINGTON OIL & GAS, INC.	⁶ Well Number 1
		⁹ Elevation 4341'

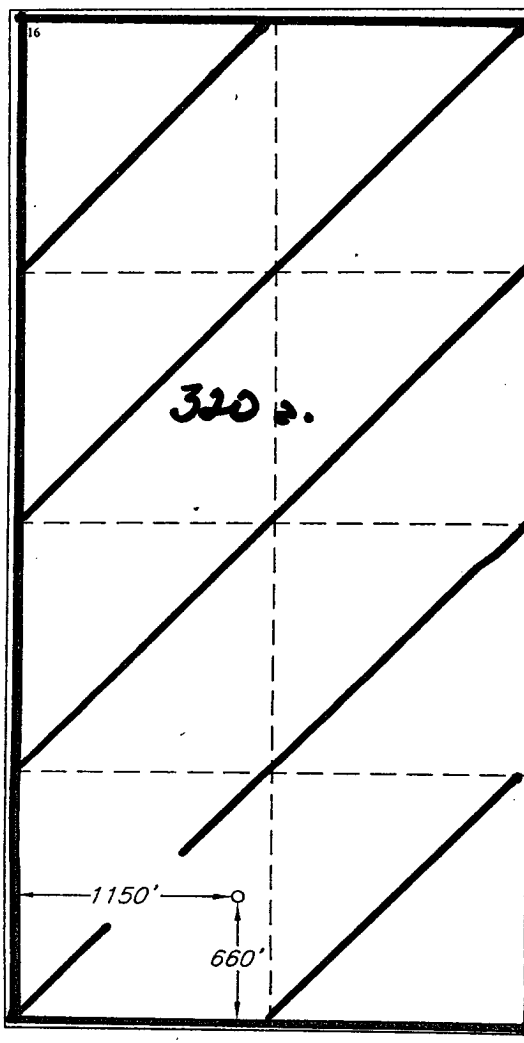
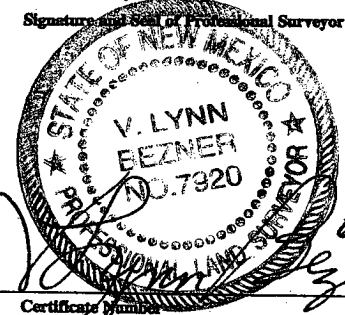
¹⁰ Surface Location

