

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

AFE #: NM48 Date: 05/19/10  Original  
 Supplemental  
 Lease: Green Eyed Squealy Worm Well #: 1 Well Type: Morrow  
 Location: 1974 FSL & 1129 FEL County: Lea State: New Mexico  
Section 26, T15S, R34E  
 API #: 30-026-36013 Objective: Re Establish Production Proposed TD: \_\_\_\_\_

Purpose of Expenditure: Re Establish Morrow production  
 This AFE supports putting the Morrow zone back in production by pumping the produced water off the formation

CONVENTIONAL DRILLING

	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
Surveying				0
Damages				0
Sesimic Acquisition				0
Title Opinion				0
Staking & Permitting				0
Location, (drilling location & Frac Pond)				0
road				0
Conductor & Railhole				0
directional gyro				0
Mobilization/Demobilization				0
Drilling - motors	0 @ \$0 /Day			0
Drilling - Daywork	0 @ \$0 /Day			0
Drilling - Directional	0 @ \$0			0
Completion Rig	3 @ \$7,000 /Day		21,000	21,000
Fuel/pwr/tubs	0 @ \$0 /day			0
Drill Bits				0
Drilling & Completion Fluids			2,000	2,000
Air Packags + Hammer Bit	0 @ 0			0
Mud Logging	0 @ \$0 /Day			0
snubbing unit	0 @ \$0			0
well tractor	@ \$0			0
Logging - Cased Hole				0
Cement & Services - Surface				0
Cement & Services - Plugback				0
Cement & Services - Production /liner				0
Cement & Services - P & A				0
Casing Crews/Laydown Machine				0
Wireline Services, Set Plug	@		0	0
Acidizing, Fracturing & Stimulation:				0
water transfer				0
Rental Equipment amount #			3,000	3,000
Coiled Tbg				0
Drill Out Motors	\$0 0 daily	\$0		0
Nitrogen	\$0 0 daily	\$0		0
Bond Log				0
Misc Drig Tools	\$0 0 daily	\$0		0
Communications	\$0 0 daily	\$0		0
Generator	\$0 0 daily	\$0		0
Trenching/Trash/Sewer	\$0 0 daily	\$0		0
Epoch	\$0 0 daily	\$0		0
Restoration				0
Installation - Production Facilities				0
Inspection (casing)				0
Water Well				0
Flow test	0 50			0
Transportation & water hauling (includes hauling waste)			2,000	2,000
Miscellaneous Labor			5,000	5,000
Engineering & Geological Services				0
Overhead				0
Supervision			6,000	6,000
Sand Blast & Coat Casing				0
Contingencies	5%	0	1,950	1,950
<b>TOTAL INTANGIBLE EXPENSE</b>		<b>0</b>	<b>40,950</b>	<b>40,950</b>
	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
Casing - Conductor	of @ /Ft			0
Casing - Surface	of @ /Ft			0
Casing - Intermediate	of @ /Ft			0
Casing - Intermediate	of @ /Ft			0
Casing - Production	of @ /Ft			0
Rods	of @ /Ft			0
Tubing	of @ /Ft		40,000	40,000
Prime Mover C-640-305-144			60,000	60,000
Wellhead Equipment, Tree				0
Down Hole Pump/gas lift valves			4,000	4,000
Packer/TAC/Misc Downhole				0
Tank Battery & Storage Facilities			10,000	10,000
Separator/Heater/Treater/Dehydrator				0
Meters & Flowlines				0
Miscellaneous Valves & Fittings				0
Contingencies	5%		5,700	5,700
<b>TOTAL TANGIBLE EXPENSE</b>		<b>0</b>	<b>119,700</b>	<b>119,700</b>
<b>TOTAL WELL COST</b>		<b>0</b>	<b>160,650</b>	<b>160,650</b>

Partner Approval:

  
 Art Carrasco, Senior Completion Engineer

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

David H Arrington, President

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

Keith Bucy, General Manager

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

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

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Case No. 14497 Exhibit No. 5  
 Submitted by:  
**DAVID H. ARRINGTON OIL & GAS INC.**  
 Hearing Date: September 2, 2010