



OCT 07 2002

GREAT WESTERN DRILLING COMPANY
Post Office Box 1659 • Midland, Texas 79702 • 915/682-5241
September 30, 2002

David Arrington
214 W. Texas Ave., Suite 400
Midland, Texas 79701

CERTIFIED MAIL

Davoil, Inc.
P. O. Box 122269
Fort Worth, Texas 76121-2269

RE: Lovington Federal #1
1200' FNL & 1335 FEL,
Section 1, T16S, R34E,
Lea County, New Mexico

Dear Sirs:

Great Western Drilling Ltd. (GWD) hereby proposes a competing drilling proposal on the captioned well at the legal location referenced above to test the Morrow gas formation. This well will be drilled to an approximate vertical depth of 14,000' and the proposed spacing unit for the well will be the E/2 of Section 34. You will find enclosed an AFE for the drilling of this well which sets forth the anticipated costs. A Joint Operating Agreement covering the interests of all parties will be sent to you for approval.

In the event that you should desire to participate in the drilling of this well, please so indicate by signing and returning one copy of the AFE to my attention. In the event that you should elect to not participate in the drilling of this well, please contact the undersigned, so we can make a mutually acceptable agreement on your interest. After obtaining appropriate agreements with all owners, we plan to start the well in the fourth quarter of 2002.

Thank you for your consideration and earliest reply to this proposal.

Yours very truly,

Mike S. Heathington
Land Manager

MSH/vw

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12942 Exhibit No. 4
Submitted by:
David H. Arrington Oil & Gas, Inc.
Hearing Date: October 10, 2002

**Great Western Drilling Company
Drilling Cost Estimate**

Well: Lovington Federal "1" Date: 1-Sep-02 ER # _____
 County: Lea State: New Mexico AFE # _____
 Location: 1200' FNL & 1335' FEL of Sec. 1, T16S-R34E Depth: 14000'

Cost to Casing Point Cost to Completion Total

Landman, Legal, Insurance	5,000.00	-	\$ 5,000.00
Damages, Surveys, Permits	4,000.00	-	\$ 4,000.00
Construction - Pad, roads, pit	30,000.00	2,000.00	\$ 32,000.00
Rig Up & Tear Out/Move in & out	40,000.00	-	\$ 40,000.00
Contract - Dayrate 44 days @ \$7800/day	343,200.00	-	\$ 343,200.00
Completion Unit 12 days @ \$2000/day	-	24,000.00	\$ 24,000.00
Drill Pipe, Bits, Reamers & other tools	85,000.00	-	\$ 85,000.00
Company Drilling Supervision	23,000.00	7,000.00	\$ 30,000.00
Well Supplies & Non-Salvable Materials	2,000.00	28,000.00	\$ 30,000.00
Rentals	25,000.00	5,000.00	\$ 30,000.00
Contract services	20,000.00	15,000.00	\$ 35,000.00
Cement & Cmt Services	30,000.00	25,000.00	\$ 55,000.00
Transportation	7,000.00	3,500.00	\$ 10,500.00
Mud, Water & Chemicals	50,000.00	4,000.00	\$ 54,000.00
Fuel & Utilities	50,000.00	-	\$ 50,000.00
Drill Stem Test	15,000.00	-	\$ 15,000.00
Mud Logging	20,000.00	-	\$ 20,000.00
Logging	50,000.00	4,000.00	\$ 54,000.00
Perforating	-	12,000.00	\$ 12,000.00
Treating	-	100,000.00	\$ 100,000.00
Overhead	7,500.00	2,000.00	\$ 9,500.00
Other Sub-surface Costs	-	15,000.00	\$ 15,000.00
Contingencies 5%	45,000.00	15,000.00	\$ 60,000.00
Total Intangibles	\$ 851,700.00	\$ 261,500.00	\$ 1,113,200.00

Surface Casing	9,000.00	-	\$ 9,000.00
Intermediate Casing	80,000.00	-	\$ 80,000.00
Production Casing	-	115,000.00	\$ 115,000.00
Wellhead	5,000.00	20,000.00	\$ 25,000.00
Tubing	-	51,000.00	\$ 51,000.00
Packer / Anchor	-	15,000.00	\$ 15,000.00
Rods	-	-	\$ -
Bottom Hole Pump	-	-	\$ -
Pumping Unit	-	-	\$ -
Prime Mover	-	-	\$ -
Tanks	-	15,000.00	\$ 15,000.00
Treater	-	30,000.00	\$ 30,000.00
Separator	-	-	\$ -
Flow Lines	-	10,000.00	\$ 10,000.00
Connections, Etc.	-	20,000.00	\$ 20,000.00
Miscellaneous	-	-	\$ -
Contingencies 5%	5,000.00	15,000.00	\$ 20,000.00
Total Tangibles	\$ 99,000.00	\$ 291,000.00	\$ 390,000.00

