

MAR 12 2010

DAVID H. ARRINGTON OIL & GAS, INC.

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SENT VIA FED-EX

March 10, 2010

Mr. Keven Hambit
Marshall & Winston, Inc.
6 Desta Drive
Midland, Texas 79705

Re: Green Eyed Squealy Worm #1
Section 26, T15S, R34E
Lea County, New Mexico

Mr. Hambit:

Per our conversation enclosed in the workover procedure and AFE for a recompletion in the Cisco formation for the above referenced well.

The leases we had with Marshall & Winston, Inc. and Winston Partners, LTD have expired in this section preventing us from doing any work on the existing well. As we discussed David H. Arrington Oil & Gas, Inc. proposes to create a JOA for the southeast quarter of the section with you and share our interest in the area 50/50. This would allow for the workover to be done on the existing well in the north half of the area and then an new well to be drilled on the south half of the section, which Arrington has 100% leased.

Should you wish to participate in the workover please let me know so we can put together the necessary documentation. If you have any questions, or wish to discuss this matter further, do not hesitate to contact the undersigned at (432) 682-6685, extension 303, or by email at chris@arringtonoil.com. We sincerely appreciate your cooperation in this matter.

Very truly yours,

David H. Arrington Oil & Gas, Inc.



Christopher T. Hall
Landman

Enclosures

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14497 Exhibit No. 4
Submitted by:
DAVID H. ARRINGTON OIL & GAS INC.
Hearing Date: September 2, 2010

David H. Arrington Oil & Gas, Inc.

Cisco Workover Procedure

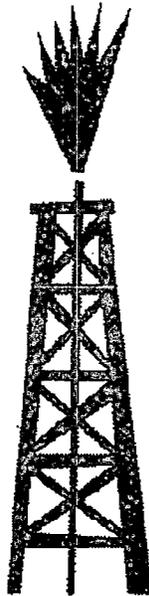
Green Eyed Squealy Worm #1

11,416' - 11491' & 11,148' - 11,216'

API# 30-025-36013

Section 26 T15S R34E

Lea County, New Mexico



Prepared by;

Art Carrasco

Office: 432-262-7314

Cell: 432-559-0042

Property #01250-001

AFE # NM38

From the center of Lovington, turn West on Hwy 83 and go to Lovington Inn, turn right (North) on 17th Street, go North to "T" @ Gum Street. Turn left (West) on Gum and go 7.2 miles to cattle guard. Turn right (North) @ cattle guard, go through locked gate – combination 6685, then go north about 1 mile to well.

Green Eyed Squealy Worm #1

This procedure is to abandon the Morrow interval and individually perforate and test two Cisco intervals

Executive Summary

- Prep location for workover.
- Rig up workover unit.
- Kill well
- POH w/production equipment
- PTA Morrow interval
- Perforate and test Lower Cisco interval (11,416' – 11,491')
- Perforate and test Upper Cisco interval (11,148' – 11,216')
- Install production equipment
- Install surface equipment
- Put well on production

Discussion

This well is currently perforated in the upper Morrow (12,993' to 13,004'). This well has not produced in commercial quantities since January 2006. The coil tubing cleanout and Foam Frac performed on the Morrow interval was not successful in regaining production. The well fraced at a high frac gradient (1.08 psi/ft) and communicated with the Lower Morrow wet interval at ± 13,055' to 13,100'. It would be uneconomical to remediate the communication and re-stimulate the Upper Morrow interval. The high frac gradient would make it difficult to re frac the Upper Morrow without treating out of zone.

We are proposing to abandon the Upper Morrow and recomplete two intervals (11,416' to 11,491' & 11,148' to 11,216') in the Cisco interval. The intervals will be stimulated separately with acid breakdowns and acid fracs.

DST Information

On 03-03-04, a drill stem test was run on this interval which tested 47° API oil with a BHP of 3800 psi.

TD 11,205'. Run DST #1. Formation tested: Cisco. Tested from 11,162' – 11,205'. Total time open – 140 mins, total time closed – 420 mins. Total on bottom – 560 mins. IHP – 5558#; FHP – 5543#. 1st flow period – 172# to 235# for 20 mins. 2nd flow period – 156# to 436# for 120 mins. ISIP – 3826# for 60 mins; FSIP – 3821# for 360 mins. Chlorides – drlg fluid – 108,000, recovery chlorides – 108,000. BHT – 162 degrees.

Pipe recovery: GTS – 45 mins into ISI. 160' free oil (47.6 gravity @ 60 degrees). 850' oil & heavy gas cut drlg mud (45% oil). 90' oil & gas cut drlg mud below circ sub (10% oil). Sample chamber – 400# - 3.1 cu ft gas, 700 cc free oil, 400 cc drlg mud.