UL or lot no. M	Section 29	Township 20 SOUTH	Range 23 EAST, N.M.P.M.	Lot Idn	Feet from the 660'	North/South line SOUTH	Feet from the 1150'	East/West line WEST	County EDDY
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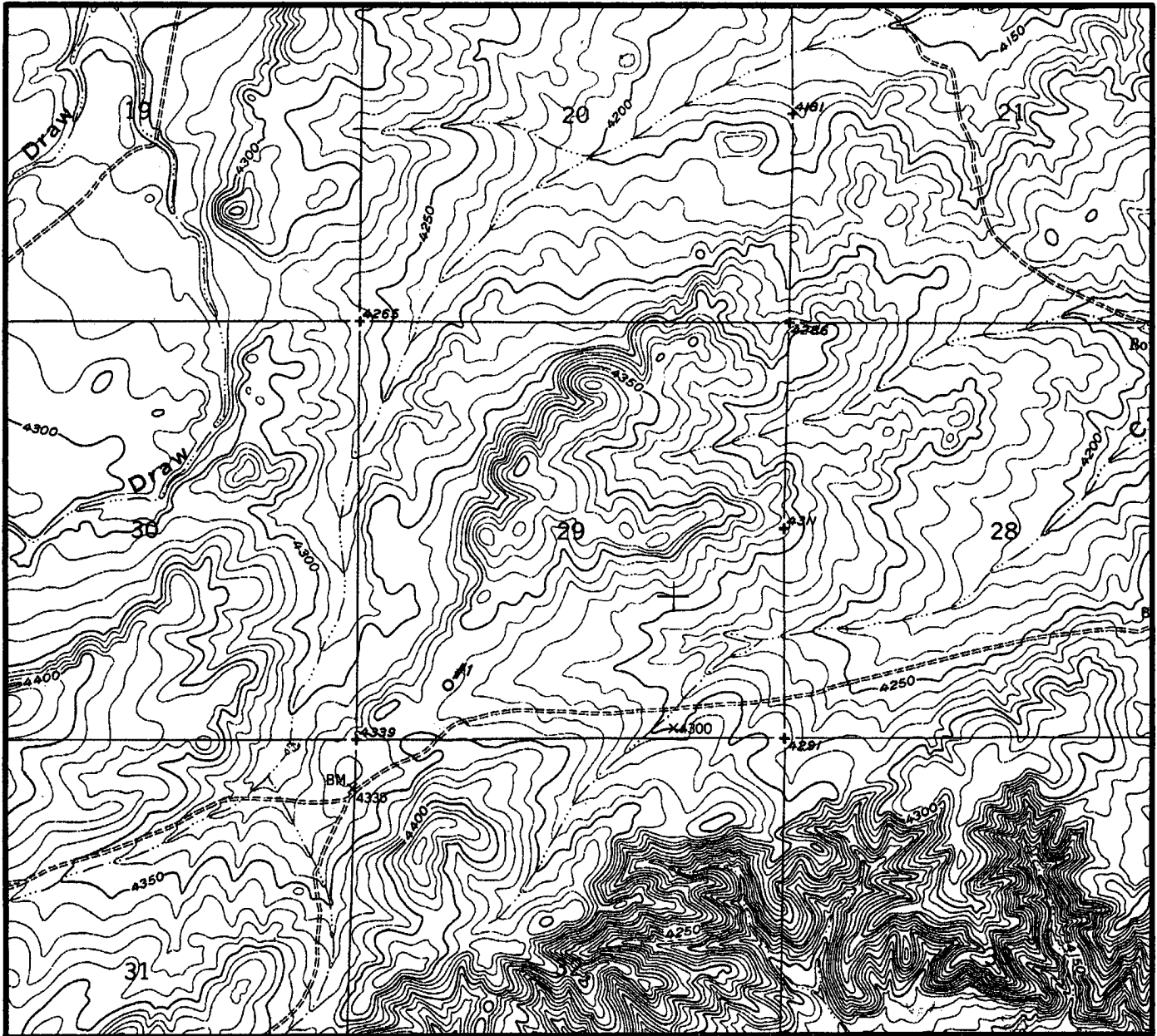
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres <i>320</i>	¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ Order No.					

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Danny Ledford</i> Signature DANNY LEDFORD Printed Name SR. GEOLOGIST Title 7-22-04 Date</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JUNE 15, 2004 Date of Survey Signature of Professional Surveyor  Certificate Number V. L. BEZNER R.P.S. #7920 JOB #95731 / 76SW / J.C.P.</p>
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LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000' CONTOUR INTERVAL 5 FEET

SECTION 29 TWP 20-S RGE 23-E
 SURVEY NEW MEXICO PRINCIPAL MERIDIAN
 COUNTY EDDY STATE NM
 DESCRIPTION 660' FSL & 1150' FWL
 ELEVATION 4341'

OPERATOR DAVID H. ARRINGTON OIL & GAS CO.
 LEASE BOX CAR BILLY "29" FEDERAL #1

U.S.G.S. TOPOGRAPHIC MAP
BOX CANYON RANCH, NEW MEXICO
 LAT. LAT.: N 32°32'19"
 LONG. LONG.: W 104°43'03"

