

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-10;
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION

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

1220 South St. Francis Dr.

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|--|--|
| ¹ API Number 30-015-34607 | ² Pool Code 75250 | ³ Pool Name Cottonwood Creek; Wolfcamp |
| ⁴ Property Code | ⁵ Property Name ORANGE COMET | |
| ⁷ OGRID No. 5898 | ⁸ Operator Name DAVID H. ARRINGTON OIL & GAS | ⁶ Well Number 1H |
| | | ⁹ Elevation 3918' |

¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| 0 | 35 | 17 SOUTH | 23 EAST, N.M.P.M. | | 400' | SOUTH | 1880' | EAST | EDDY |

¹¹ 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 |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| B | 35 | 17 SOUTH | 23 EAST, N.M.P.M. | | 660' | NORTH | 1880' | EAST | EDDY |

| | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 320 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

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

BOTTOM HOLE LOC.
X = 399703
Y = 653812
LAT.: N 32.7969927
LONG.: W 104.6597309

POINT OF ENTRY
X = 399740
Y = 649854
LAT.: N 32.7861155
LONG.: W 104.6595708

NAD 27 NME ZONE
X = 399743
Y = 649594
LAT.: N 32.7854008
LONG.: W 104.6595606

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Project Area

Producing area

AZ = 359.47
4217.54' IN ALL

660', 1880', 400', 660', 1880'

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Ann E. Ritchie
Signature
Ann E. Ritchie
Printed Name
Regulatory Agent
Title
1-31-06
Date

¹⁸ SURVEYOR CERTIFICATION

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.

JANUARY 25 2006
Date of Survey
Signature and Seal of Professional Surveyor
7920
LICENSED LAND SURVEYOR

V. A. Bezner
Certificate Number
V. A. BEZNER R.P.S. #7920
JOB # 109676 / 101 SW / J.W.W.

BOTTOMHOLE INFORMATION PROVIDED BY DAVID H. ARRINGTON OIL & GAS

Arrant, Bryan, EMNRD

From: Ann Ritchie [ann.ritchie@wtor.net]
Sent: Friday, February 10, 2006 1:55 PM
To: Arrant, Bryan, EMNRD
Subject: Arrington - Orange Comet, Well #1H; Eddy County

30-015-34607

Bryan,

Concerning the David H. Arrington Oil & Gas, Inc., Orange Comet, Well #1H, Sec 35, T17S, R23E, Eddy County, New Mexico, please see as follows the information you requested:

- 1) The fresh water depth is at approximately 500'. The surface casing is to be set @ approximately 900' due to wash out zones between 750-850'.
- 2) As per Jim Wood, geologist for David H. Arrington Oil & Gas, Inc., the Wolfcamp top is @ 4465'. The penetration point will be 660' or greater from the South Section line.
- 3) The closest occupied dwelling is 4230' to the NW. As per our Location & Elevation Verification Map there is a ditch approximately 1050' to the south, which may contain water in the event it rains.

I am putting this correspondence, along with the Location & Elevation Verification Map and the Vicinity Map in the mail to you today.

Thank you,
Ann Ritchie, Regulatory Agent
David H. Arrington Oil & Gas, Inc.
c/o P.O. Box 953
Midland, TX 79702
432 684-6381; 682-1458-fax
ann.ritchie@wtor.net