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Green Eyed Squealy Worm #1

Procedure

1. MIRU PU and well control equipment.
2. Unset production packer
3. POH with production equipment
4. Lay down 2 3/8" tubing
5. GIH with CIBP on wireline
6. Set CIBP @ $\pm 12,800'$
7. Dump 2 sx cement on top of CIBP
8. Perforate Lower Cisco as follows:
 - 11,487' to 11,491'
 - 11,470' to 11,474'
 - 11,458' to 11,462'
 - 11,416' to 11,430'

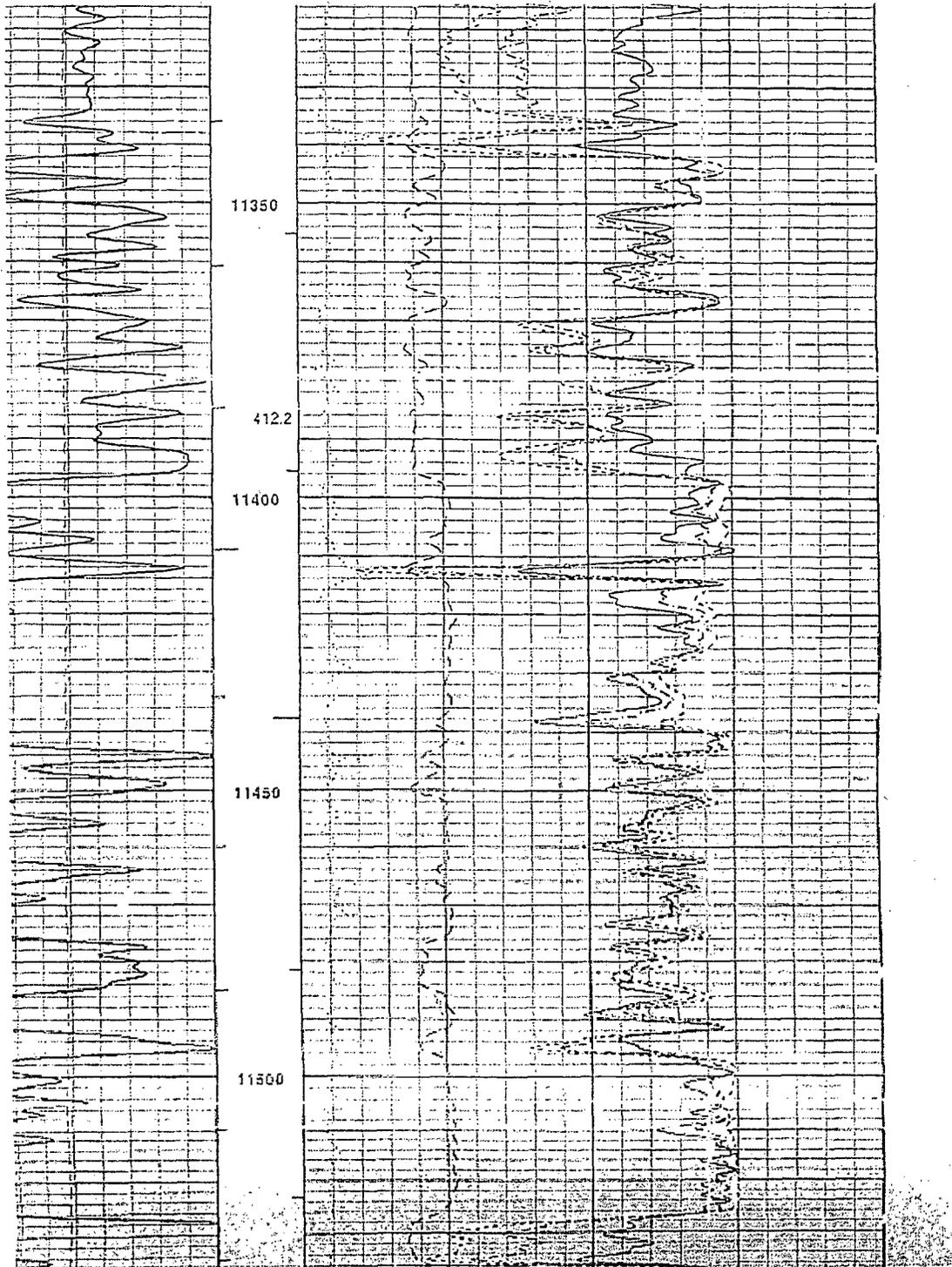
(.42" hole @ 2 shots per foot @ 60° phasing)
9. GIH w/packer and RBP on 2 7/8" workstring to $\pm 11,550'$
10. Set And test RBP
11. Pull packer to $\pm 11,495'$
12. Spot 200 gallons 15% HCL across perforations
13. Pull packer to $\pm 11,400'$
14. Reverse excess acid back into tubing
15. Set packer
16. Breakdown perforations
17. Open by-pass and spot acid and Bioballs to within 2 bbls from end of tubing
18. Close bypass on packer and acidize perforations with 5,000 gallons 20% acid and 75 Bioballs evenly distributed throughout the acid.
19. Swab test
20. Evaluate for additional stimulation
21. If further stimulation is required, acidize with 14,000 gallons gelled 20% acid, 14,000 gallons gelled water, and 2,000 gallons 20% NEFE acid at 20 bpm as follows:
 - Pump 4,000 gallons gelled acid
 - Pump 4,000 gallons gelled water
 - Drop 20 "Bio" ballsealers
 - Pump 4,000 gallons gelled acid
 - Pump 4,000 gallons gelled water
 - Drop 20 "Bio" ballsealers
 - Pump 3,000 gallons gelled acid
 - Pump 3,000 gallons gelled water
 - Drop 15 "Bio" ballsealers
 - Pump 3,000 gallons gelled acid
 - Pump 3,000 gallons gelled water
 - Pump 2,000 gallons 20% NEFE acid
 - Flush neat acid to perforations and allow fracture to close
 - Displace neat acid into perforations at below frac pressure
 - Pump 2,000 gallons treated water overflush