1307 N. HOBART
 PAMPA, TX. 79065
 (800) 658-6382

6709 N. CLASSEN BLVD.
 OKLAHOMA CITY, OK. 73116
 (800) 654-3219

2903 N. BIG SPRING
 MIDLAND, TX. 79705
 (800) 767-1653

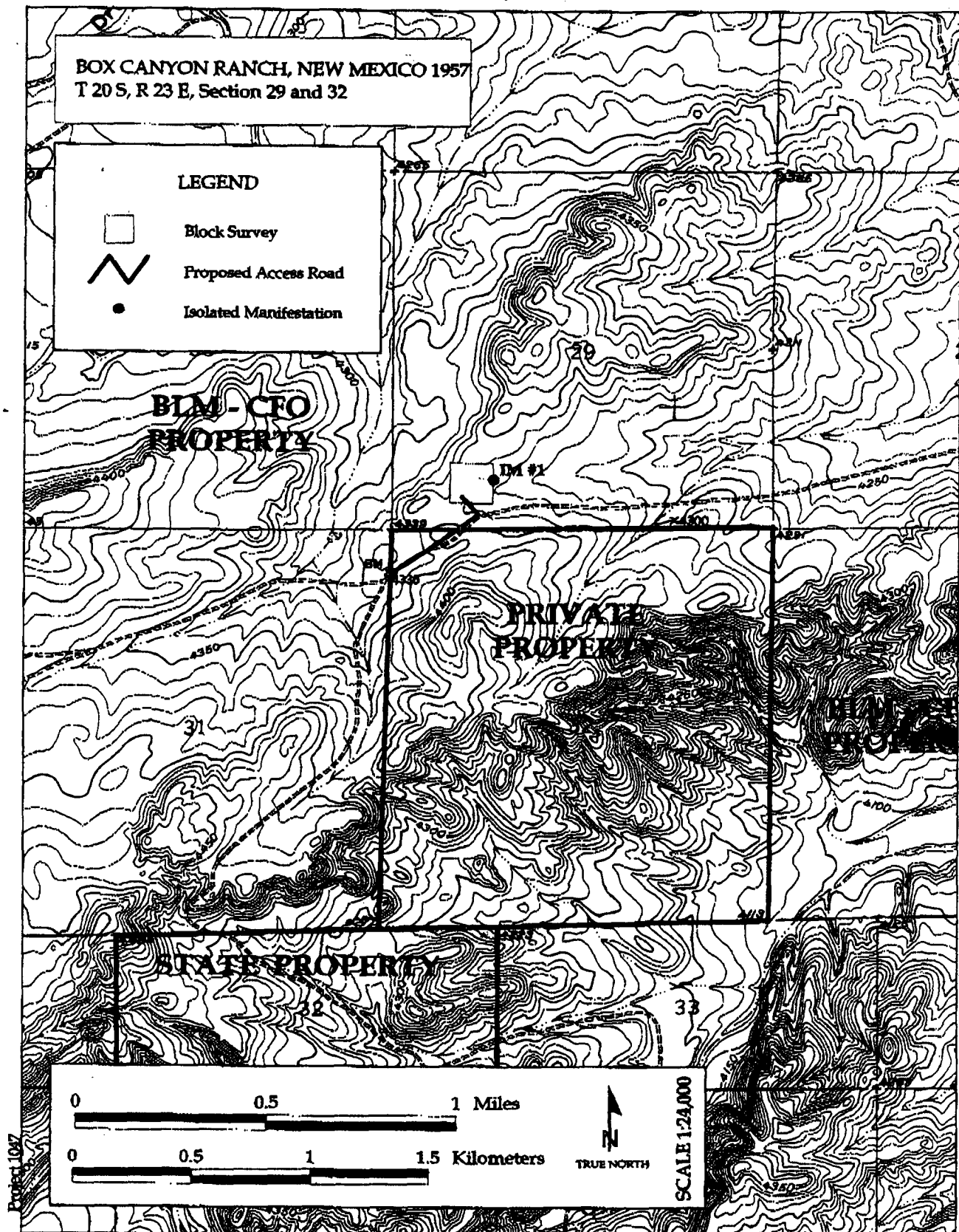
TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plat and notify us immediately of any possible discrepancy.

RECEIVED
 AUG 5 PM 1 04
 CARLSBAD FIELD OFFICE

Survey for the Box Car Willy Federal 29 No. 2 Well Pad and Access Road**Figure 1. Project Area Map**

Mesa Field Services

Drilling Plan

for

David H. Arrington Oil & Gas, Inc.'s

BOX CAR BILLY FEDERAL "29" #1

660' FSL & 1150' FWL (LOT #M)

SECTION 29, T20S-R23E, N.M.P.M.