**Orange Comet Fee 1H
Cottonwood Creek Field
Eddy County, New Mexico**

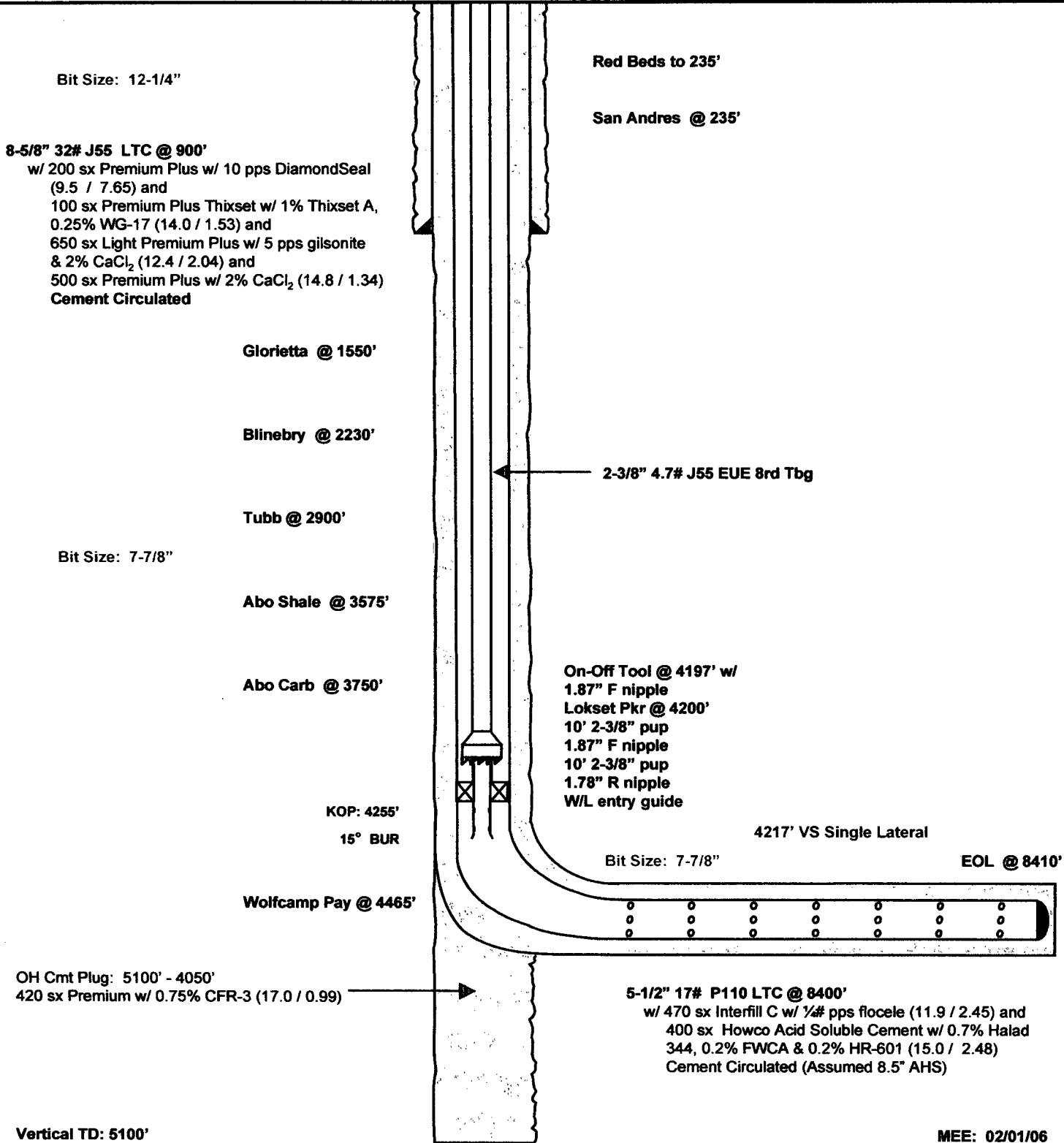
Surface
400' FSL
1880' FEL
S-35
T17S, R23E

Lateral Terminus
660' FNL
1880' FEL

Proposed Wellbore

API: 30-015-?

KB: 3935'
GL: 3916'



David H. Arrington Oil & Gas Inc.
 Orange Comet Fee 1H
 SHL - 400' FSL & 1880' FEL
 Penetration Point - 660' FSL & 1880' FEL
 BHL - 660' FNL & 1880' FEL
 S35, T17S, R23E
 Eddy County, NM

1. Ground elevation above sea level: 3916'
2. Proposed drilling depth: 5100' TVD
3. Estimated tops of geological markers:

| | |
|---------------|-------|
| San Andres | 235' |
| Glorietta | 1550' |
| Blinberry | 2230' |
| Tubb | 2900' |
| Abo Shale | 3575' |
| Abo Carbonate | 3750' |
| Wolfcamp Pay | 4465' |

4. Possible mineral bearing formations:

Abo/Wolfcamp Gas/Oil

5. Casing Program

| Hole size | Interval | OD of Casing | Weight | Thread | Grade | TOC |
|-----------|---------------|--------------|--------|--------|-------|------|
| 12-1/4" | 40' - 900' | 8-5/8" | 32# | LTC | J55 | Surf |
| *7-7/8" | 900' - 5100' | 5-1/2" | 17# | LTC | P110 | Surf |
| *7-7/8" | 4255' - 8410' | 5-1/2" | 17# | LTC | P110 | Surf |

*Drill 7-7/8" vertical hole to 5100', plug back to ~ 4255' and drill lateral to ~ 8410' (~4480' TVD). Run 5-1/2" production string to TD.