Total Well Costs \$ 950,700.00 \$ 552,500.00 \$ 1,503,200.00

Prepared By: D. Hendrix
 Operator: Great Western Drilling Company
 GWDC & Interest _____
 GWDC Approved By: _____
 Title: _____
 Date: _____

Partner: _____
 Approval By: _____
 Title: _____
 Partner & Interest _____
 Date: _____

Arrington Triple Teaser Well No. 1

Case No. 12942

- January 31, 2002 - Original location for the Triple Teaser Well staked
- February 28, 2002 - Archeological survey performed for the Triple Teaser Well
- March 2002 - Archeological approval received for the Triple Teaser Well
- July 23, 2002 - Well proposal letter mailed for the Triple Teaser Well.
- July 2002 - Great Western provides no response to Arrington's Triple Teaser Well proposal.
- August 27, 2002 - Triple Teaser well location re-staked slightly to the West due to landowner's house and fence location.
- August 2002 - Great Western provides no response to Arrington's Triple Teaser Well proposal.
- September 5, 2002 - Archeological survey performed for the re-staked location of the Triple Teaser Well.
- September 13, 2002 - Archeological approval received for the re-staked location of the Triple Teaser Well
- September 17, 2002 - Arrington pooling application filed for the Triple Teaser Well
- September 2002 - Great Western provides no response to Arrington's Triple Teaser well proposal or Arrington's pooling application.


SENDER COMPLETE THIS SECTION

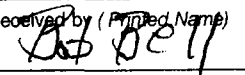
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Great Western Drilling Co.
P.O. Box 1659
Midland, Texas 79701

COMPLETE THIS SECTION ON DELIVERY

A. Signature  ☐ Agent
X ☐ Addressee

B. Received by (Printed Name)  C. Date of Delivery 7-25-02

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

IAS, INC.

02

JUL 25 2002

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7002 0460 0002 0091 4126

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

Great Western Drilling Company
P.O. Box 1659
Midland, Texas 79701

Re: TRIPLE TEASER FEDERAL COM. "1" #1(WEST BULLDOG PROSPECT)
1200' FNL & 1335' FEL
Section 1, T16S-R34E
Lea County, New Mexico

Dear Sirs:

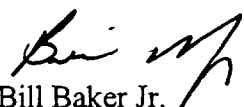
David H. Arrington Oil & Gas, Inc.(DHAO&G) hereby proposes the drilling of the captioned well at the legal location referenced above to test the Atoka and Morrow gas formations. This well will be drilled to an approximate vertical depth of 13400' and the proposed spacing unit for the well will be the Lots 1,2,7,8,9,10,15& 16 of Section 1. You will find enclosed an AFE for the drilling of this well, which sets forth the anticipated costs.

In the event that Great Western should desire to participate in the drilling of this well, please so indicate by signing and returning one copy of the AFE to my attention. In the event that you should elect to not participate in the drilling of this well, DHAO&G is willing to discuss other options regarding your interest.

If you should have any further questions or require additional information, please call at (915) 682-6685 or Mr. Dale Douglas at (915) 682-5565.

Sincerely,

DAVID H. ARRINGTON OIL & GAS, INC.



Bill Baker Jr.
Exploration Manager
Enclosures/Attachments

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Davoil, Inc.
P.O. Box 122269
Fort Worth, Texas 76121

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

AS, INC.

12

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7002 0460 0002 0091 4133

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

Davoil, Inc.
P.O. Box 122269
Fort Worth, Texas 76121

Re: TRIPLE TEASER FEDERAL COM. "1" #1(WEST BULLDOG PROSPECT)
1200' FNL & 1335' FEL
Section 1, T16S-R34E
Lea County, New Mexico

Dear Sirs:

David H. Arrington Oil & Gas, Inc.(DHAO&G) hereby proposes the drilling of the captioned well at the legal location referenced above to test the Atoka and Morrow gas formations This well will be drilled to an approximate vertical depth of 13400' and the proposed spacing unit for the well will be the Lots 1,2,7,8,9,10,15& 16 of Section 1. You will find enclosed an AFE for the drilling of this well, which sets forth the anticipated costs.

In the event that Great Western should desire to participate in the drilling of this well, please so indicate by signing and returning one copy of the AFE to my attention. In the event that you should elect to not participate in the drilling of this well, DHAO&G is willing to discuss other options regarding your interest.

If you should have any further questions or require additional information, please call at (915) 682-6685 or Mr. Dale Douglas at (915) 682-5565.

Sincerely,

DAVID H. ARRINGTON OIL & GAS, INC.