EDDY COUNTY, NEW MEXICO

Lease Serial # USANMMN 103584

Surface Formation: Guadalupian Age Grayburg/San Andres

Estimated Tops of Geologic Markers:

Glorieta	@	1600'
Abo	@	3700'
Wolfcamp	@	4850'
Cisco	@	6150'
Canyon	@	7050'
Atoka	@	8250'
Morrow	@	8400'
Miss.	@	8900'
TD	@	9000'

Estimated Depths to Water, Oil or Gas Formation:

Water	@	200'+
Oil	@	3700'
Gas	@	8400'

Proposed Casing Program:

Drilling will begin with a starter hole to 40' in which will be set 20" conductor pipe. Drill 12 1/4" hole to 1425' run 9 5/8" casing and circulate 500sxs of cement to surface. Drill 8 3/4" hole to TD (9000'). Run 5 1/2" casing to TD for completion and cement with 700 sxs.

The surface and production casing strings will be tested to 1000 psi.

Pressure Control Equipment:

Pressure control equipment will include a 5000# WP blowout preventer stack, with Series 900 blind and pipe rams. The BOP stack will include a kill line and choke manifold tested to 1000 psi. BOP hydraulic controls will be operated at least daily. A BOP schematic is attached showing the assembly for a 5000# BOP.

Circulating Medium:

Arrington anticipates the following mud program:

0' – 1425'	Fresh water/Air
1425' - 7600'	FW/Cut Brine 8.6-9.2 mdwt vis 28-32
7600' – 9000'	Cut Brine/XCD/Starpac 9.4-10.0 mdwt vis 44-48

Auxiliary Equipment:

A full-opening safety valve, to fit the drill string in use, will be kept on the rig floor at all times.

Testing, Logging and Coring Program:

<u>Samples:</u>	Samples will be caught at 30' intervals from surface to 3000' and at 10' intervals from 3000' to TD.
<u>DST and Cores:</u>	At discretion of well site geologist in Abo, Wolfcamp, and Cisco.
<u>Logging:</u>	Anticipate Neutron-Density, Gamma-Ray, and Dual Laterlog

Abnormal Pressures, Temperatures or Hydrogen Sulfide:

It is possible that H₂S will be encountered in the San Andres, however, the casing and cement program should alleviate potential danger. Bottom-hole pressure is not expected to exceed 6000#.

Anticipated Starting Date:

Drilling will commence upon approval. Drilling and completion operations will last approximately 40 days.

Operator's Representative:

Representative responsible for assuring compliance with the approved Surface Use Plan:

Danny H. Ledford
David H. Arrington Oil & Gas, Inc.
Post Office Box 2071
Midland, Texas 79702
915.682.6685

Certification:

I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; that the work associated with the operations proposed herein will be performed by David H. Arrington Oil & Gas, Inc. and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

7.22.2007

Date

Danny H. Ledford
Danny H. Ledford, Geologist

Hydrogen Sulfide Drilling Operations Plan

for

David H. Arrington Oil & Gas, Inc.'s

BOX CAR BILLY FEDERAL "29" #1

660' FSL & 1150' FWL (LOT #M)
SECTION 29, T20S-R23E. N.M.P.M.
EDDY COUNTY, NEW MEXICO

Lease Serial # USANMNM 103584

ONE - Hydrogen Sulfide Training:

All personnel, whether regularly assigned, contracted or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- The hazards and characteristics of hydrogen sulfide (H₂S);
- The proper use and maintenance of personal protective equipment and life support systems;
- The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds; and,
- The proper techniques of first aid and rescue procedures.

In addition, the supervisory personnel will be trained in the following areas;

- The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements;
- Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- The contents and requirements of the H₂S Drilling Operations Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500') and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

TWO - H₂S Safety Equipment and Systems:

NOTE: All H₂S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or, three days prior to penetration of the first zone containing, or reasonably expected to contain, H₂S.

