

C197

Form 3160-3
(August 1999)

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-101077
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator David H. Arrington Oil & Gas, Inc. 5898		7. If Unit or CA Agreement, Name and No. 27837 at cont
3a. Address P.O. Box 2071, Midland, TX 79702		8. Lease Name and Well Name Yellow Stonefly Fed "26" #1
3b. Phone No. (include area code) 915-682-6685		9. API Well No. 30-015-31672
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1980' FNL & 2610' FWL (Unit Letter "F") At proposed prod. zone Same 1730' N & 2360' W		10. Field and Pool, or Exploratory North Antelope No. 11180
14. Distance in miles and direction from nearest town or post office* 18 miles south and west of Artesia		11. Sec., T., R., M., or Blk. and Survey or Area Section 26 T18S - R24E NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1980' FNL & 2610' FWL	16. No. of Acres in lease 160	17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 8900'	20. BLM/BIA Bond No. on file UIB0005938
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3703' GL	22. Approximate date work will start* 2-5-01	23. Estimated duration 30 days

24. Attachments

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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Jeffrey G. Bane	Date 12/29/00
Title G.M.		
Approved by (Signature) /s/ LESLIE A. THEISS	Name (Printed/Typed) LESLIE A. THEISS	Date MAR 26 2001
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify the 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 reverse)

NSL -
PROBATION CONTROLLED WATER BASIN

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

ROBERTO THERSON
INSURANCE OFFICE
GENERAL OF LAND REVENUE

2001 JAN -2 A 10:28

RECEIVED

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

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

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name YELLOW STONEFLY "26" FED COM	Well Number 1
OGRID No.	Operator Name DAVID H. ARRINGTON OIL & GAS, INC.	Elevation 3709

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	26	18 S	24 E		1730	NORTH	2360	WEST	EDDY

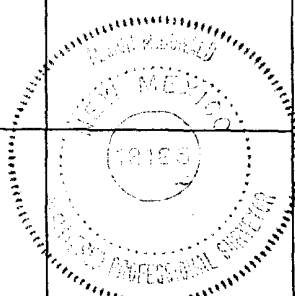
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>_____ Signature</p> <p>Jeffrey G. Bove Printed Name</p> <p>_____ Title</p> <p>2/12/01 Date</p>
	<p>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>FEBRUARY 7, 2001 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor M2</p> <p>_____ Signature</p> <p>W.O. Num. 2001-0165-S</p> <p>Certificate No. MACON McDONALD 12185</p>



Drilling Plan

for

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

Yellow Stonefly Federal "26" #1

1980' FNL & 2610' FWL (Unit Letter "F")
Section 26, T-18-S, R-24-E, N.M.P.M.
Eddy County, New Mexico

Lease Serial # NM-101077

Surface Formation: Artesia Group of Permian Age

Estimated Tops of Geologic Markers:

San Andres	@	520'
Glorietta	@	1910'
Tubb	@	3250'
Abo	@	3920'
Wolfcamp	@	5200'
Cisco	@	6340'
Strawn	@	7820'
Morrow-Top	@	8595'
Morrow-Pay	@	8690'
Ches. Lime T	@	8785'
TD	@	8900'

Estimated Depths to Water, Oil or Gas Formation:

Water	@	200'
Oil	@	6340'
Gas	@	8690'

Proposed Casing Program:

Drilling will begin with a 17 1/2" bit to a depth of 650', into which 55# J-55 13 3/8" casing will be set and cemented to surface (400 sxs). With a 12 5/8" bit, drilling will continue from 650' to 1200', into which Arrington will cement 32# J-55 8 5/8" casing (650 sxs). From 1200' to its total depth of 8,900', Arrington will utilize a 7 7/8" bit, into which 17# K-55 5 1/2" casing will be cemented with a minimum of 500 sxs, with TOC @ 6000'.

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

Pressure Control Equipment:

Pressure control equipment will include a 3000# 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, although the assembly will be modified slightly to the 3000# model that will actually be used during drilling.

Circulating Medium:

Arrington anticipates the following mud program:

0' – 650'	Spud / Native
650' – 1200'	Freshwater Gel 8.4
1200' – 8300'	Brine / Cut Brine 8.8 - 9.2 ppg. Viscosity of 32 – 36
8300' – 8900'	Cut Brine 9.0 – 9.2 -Viscosity of 36-38 - WL 10-12 - PH 9-10.

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:

Samples: Samples will be caught at 30' intervals from surface to 3000', and 10' intervals to TD.

DST and Cores: At discretion of well site geologist.

Logging: Anticipate Neutron–Density, Gamma-Ray, Sonic and optional FMI.

Abnormal Pressures, Temperatures or Hydrogen Sulfide:

None of these items are anticipated. Bottom-hole pressure is not expected to exceed 3900#.

Anticipated Starting Date:

Drilling will commence upon approval. Drilling and completion operations will last approximately 30 days.

Surface Use Plan

for

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

Yellow Stonefly Federal "26" #1

1980' FNL & 2610' FWL (Unit Letter "F")
Section 26, T-18-S, R-24-E, N.M.P.M.
Eddy County, New Mexico

Lease Serial # NM-101077

For the Bureau's use in evaluating the above-captioned well, this plan is submitted with the Form 3160-3 APD. The purposes of this report are to:

1. describe the location of the proposed well,
2. highlight the construction and operation activities, and,
3. to provide a complete appraisal of the environmental effects and the magnitude of the necessary surface disturbances.