6. Cementing and Setting Depth

| | | | | |
|-------------------|-------|---------|--|--------|
| 8-5/8" Surface | 900' | Lead-1: | Premium Premium Plus w/ 10 pps DiamondSeal | 200 5x |
| | | Lead-2: | Premium Plus Thixset w/ 1% Thixset A & 0.25% WG-17 | 100 5x |
| | | Lead-3: | Light Premium Plus w/ 5 pps gilsonite & 2% CaCl ₂ | 650 5x |
| | | Tail: | Premium Plus w/ 2% CaCl ₂ | 500 5x |
| 5-1/2" Production | 8400' | Lead: | Interfill C w/ 1/4 pps Flocele | 470 5x |
| | | Tail: | Howco Acid Soluble Cement w/ 0.7% Halad 344, 0.2% FWCA & 0.2% HR-601 | 400 5x |

7. Pressure Control Equipment: After setting 8-5/8" casing and installing 5000 psi casing head, NU 11" 5000 psi double ram BOP and 5000 psi annular BOP, and test with clear fluid to 3000 psi using rig pumps.

8. Proposed Mud Circulating System

| <u>Interval</u> | <u>Mud Wt.</u> | <u>Visc.</u> | <u>FL</u> | <u>Type Mud System</u> |
|-----------------|----------------|--------------|-----------|---|
| 40' – 900' | 8.5 - 8.6 | 32 – 34 | NC | Fresh water gel/lime slurry. Add paper for seepage. If losses occur, utilize 15-25 lb/bbl LCM. If necessary, spot LCM pill for losses. If not regained, dry drill to depth. |
| 900' –5100' | 8.4 - 9.3 | 28 -34 | NC-12 | Fresh water-cut brine. Drill out w/ fresh water using paper and high viscosity sweeps for seepage and hole cleaning. At ~ 3,400' add brine to mud. Mud up at ~4,300' utilizing starch/PAC system. |
| 4255' – 8410' | 8.8 - 9.3 | 32 – 50 | 15 | XCD polymer system. Sweep as necessary for hole cleaning. |

Proposed Drilling Plan:

Drill 7-7/8" pilot hole to ~5100' and log well. Plug back and dress off to KOP @ ~4255'. Drill curve w/ 15°/100' BUR to ~90° inclination. Drill 7-7/8" lateral to ~8410'. Run and cement 5-1/2" casing.

Pilot hole to be plugged back to ~ 4255' with cement prior to initiating curve. The curve/lateral penetration point will be at least 660' FSL for the pay interval.

Send overnight mail**Main Identity**

From: "Arrant, Bryan, EMNRD" <bryan.arrant@state.nm.us>
To: <Ann.Ritchie@wto.net>
Sent: Wednesday, February 08, 2006 2:47 PM
Subject: FW: Emailing: C101Comments

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FEB 09 2006

OCD-ARTEZIA

From: Arrant, Bryan, EMNRD
Sent: Wednesday, February 08, 2006 1:46 PM
To: 'AnnRitchie@wto.net'
Subject: Emailing: C101Comments

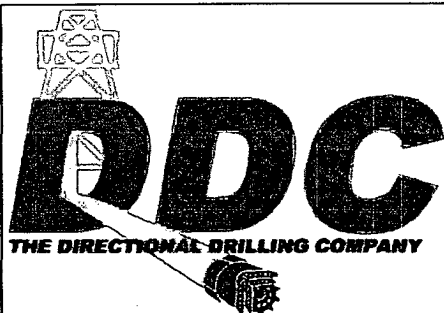
Bryan, Please see attached (-102 w) Point of Entry @
 660' FSL, along with the detailed cement & mud program.
 I have also enclosed a wellbore diagram. *Thank you,*
 Also- the Directional Drilling data. *Ann Ritchie*