1. Well Control Equipment:

- Flare line with flare igniter;
- Choke manifold with one remote hydraulic choke installed;
- Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit;

- Auxiliary equipment to include an Annular Preventer.

2. Protective equipment for essential personnel:

- The designated safety expert will provide 5-minute escape units located in the doghouse, and 30-minute air units at briefing areas.

3. H2S detection and monitoring equipment:

- Three portable H2S monitors will be positioned on location for the best coverage and response. These units have warning lights and audible sirens when triggered by H2S levels > 20 PPM.
- One portable SO2 monitor will be positioned near flare line during H2S flaring operations.

4. Visual warning systems:

- Wind direction indicators will be placed in accordance with the directives issued by the designated H2S expert.
- Caution/Danger signs shall be posted on roads providing direct access to the location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be legible from the immediate location.

5. Mud Program:

- The mud program will minimize the volume of H2S circulated to the surface. Proper mud weight safe drilling practices, and, if necessary, the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

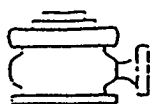
- All drill strings, casing, tubing, wellhead, blowout preventers, drilling spools kill lines, choke manifold and line valves shall be suitable for H2S service.
- All elastomers used for packing and seals shall be H2S trimmed.

7. Communications:

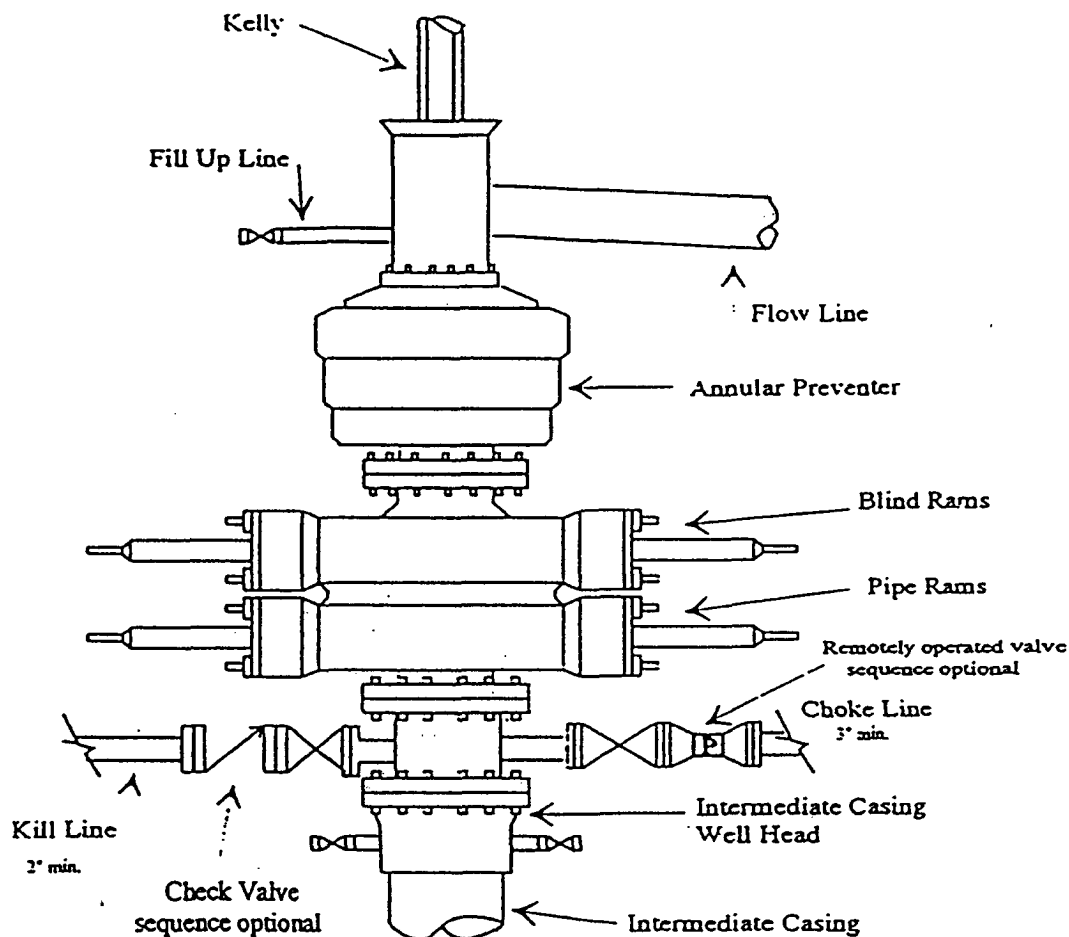
- Radio and telephone communications will be available in company vehicles and rig doghouse.