Green Eyed Squealy Worm #1

22. Test well for production
 23. If productive, set and test RBP at $\pm 11,350'$
 24. POH w/tubing
 25. Perforate Upper Cisco as follows:
 - 11,192' to 11,216'
 - 11,148' to 11,162'
- (42" hole @ 2 shots per foot @ 60° phasing)
26. GIH w/packer on 2 7/8" tubing to $\pm 11,218'$
 27. Spot 200 gallons 15% HCL across perforations
 28. Pull packer to $\pm 11,100'$
 29. Reverse excess acid back into tubing
 30. Set packer
 31. Breakdown perforations
 32. Open by-pass and spot acid and ball sealers to within 2 bbls from end of tubing
 33. Close bypass on packer and acidize perforations with 4,000 gallons 20% acid and 75 Bioballs evenly distributed throughout the acid.
 34. Swab test
 35. Evaluate for additional stimulation
 36. If further stimulation is required, acidize with 10,000 gallons gelled 20% acid, 10,000 gallons gelled water, and 2,000 gallons 20% NEFE acid at 20 bpm as follows:
 - Pump 4,000 gallons gelled acid
 - Pump 4,000 gallons gelled water
 - Drop 25 "Bio" ballsealers
 - Pump 4,000 gallons gelled acid
 - Pump 4,000 gallons gelled water
 - Drop 25 "Bio" ballsealers
 - Pump 2,000 gallons gelled acid
 - Pump 2,000 gallons gelled water
 - Pump 2,000 gallons 20% NEFE acid
 - Flush neat acid to perforations and allow fracture to close
 - Displace neat acid into perforations at below frac pressure
 - Pump 2,000 gallons treated water overflush
 37. Test well for production
 38. POH w/ workstring
 39. RIH w/ production string and packer
 40. Set Packer @ $\pm 11,100'$
 41. Put well on production.
 - Hook up well to production equipment