Location:

The subject is located approximately 18+- miles south and west of Artesia. The attached plats show the Yellow Stonefly Federal "26" #1 as it has been staked in Section 26. The "Existing Lease Road" is shown on the attached Survey Plat and Topo Map. **With submission of this Application, we are requesting approval for use of the Existing and NEW Lease Roads as shown in all attached Plats and Maps.** As shown in the attached Plats, there is New Lease road proposed in Section 25 that extends 1316', in Section 23 that extends 906', and 3801' of new road in Section 26. All access roads will be completed for use as described below.

Existing Roads:

Driving Directions:

- From the junction of U.S. 285 and County Road 39 (6 miles south of Artesia), go west 6.5 miles;
- then south .6 miles on lease road;
- then west 1.7 miles
- then south 1.2 miles
- then northwest 1.1 mile
- then south .4 miles to a point +-2000' east of location
- **NOTE: Staked road differs from driving directions.**

Planned Access Road:

A. Length and Width: All lease roads will be graded in compliance with BLM standards and made a uniform width of 20', including

shoulders. As shown in the attached Plats, there is New Lease road proposed in Section 25 that extends 1316', in Section 23 that extends 906', and 3801' of new road in Section 26.

- B. Surfacing Material: The new access road will be constructed of material-in-place.
- C. Maximum Grade: Less than 1%
- D. Turnouts: Because all roads are essentially flat, no traffic turnouts are necessary.
- E. Drainage Design: The road will be constructed, or resurfaced with a 4" crown at the centerline. Water turnouts will be necessary for the New Lease Road in Sections 23 and 26.
- F. Culverts: None necessary.
- G. Cuts and Fills: The well pad will require roughly 8' of cut and fill from the northwest to the southeast, and 4' from the southwest to the northeast. About 5" of topsoil from the pad will be stockpiled on the east side of the location for use in rehabilitation. Earthen berms will be constructed in accordance with BLM requirements on the north and west sides of the drilling pad.
- H. Gates/Cattle guards: Because of the well's location, no new cattle guards are needed.
- I. Right-of-Way: There are no right-of-way applications necessary.

Location of Existing Wells:

There are no producing wells in Section 26.

Location of Existing And/Or Proposed Facilities:

If the well is productive, production, storage and measurement facilities will be constructed on a well pad in a manner consistent with the design of that shown in the attached "Tank Battery Schematic."

Location and Type of Water Supply:

Water for drilling operations will be purchased from a commercial water hauler.

Source of Construction Materials:

Whenever possible, Arrington plans to use material-in-place for construction. If necessary, caliche for surfacing the road and pad will be obtained from a privately

owned pit and hauled to the location. Without prior approval, there are no plans to use caliche from Public Lands.

Methods of Handling Waste Disposal:

Drill cuttings will be disposed of in the drilling pits.

Drilling fluids will be allowed to evaporate in the drilling pits until dry.

Produced Water from any tests will be disposed of in the drilling pits.

Produced Oil from any tests will be stored in test tanks until sold.

Human waste will be handled, treated and disposed of by licensed professionals.

Well Site Layout:

The 400' x 400' area in which the drill site will be located, has been surveyed and flagged. Tentative plans have the 300' x 200' drilling pad situated as shown in the attached "Drilling Rig Pad Schematic."

As stated above, for rehabilitation purposes, approximately 5" of topsoil will be stockpiled on the east side of the location.

Plans for Restoration of the Surface:

After the conclusion of drilling and completion operations, all unnecessary equipment and material will be removed. Prior to filling, any unguarded pits containing fluids will be fenced. Afterwards, when the pits are filled, the location will be cleared of all trash and scrap materials, and the well site will be left in as aesthetically pleasing a condition as possible.

In the event the well is non-productive, the disturbed area will be rehabilitated to Agency requirements as expeditiously as possible.

Other Information:

Topography: The regional terrain is a rolling plain, yet the drill site and access road are essentially level.

Soil: The soil at the well site is sandy clay loam with associated gravel.

Flora and Fauna: Flora consists of range grasses with some yucca and mesquite, while fauna includes reptiles, rodents and birds.

Ponds and Streams: There are no ponds or streams near the well site.

Residences and Other Structures: There are no occupied dwellings within the subject section.

Archaeological, Historical and Other Cultural Sites: Archaeological Services by Laura Michalik of Las Cruces, New Mexico will make a survey that will be submitted separately. We anticipate recommendation of the location as described.

Land Use: The area surrounding the well site is semi-arid rangeland used for grazing.

Surface Ownership: The access road and well site are positioned on surface owned by Yates Petroleum Corporation's 4 Dinkus Ranch. The contact person is Mr. Darrell Brown whose address is 105 South 4th Street, Artesia, NM 88210. His phone number is 505.457.2650.

Operator's Representative:

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

Jeffrey G. Bane
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.

12.29.05
Date



Jeffrey G. Bane, General Manager

Hydrogen Sulfide Drilling Operations Plan

for

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

Yellow Stonefly Federal "26" #1

1980' FNL & 2610' FWL
Section 26, T-18-S, R-24-E, N.M.P.M.
Eddy County, New Mexico

Lease Serial # NM-101077

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:

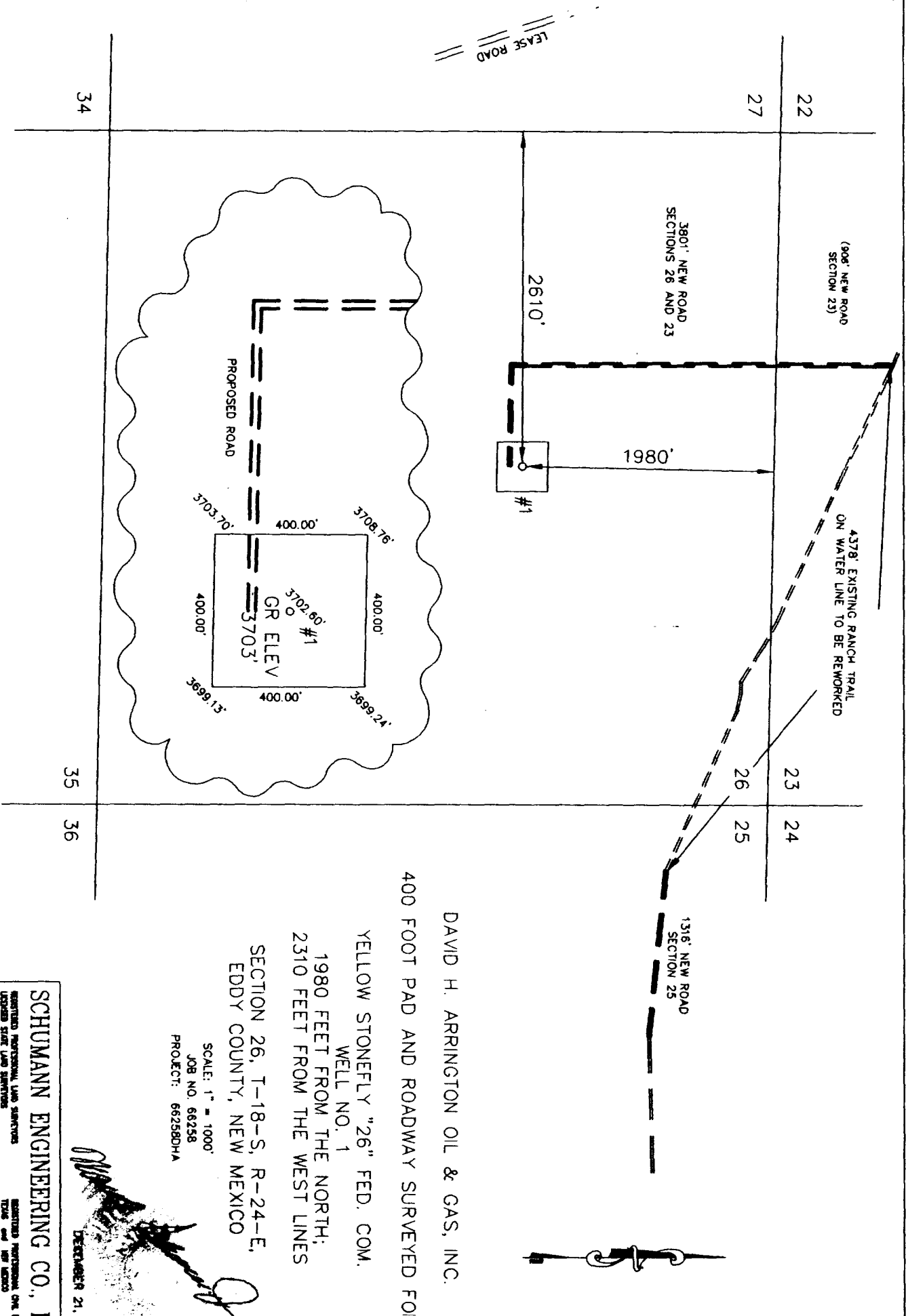
- All drill strings, casing, tubing, wellhead, blowout preventers, drilling spools kill lines, choke manifold and line valves shall be suitable for H2S service.
- All elastomers used for packing and seals shall be H2S trimmed.

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.

400 FOOT PAD AND ROADWAY SURVEYED FOR

YELLOW STONEFLY "26" FED. COM.

WELL NO. 1

1980 FEET FROM THE NORTH;

2310 FEET FROM THE WEST LINES

SECTION 26, T-18-S, R-24-E,

EDDY COUNTY, NEW MEXICO

SCALE: 1" = 1000'

