

# ARRINGTON OIL & GAS OPERATING LLC

P.O. BOX 2071, MIDLAND, TEXAS 79702  
OFF (432) 682-6685  
FAX (432) 682-4139

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2012 FEB 13 P 12:44

February 9, 2012

Marshall & Winston, Inc.  
PO Box 50880  
Midland, Texas 79710

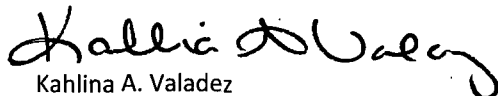
RE: **WO/ Recompletion**  
Green Eyed Squeally Worm  
API 30-025-36013  
Lea County, New Mexico

Dear Interest Owner:

Pursuant to Order No. R-13372-D David H. Arrington Oil & Gas, Inc, (DHA) as operator of record for the subject well proposes to restore production in the Morrow Formation in the subject well. We invite you to participate in the operation. Enclosed is an Authority for Expenditure (AFE) for this project. Please indicate your election below and return one executed copy of this Letter and an executed AFE to the undersigned.

Please feel free to call me (432) 682-6685 ext 366 or email me at [Kahlina.valadez@arringtonoil.com](mailto:Kahlina.valadez@arringtonoil.com) with your questions. Thank you for your cooperation.

Best Regards,



Kahlina A. Valadez  
Senior Landman

\_\_\_\_ I/we elect to participate in the Proposed Operations pursuant to the attached AFE

\_\_\_\_ I/we elect not to participate in the Proposed Operations pursuant to the attached AFE.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Cc: Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

DAVID H. ARRINGTON OIL GAS, INC.  
AUTHORITY FOR EXPENDITURE (AFE)  
WO / RECOMPLETION

AFE #: NM49

Date: 1/29/2012

☒ Original  
☐ Supplement

Lease: Green Eyed Squealy Worm

Well #: 1

Well Type: Gas

API #: 30-025-36013

County: Lea

State: New Mexico

Location: 1,974' FSL & 1,129' FEL  
Section 26 T-11S R-34E

Proposed TD: 13,005

Objective / Project Description: This AFE supports the work involved to repair the casing (squeeze Cisco perforations) and re-establishing production in the Morrow formation utilizing artificial lift equipment.

INTANGIBLE EXPENSE					Total				
Acidizing									
Backhoe									
Bits									1,500
BOPE	10 days	@	400	/Day					4,000
Bridge Plugs / Retainers	1	@	1000	each					1,000
Cased Hole Logging									
Casing Crew									
Casing Recovery (Wireline)									
Cement Plugs									
Cement Squeeze	1	@	20000	each					20,000
Chemicals									
Coil Tbg & Nitrogen									
Completion Fluids									5,000
Consultant	days	@		/Day					
Contract Labor / Roustabouts									2,000
Disposal									5,000
Equipment Repairs									500
Fishing									
Frac Valve Rental									
Frac Tanks									2,000
Fracturing									
Laydown Machine									
Location Reclamation									
Location Repair									1,000
Miscellaneous Service									
Mud									
Packer Rental									5,000
Perforating									
Permits, Bonds & Fees									
Pipe Racks / Catwalk									1,000
Pits & Lining									2,000
Port-A-Pots									500
Pulling Unit	10 days	@	6000	/Day					60,000
Pump Truck	5 days	@	1500	/Day					7,500
Rental Tools									
Reverse Unit	4 days	@	2000	/Day					8,000
Safety Eqp	10 days	@	200	/Day					2,000
Sickline									
Supervision - Other									
Surveyor									
Transportation									2,000
Trash Trailer									500
Tubular Inspection									
Watchman / Security	days	@		/Day					
Water - Completion									500
Water Transfer									
Welding									
Well Tester / Flowback	1 days	@	1500	/Day					1,500
Wireline									
Workstring Rental & Repairs									
Contingencies							5%		6,825
TOTAL INTANGIBLE EXPENSE							0		139,125
TANGIBLE EXPENSE					Total				
Casing - Production									
Rods									45,000
Tubing									
Prime Mover C-640-305-144									60,000
Down Hole Pump/gas lift valves									4,000
Tank Battery & Storage Facilities									
Wellhead Equipment									
Tubing Head									500
Tree / Tee									1,500
Packer/TAC									2,000
Misc Downhole									25,000
Electric Service									1,000
Separator/Line Heater/Dehydrator									
Water Run									
Meters & Flowlines									
Miscellaneous Valves & Fittings							5%		6,950
Contingencies							0		145,950
TOTAL TANGIBLE EXPENSE							0		285,075
TOTAL WELL COST							0		

Keith E. Bucy  
Keith E. Bucy - General Manager

Art Carrasco  
Art Carrasco - Operations Manager

David H. Arrington - President

Partner Approval

Company: \_\_\_\_\_

Approved By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_