Green Eyed Squealy Worm #1

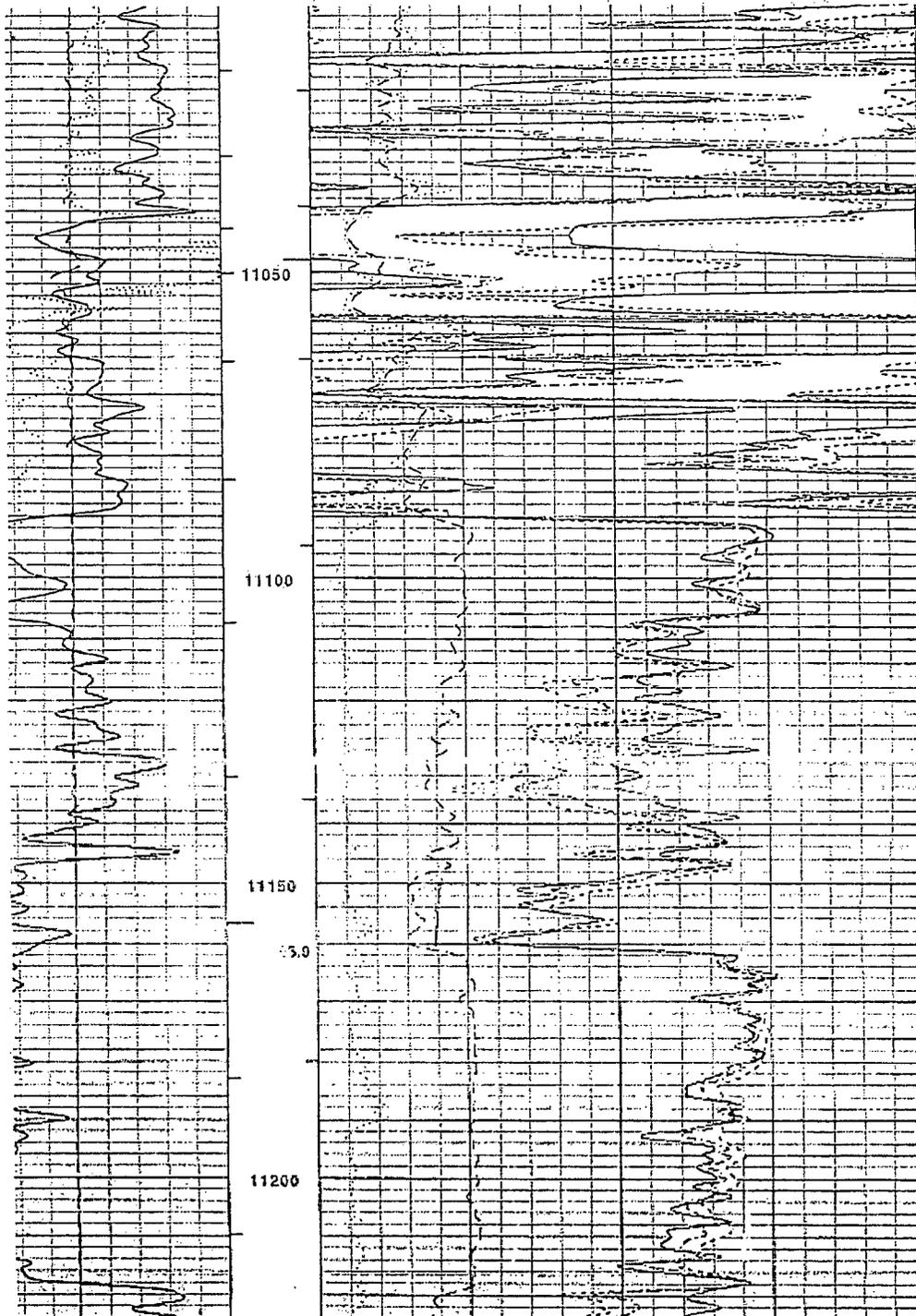
Log Strip (Lower Cisco)