JOB NO. 66258

PROJECT: 66298DHA

[Handwritten Signature]
 DECEMBER 21,

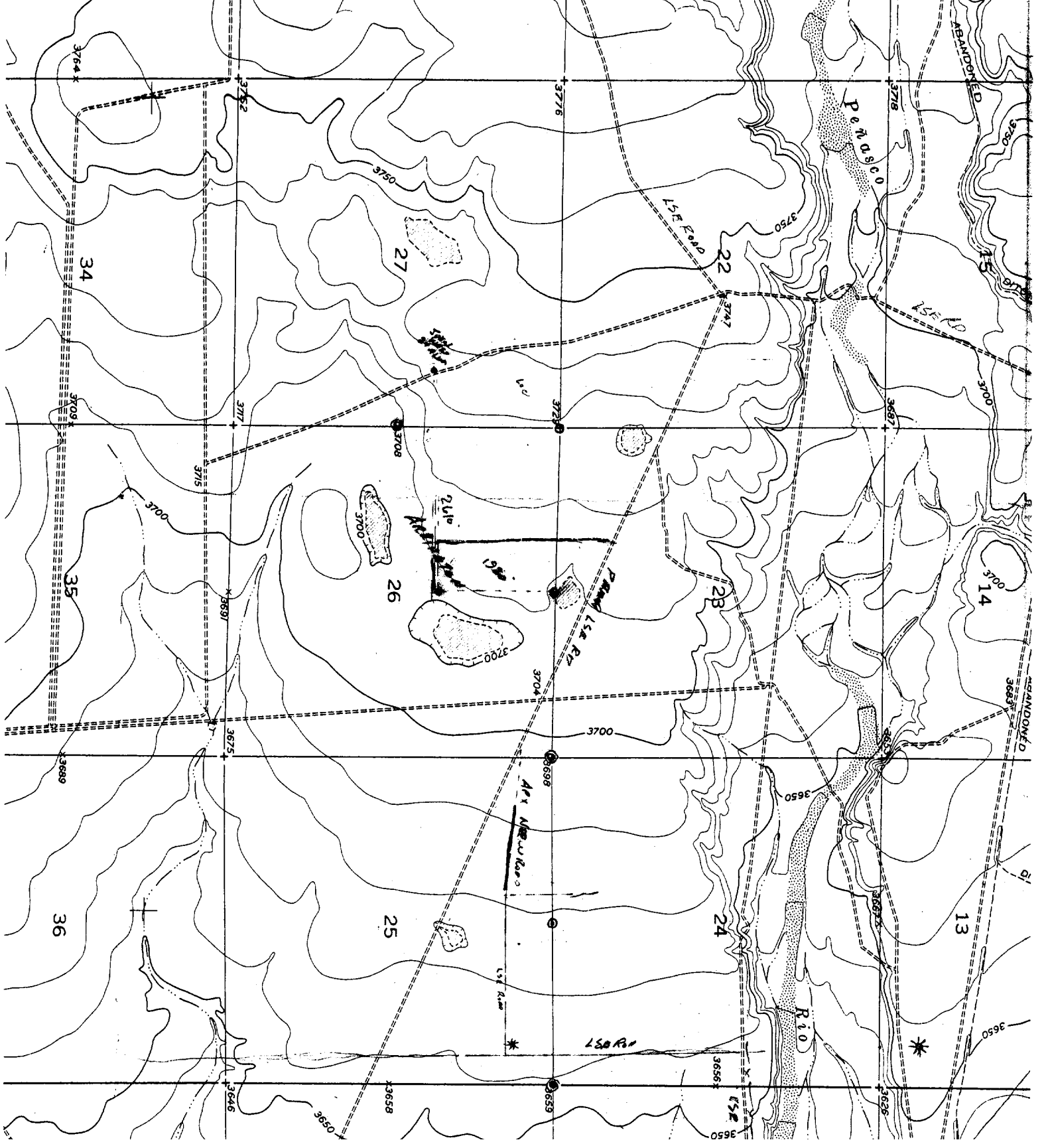
SCHUMANN ENGINEERING CO., I

REGISTERED PROFESSIONAL LAND SURVEYORS
 UNDEVELOPED STATE LAND SERVICES

Civil Engineering ~ Land Survey

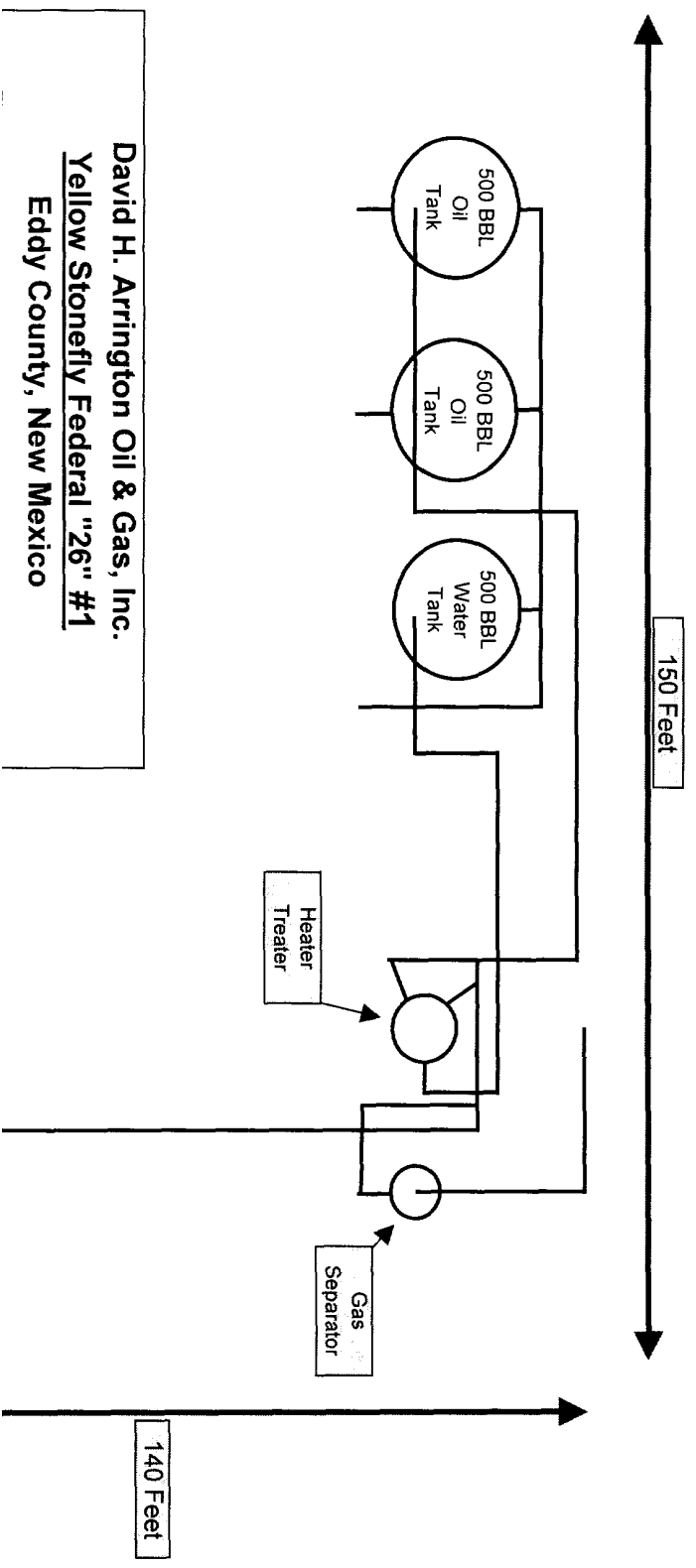
408 N. PECOS STREET - P. O. BOX 504
 MIDLAND, TEXAS 79702-0504