Add Additional Comments

| UserID | Comments | CreationDate | |
|------------|--|--------------|-----|
| BArrant | 2-8-06 Ann Ritchie, Regulatory Agent David H. Arrington Oil & Gas, Inc. c/o Box 953, Midland, TX 79702 1-800-432-2967 (4 H2S data) | 2/8/2006 | Add |
| Created By | Comment | Comment Date | |
| annritchie | E/2 of Section 35 is dedicated acreage. | 2/1/2006 | |
| BArrant | Please submit a detailed mud and cementing program for each hole size. | 2/2/2006 | |
| BArrant | Please submit a C-102 that shows the project and producing area, penetration point and terminus point. | 2/2/2006 | |
| BArrant | Please submit a directional drill plan as this well as shown will need a NSL for approval. | 2/2/2006 | |
| BArrant | Cement on 5/ 1/2" casing to be circulated. | 2/2/2006 | |
| BArrant | Please submit the distance to the closet public dwelling and a h2s contingency plan providing that this area meets the requiremntns of NMOCD Rule 118. | 2/2/2006 | |

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2/8/2006



Job Number:
 Company: David H. Arrington Oil & Gas
 Lease/Well: Orange Comet #1H
 Location: Eddy County
 Rig Name:
 RKB:
 G.L or M.S.L.: 3916'

State/Country: New Mexico
 Declination:
 Grid:
 File name: C:\PROPOS~1\ARRING~1\ORANGE~1\PLAN.SVY
 Date/Time: 31-Jan-06 / 17:35
 Curve Name: Pilot Hole Plan B

THE DIRECTIONAL DRILLING COMPANY

WINSERVE PROPOSAL REPORT
Minimum Curvature Method
Vertical Section Plane 359.47
Vertical Section Referenced to Wellhead
Rectangular Coordinates Referenced to Wellhead

| <i>Measured Depth</i> FT | <i>Incl Angle</i> Deg | <i>Drift Direction</i> Deg | <i>True Vertical Depth</i> | <i>Vertical Section</i> FT | <i>N-S</i> FT | <i>E-W</i> FT | <i>Dogleg Severity</i> Deg/100 |
|-----------------------------|--------------------------|-------------------------------|----------------------------|-------------------------------|------------------|------------------|-----------------------------------|
| KOP, Build 5°/100' | | | | | | | |
| 3545.91 | .00 | 359.47 | 3545.91 | .00 | .00 | .00 | .00 |
| 3645.91 | 5.00 | 359.47 | 3645.79 | 4.36 | 4.36 | -.04 | 5.00 |
| 3745.91 | 10.00 | 359.47 | 3744.90 | 17.41 | 17.41 | -.16 | 5.00 |
| 3845.91 | 15.00 | 359.47 | 3842.50 | 39.05 | 39.04 | -.36 | 5.00 |
| End of Build | | | | | | | |
| 3945.91 | 20.00 | 359.47 | 3937.84 | 69.11 | 69.10 | -.64 | 5.00 |
| 4145.91 | 20.00 | 359.47 | 4125.78 | 137.51 | 137.51 | -1.27 | .00 |
| 4345.91 | 20.00 | 359.47 | 4313.72 | 205.92 | 205.91 | -1.90 | .00 |
| 4437.73 | 20.00 | 359.47 | 4400.00 | 237.32 | 237.31 | -2.20 | .00 |
| 4637.73 | 20.00 | 359.47 | 4587.94 | 305.72 | 305.71 | -2.83 | .00 |
| 4837.73 | 20.00 | 359.47 | 4775.88 | 374.13 | 374.11 | -3.46 | .00 |
| 5037.73 | 20.00 | 359.47 | 4963.82 | 442.53 | 442.51 | -4.09 | .00 |
| Pilot Hole TD | | | | | | | |
| 5076.24 | 20.00 | 359.47 | 5000.00 | 455.70 | 455.68 | -4.22 | .00 |



Job Number:
Company: David H. Arrington Oil & Gas
Lease/Well: Orange Comet #1H
Location: Eddy County
Rig Name:
RKB:
G.L. or M.S.L.: 3916'

State/Country: New Mexico
Declination:
Grid:
File name: C:\PROPOS~1\ARRING~1\ORANGE~1\PLAN.SVY
Date/Time: 31-Jan-06 / 17:38
Curve Name: Lateral Plan B

THE DIRECTIONAL DRILLING COMPANY

WINSERVE PROPOSAL REPORT
Minimum Curvature Method
Vertical Section Plane 359.47
Vertical Section Referenced to Wellhead
Rectangular Coordinates Referenced to Wellhead