8. Well Testing:

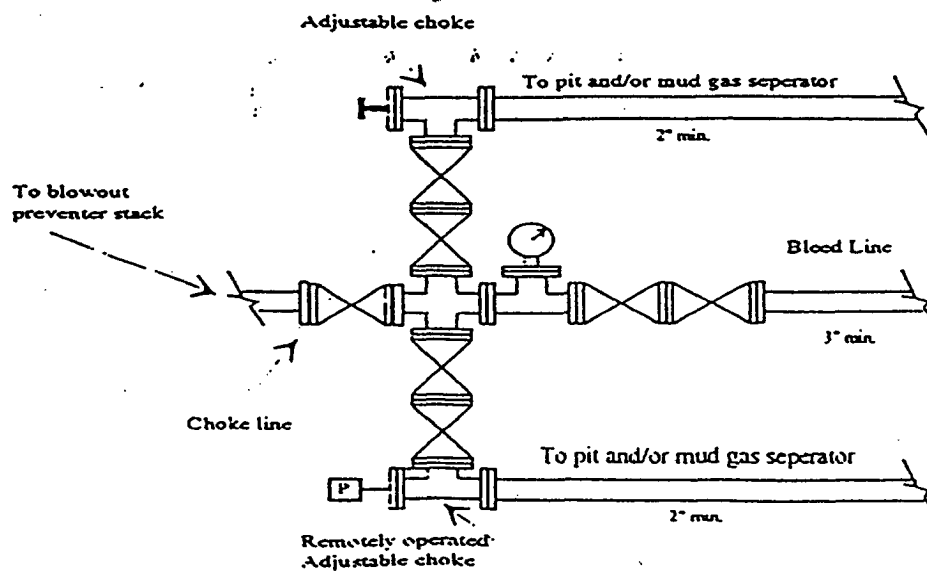
- Drill stem testing will be performed with a minimum number of personnel necessary to safely and adequately conduct the test. The drill stem testing of any known formation that contains H2S will be conducted during daylight hours.



David H. Arrington Oil & Gas, Inc.
 Typical 5,000 psi Pressure System
 Schematic
 Annular with Double Ram Preventer Stack



Typical 5,000 psi choke manifold assembly with at least these minimum features



COG OPERATING LLC
550 W. TEXAS AVE., SUITE 1300
FASKEN CENTER TOWER II
MIDLAND, TX 79701

September 13, 2004

New Mexico Oil Conservation Division
Attn: Bryan Arrant
1301 W. Grand Avenue
Artesia, NM 88210

Re: Change of Operator from David H. Arrington Oil & Gas, Inc.
to COG Operating LLC and H2S Contingency Plan
Box Car Billy Federal 29 #1
Eddy Co., NM

Dear Bryan,

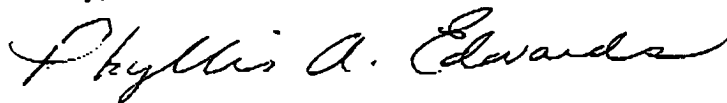
Enclosed is the operation change information on the above mentioned well that we discussed over the phone.

Regarding a H2S contingency plan:

We do not anticipate hazardous gases or fluids at this depth in this well.

Thanks again for all your help.

Sincerely,

A handwritten signature in cursive script that reads "Phyllis A. Edwards".

Phyllis A. Edwards
Regulatory Analyst

/pae
Enclosures