Office (915) 68
 Fax (915) 68



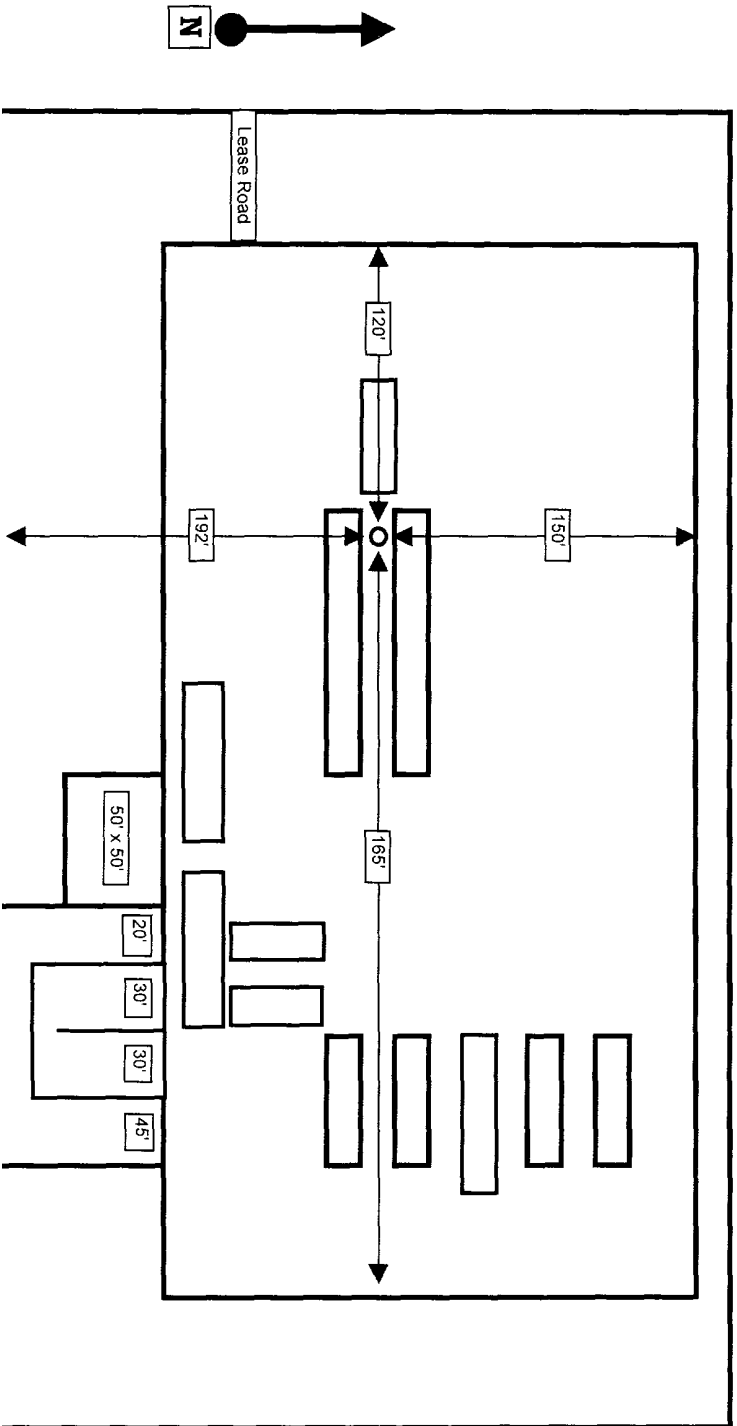
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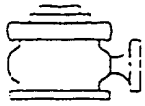
TANK BATTERY SCHEMATIC



David H. Arrington Oil & Gas, Inc.
Yellow Stonefly Federal "26" #1
Eddy County, New Mexico