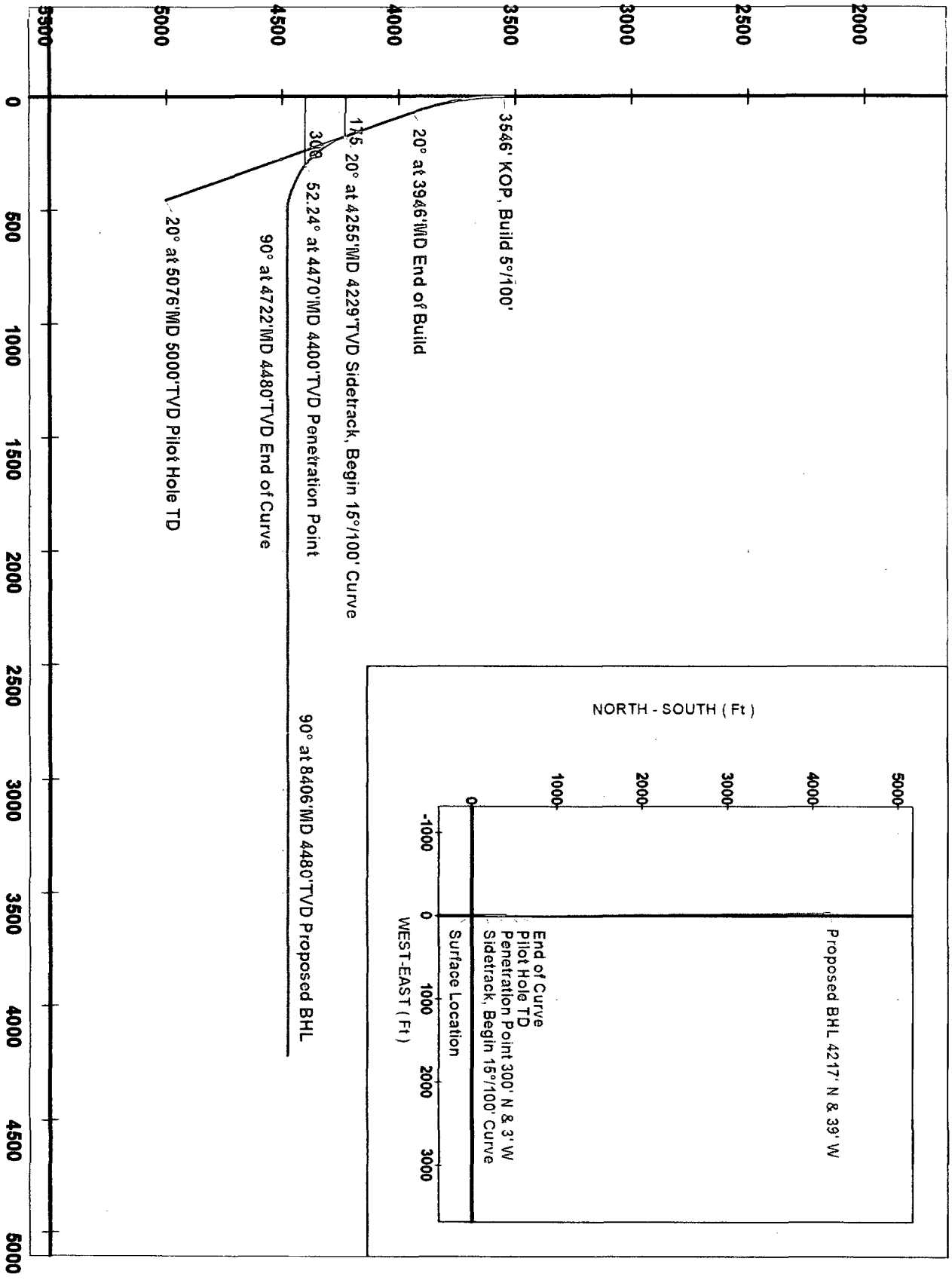
| Measured Depth FT | Incl Angle Deg | Drift Direction Deg | True Vertical Depth | Vertical Section FT | N-S FT | E-W FT | Dogleg Severity Deg/100 |
|--|-------------------|------------------------|------------------------|------------------------|-----------|-----------|----------------------------|
| Sidetrack, Begin 15°/100' Curve | | | | | | | |
| 4255.38 | 20.00 | 359.47 | 4228.64 | 174.95 | 174.94 | -1.62 | .00 |
| 4305.38 | 27.50 | 359.47 | 4274.37 | 195.07 | 195.06 | -1.81 | 15.00 |
| 4355.38 | 35.00 | 359.47 | 4317.09 | 220.99 | 220.98 | -2.05 | 15.00 |
| 4405.38 | 42.50 | 359.47 | 4356.06 | 252.26 | 252.25 | -2.34 | 15.00 |
| 4455.38 | 50.00 | 359.47 | 4390.61 | 288.35 | 288.34 | -2.67 | 15.00 |
| Penetration Point | | | | | | | |
| 4470.34 | 52.24 | 359.47 | 4400.00 | 300.00 | 299.99 | -2.78 | 15.00 |
| 4505.38 | 57.50 | 359.47 | 4420.16 | 328.64 | 328.63 | -3.04 | 15.00 |
| 4555.38 | 64.99 | 359.47 | 4444.19 | 372.45 | 372.43 | -3.45 | 15.00 |
| 4605.38 | 72.49 | 359.47 | 4462.31 | 419.01 | 418.99 | -3.88 | 15.00 |
| 4655.38 | 79.99 | 359.47 | 4474.19 | 467.54 | 467.52 | -4.33 | 15.00 |
| 4705.38 | 87.49 | 359.47 | 4479.63 | 517.21 | 517.19 | -4.79 | 15.00 |
| End of Curve | | | | | | | |
| 4722.10 | 90.00 | 359.47 | 4480.00 | 533.93 | 533.90 | -4.94 | 15.00 |
| 4922.10 | 90.00 | 359.47 | 4480.00 | 733.93 | 733.90 | -6.79 | .00 |
| 5122.10 | 90.00 | 359.47 | 4480.00 | 933.93 | 933.89 | -8.64 | .00 |
| 5322.10 | 90.00 | 359.47 | 4480.00 | 1133.93 | 1133.88 | -10.49 | .00 |
| 5522.10 | 90.00 | 359.47 | 4480.00 | 1333.93 | 1333.87 | -12.34 | .00 |
| 5722.10 | 90.00 | 359.47 | 4480.00 | 1533.93 | 1533.86 | -14.19 | .00 |
| 5922.10 | 90.00 | 359.47 | 4480.00 | 1733.93 | 1733.85 | -16.04 | .00 |
| 6122.10 | 90.00 | 359.47 | 4480.00 | 1933.93 | 1933.84 | -17.89 | .00 |
| 6322.10 | 90.00 | 359.47 | 4480.00 | 2133.93 | 2133.84 | -19.74 | .00 |