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Green Eyed Squealy Worm #1

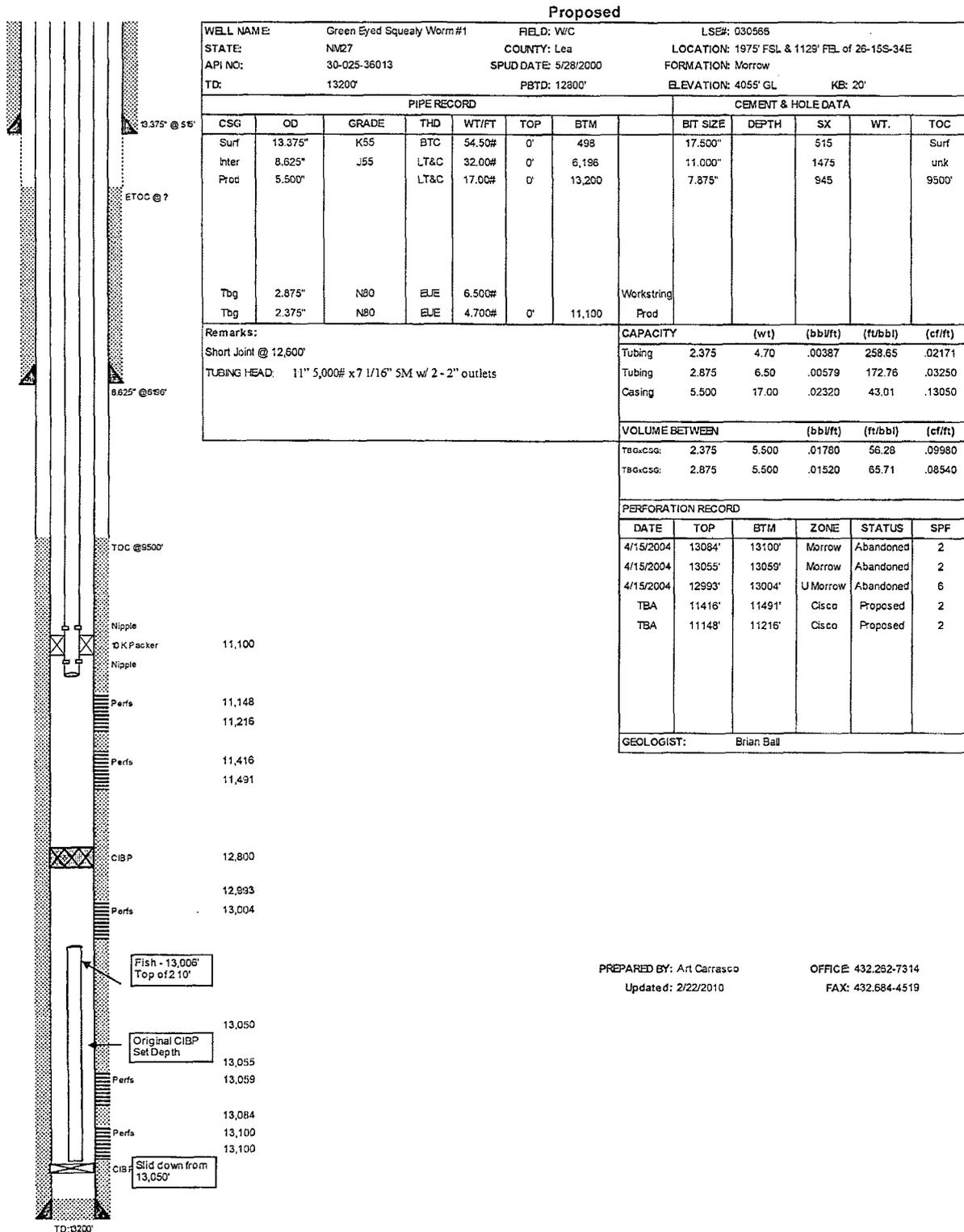
Log Strip (Upper Cisco)



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Green Eyed Squealy Worm #1

Well Schematic



Proposed

WELL NAME: Green Eyed Squealy Worm #1		FIELD: W/C		LSE#: 030565	
STATE: NM27		COUNTY: Lea		LOCATION: 1975' FSL & 1129' FBL of 26-15S-34E	
API NO: 30-025-36013		SPUD DATE: 5/28/2000		FORMATION: Morrow	
TD: 13200'		PBTD: 12800'		ELEVATION: 4055' GL KE: 20'	

PIPE RECORD						CEMENT & HOLE DATA					
CSG	OD	GRADE	THD	WT/FT	TOP	BTM	BIT SIZE	DEPTH	SX	WT.	TOC
Surf	13.375"	K55	BTC	54.50#	0'	498	17.500"		515		Surf
Inter	8.625"	J55	LT&C	32.00#	0'	6,196	11.000"		1475		unk
Prod	5.500"		LT&C	17.00#	0'	13,200	7.875"		945		9500'
Tbg	2.875"	N80	EJJE	6.500#			Workstring				
Tbg	2.375"	N80	EJJE	4.700#	0'	11,100	Prod				

Remarks:						CAPACITY					
Short Joint @ 12,600'						(wt) (bb/ft) (ft/bbl) (cf/ft)					
TUBING HEAD: 11" 5,000# x7 1/16" SM w/ 2-2" outlets						Tubing 2.375 4.70 .00387 258.65 .02171					
						Tubing 2.875 6.50 .00579 172.76 .03250					
						Casing 5.500 17.00 .02320 43.01 .13050					
						VOLUME BETWEEN (bb/ft) (ft/bbl) (cf/ft)					
						TBxcsg: 2.375 5.500 .01780 56.28 .09980					
						TBxcsg: 2.875 5.500 .01520 65.71 .08540					
						PERFORATION RECORD					
						DATE TOP BTM ZONE STATUS SPF					
						4/15/2004 13084' 13100' Morrow Abandoned 2					
						4/15/2004 13055' 13059' Morrow Abandoned 2					
						4/15/2004 12993' 13004' U Morrow Abandoned 6					
						TBA 11416' 11491' Cisco Proposed 2					
						TBA 11148' 11216' Cisco Proposed 2					
						GEOLOGIST: Brian Ball					

PREPARED BY: Art Carrasco
Updated: 2/22/2010

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