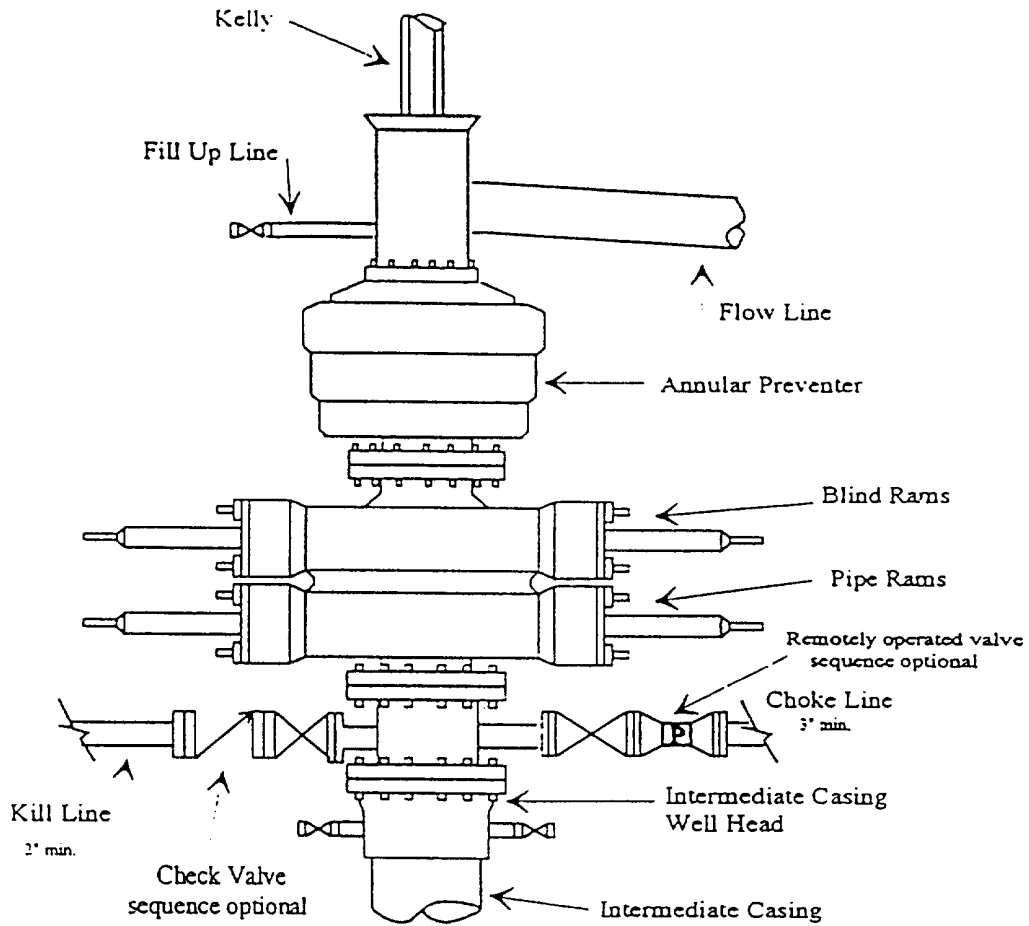
David H. Arrington Oil & Gas, Inc.
Drilling Rig Pad Schematic
Yellow Stonefly Federal "26" #1
Eddy County, New Mexico



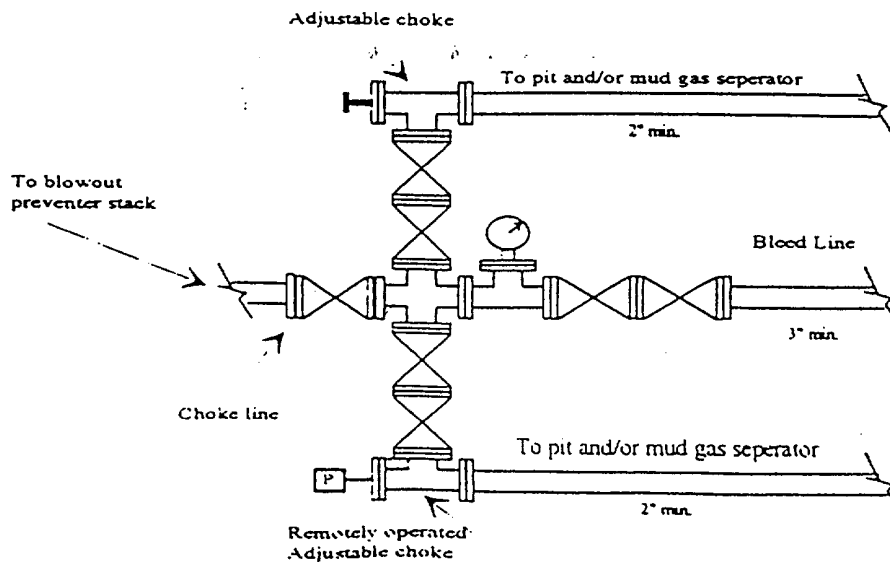


David H. Arrington Oil & Gas, Inc.

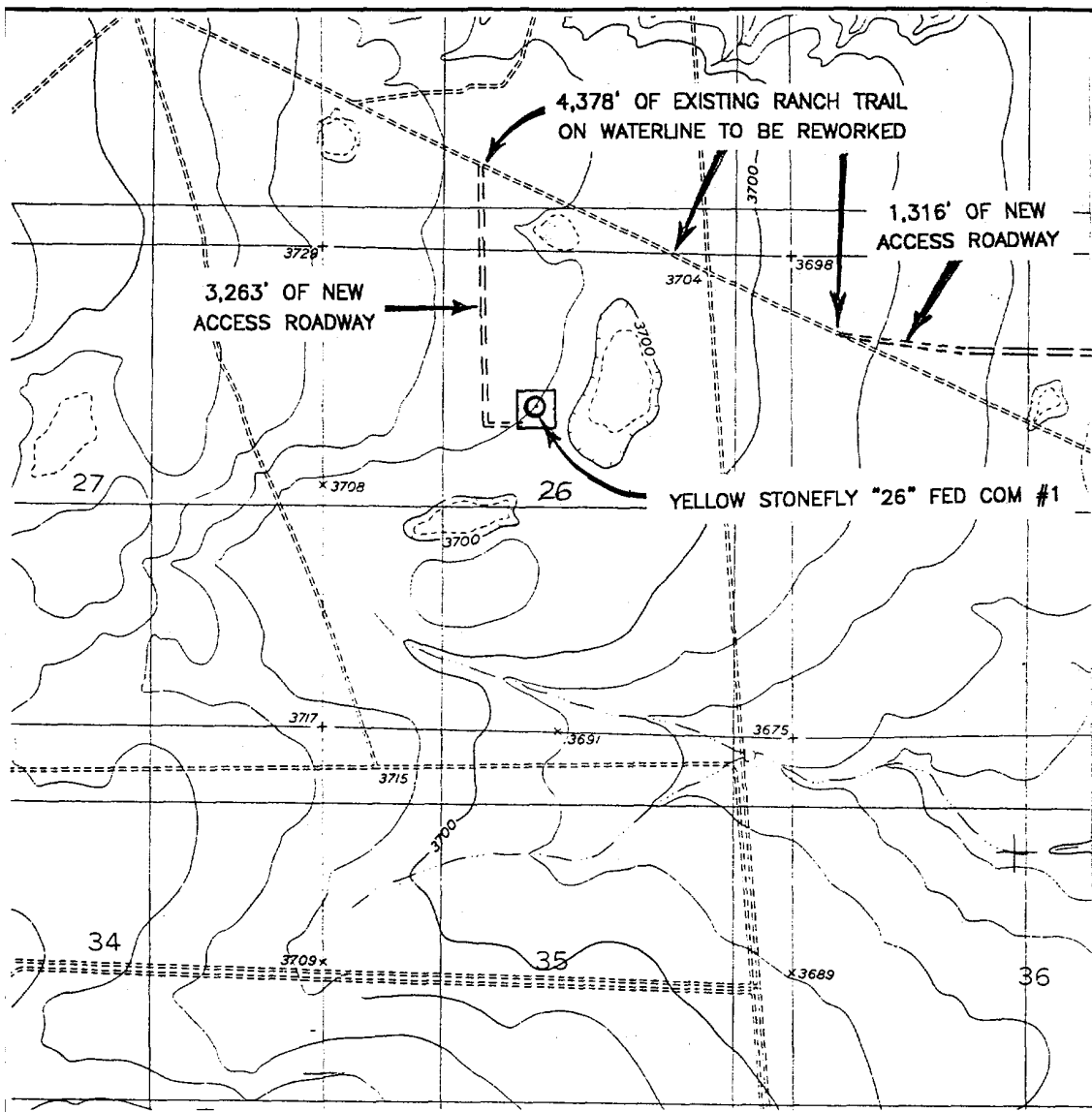
Typical 5,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack



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



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
PARISH RANCH, NM

SEC. 26 TWP. 18-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 1730' FNL & 2360' FWL

ELEVATION 3709

OPERATOR DAVID H. ARRINGTON
OIL & GAS, INC.

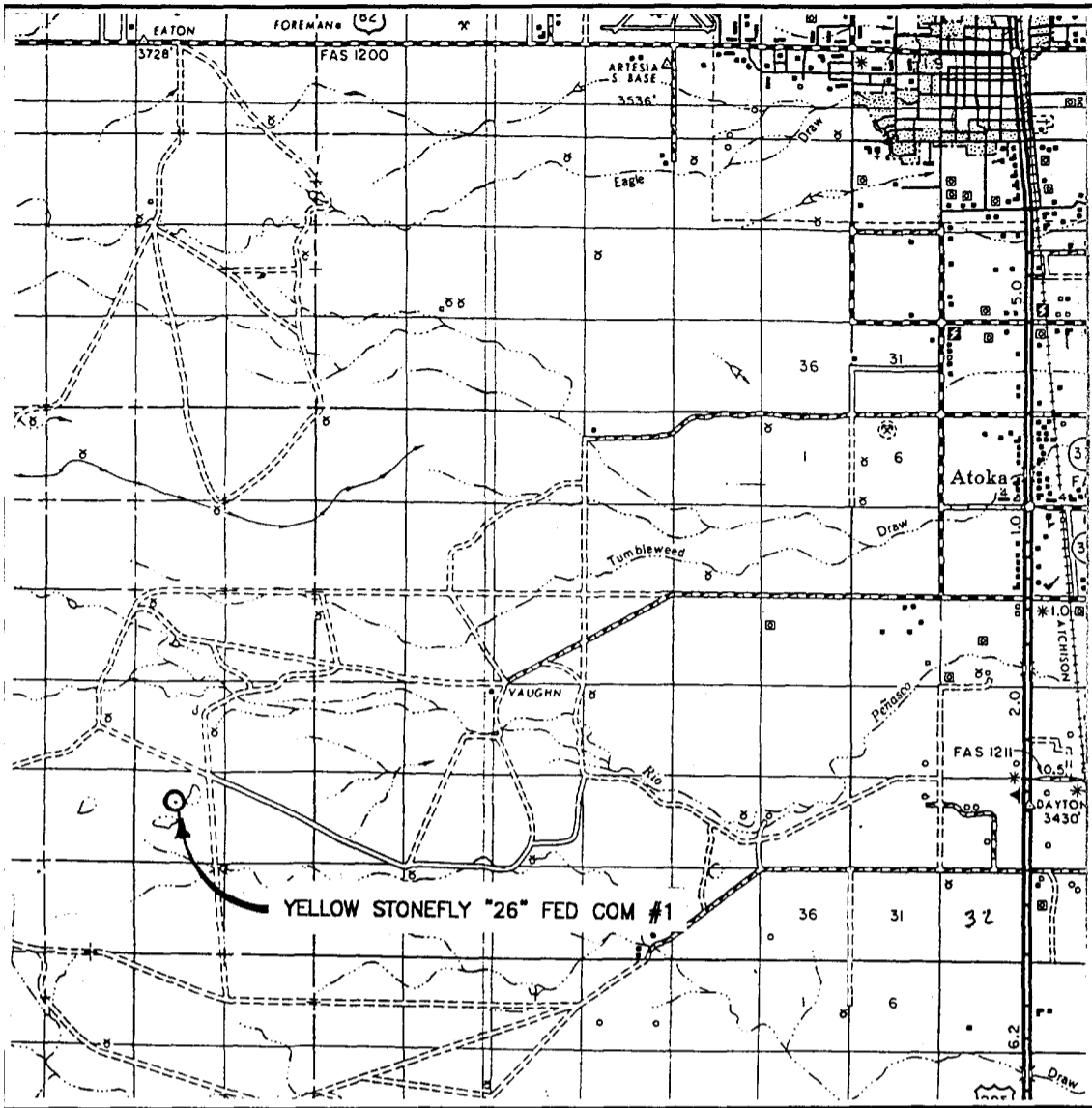
LEASE YELLOW STONEFLY "26" FED COM

U.S.G.S. TOPOGRAPHIC MAP
PARISH RANCH, NM



110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(915) 687-0865 - (915) 687-0868 FAX