Bill Baker Jr.
Exploration Manager
Enclosures/Attachments



OCT 07 2002

GREAT WESTERN DRILLING COMPANY
Post Office Box 1659 • Midland, Texas 79702 • 915/682-5241

September 30, 2002

David Arrington
214 W. Texas Ave., Suite 400
Midland, Texas 79701

CERTIFIED MAIL

Davoil, Inc.
P. O. Box 122269
Fort Worth, Texas 76121-2269

RE: Lovington Federal #1
1200' FNL & 1335 FEL,
Section 1, T16S, R34E,
Lea County, New Mexico

Dear Sirs:

Great Western Drilling Ltd. (GWD) hereby proposes a competing drilling proposal on the captioned well at the legal location referenced above to test the Morrow gas formation. This well will be drilled to an approximate vertical depth of 14,000' and the proposed spacing unit for the well will be the E/2 of Section 34. You will find enclosed an AFE for the drilling of this well which sets forth the anticipated costs. A Joint Operating Agreement covering the interests of all parties will be sent to you for approval.

In the event that you should desire to participate in the drilling of this well, please so indicate by signing and returning one copy of the AFE to my attention. In the event that you should elect to not participate in the drilling of this well, please contact the undersigned, so we can make a mutually acceptable agreement on your interest. After obtaining appropriate agreements with all owners, we plan to start the well in the fourth quarter of 2002.

Thank you for your consideration and earliest reply to this proposal.

Yours very truly,

Mike S. Heathington
Land Manager

MSH/vw

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12942 Exhibit No. 4
Submitted by:
David H. Arrington Oil & Gas, Inc.
Hearing Date: October 10, 2002

Great Western Drilling Company
Drilling Cost Estimate

Well: Lovington Federal "1" Date: 1-Sep-02 ER # _____
 County: Lea State: New Mexico AFE # _____
 Location: 1200' FNL & 1335' FEL of Sec. 1, T16S-R34E Depth: 14000'

Cost to Casing
Point

Cost to
Completion

Total

Landman, Legal, Insurance	5,000.00	-	\$ 5,000.00
Damages, Surveys, Permits	4,000.00	-	\$ 4,000.00
Construction - Pad, roads, pit	30,000.00	2,000.00	\$ 32,000.00
Rig Up & Tear Out/Move in & out	40,000.00	-	\$ 40,000.00
Contract - Dayrate 44 days @ \$7800/day	343,200.00	-	\$ 343,200.00
Completion Unit 12 days @ \$2000/day	-	24,000.00	\$ 24,000.00
Drill Pipe, Bits, Reamers & other tools	85,000.00	-	\$ 85,000.00
Company Drilling Supervision	23,000.00	7,000.00	\$ 30,000.00
Well Supplies & Non-Salvable Materials	2,000.00	28,000.00	\$ 30,000.00
Rentals	25,000.00	5,000.00	\$ 30,000.00
Contract services	20,000.00	15,000.00	
Cement & Cmt Services	30,000.00	25,000.00	\$ 55,000.00
Transportation	7,000.00	3,500.00	\$ 10,500.00
Mud, Water & Chemicals	50,000.00	4,000.00	\$ 54,000.00
Fuel & Utilities	50,000.00	-	\$ 50,000.00
Drill Stem Test	15,000.00	-	\$ 15,000.00
Mud Logging	20,000.00	-	\$ 20,000.00
Logging	50,000.00	4,000.00	\$ 54,000.00
Perforating	-	12,000.00	\$ 12,000.00
Treating	-	100,000.00	\$ 100,000.00
Overhead	7,500.00	2,000.00	\$ 9,500.00
Other Sub-surface Costs	-	15,000.00	\$ 15,000.00
Contingencies 5%	45,000.00	15,000.00	\$ 60,000.00
Total Intangibles	\$ 851,700.00	\$ 261,500.00	\$ 1,113,200.00

Surface Casing	9,000.00	-	\$ 9,000.00
Intermediate Casing	80,000.00	-	\$ 80,000.00
Production Casing	-	115,000.00	\$ 115,000.00
Wellhead	5,000.00	20,000.00	\$ 25,000.00
Tubing	-	51,000.00	\$ 51,000.00
Packer / Anchor	-	15,000.00	\$ 15,000.00
Rods	-	-	\$ -
Bottom Hole Pump	-	-	\$ -
Pumping Unit	-	-	\$ -
Prime Mover	-	-	\$ -
Tanks	-	15,000.00	\$ 15,000.00
Treater	-	30,000.00	\$ 30,000.00
Separator	-	-	\$ -
Flow Lines	-	10,000.00	\$ 10,000.00
Connections, Etc.	-	20,000.00	\$ 20,000.00
Miscellaneous	-	-	\$ -
Contingencies 5%	5,000.00	15,000.00	\$ 20,000.00
Total Tangibles	\$ 99,000.00	\$ 291,000.00	\$ 390,000.00

Total Well Costs \$ 950,700.00 \$ 552,500.00 \$ 1,503,200.00

Prepared By: D. Hendrix
 Operator: Great Western Drilling Company
 GWDC & Interest _____
 GWDC Approved By: _____
 Title: _____
 Date: _____

Partner: _____
 Approval By: _____
 Title: _____
 Partner & Interest _____
 Date: _____