VICINITY MAP

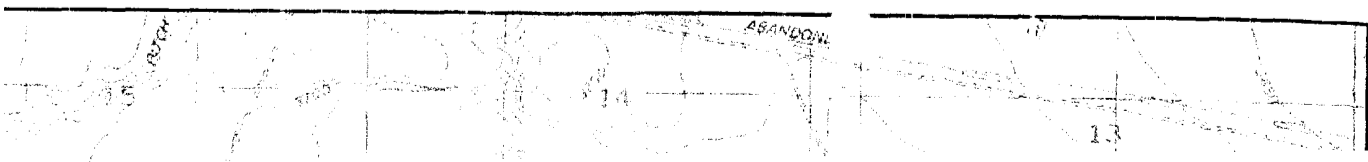


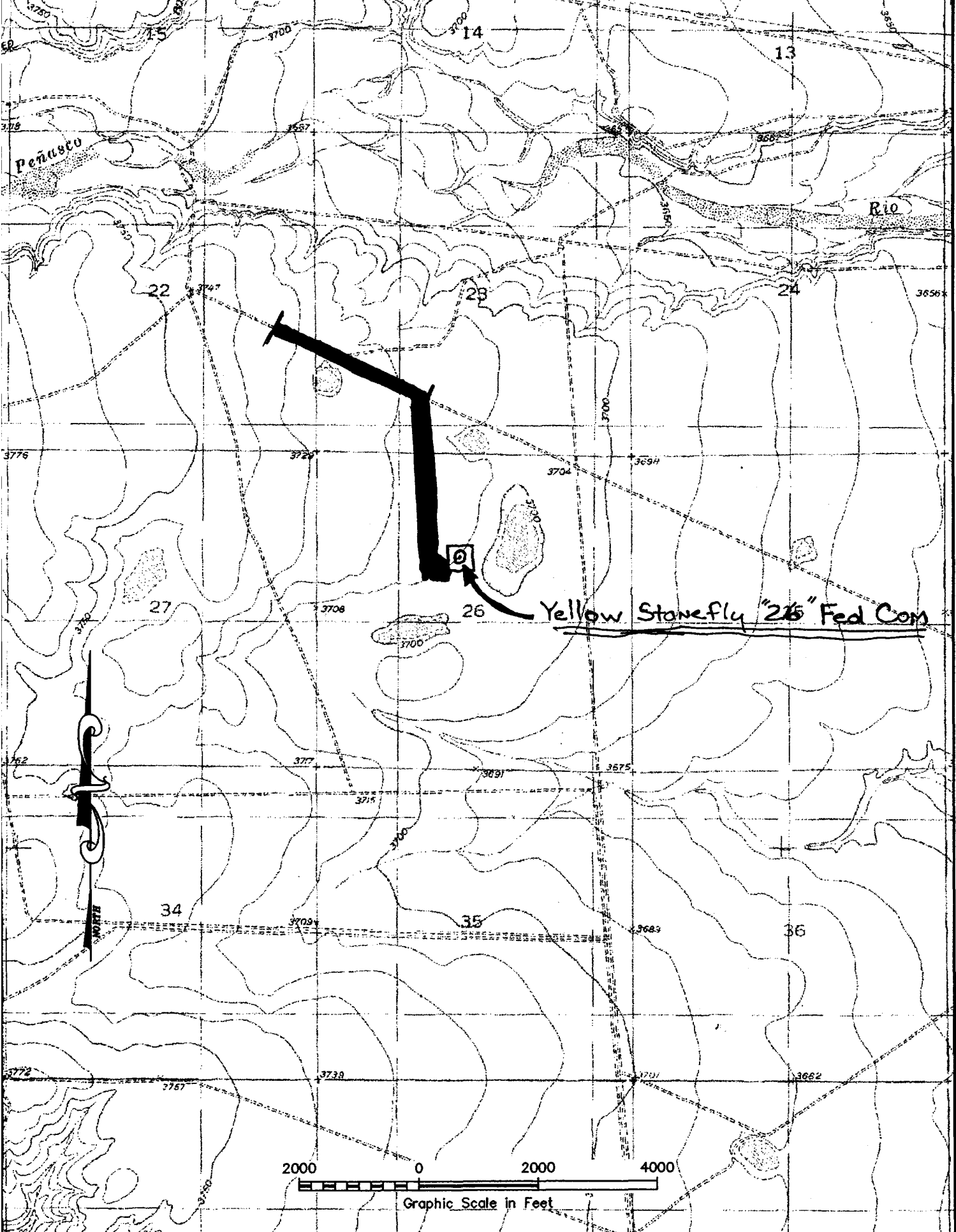
SCALE: 1" = 2 MILES

SEC. 26 TWP. 18-S RGE. 24-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1730' FNL & 2360' FWL
 ELEVATION 3709
 OPERATOR DAVID H. ARRINGTON
OIL & GAS, INC.
 LEASE YELLOW STONEFLY "26" FED COM



110 W. LOUISIANA, STE. 110
 MIDLAND TEXAS, 79701
 (915) 687-0865 - (915) 687-0868 FAX





Peñasco

Yellow Stonefly "26" Fed Cons



Graphic Scale in Feet