| Measured Depth FT | Incl Angle Deg | Drift Direction Deg | True Vertical Depth | Vertical Section FT | N-S FT | E-W FT | Dogleg Severity Deg/100 |
|-------------------------|----------------------|---------------------------|---------------------------|---------------------------|-----------|-----------|-------------------------------|
| 6522.10 | 90.00 | 359.47 | 4480.00 | 2333.93 | 2333.83 | -21.59 | .00 |
| 6722.10 | 90.00 | 359.47 | 4480.00 | 2533.93 | 2533.82 | -23.44 | .00 |
| 6922.10 | 90.00 | 359.47 | 4480.00 | 2733.93 | 2733.81 | -25.29 | .00 |
| 7122.10 | 90.00 | 359.47 | 4480.00 | 2933.93 | 2933.80 | -27.14 | .00 |
| 7322.10 | 90.00 | 359.47 | 4480.00 | 3133.93 | 3133.79 | -28.99 | .00 |
| 7522.10 | 90.00 | 359.47 | 4480.00 | 3333.93 | 3333.78 | -30.84 | .00 |
| 7722.10 | 90.00 | 359.47 | 4480.00 | 3533.93 | 3533.78 | -32.69 | .00 |
| 7922.10 | 90.00 | 359.47 | 4480.00 | 3733.93 | 3733.77 | -34.54 | .00 |
| 8122.10 | 90.00 | 359.47 | 4480.00 | 3933.93 | 3933.76 | -36.39 | .00 |
| 8322.10 | 90.00 | 359.47 | 4480.00 | 4133.93 | 4133.75 | -38.24 | .00 |
| Proposed BHL | | | | | | | |
| 8405.72 | 90.00 | 359.47 | 4480.00 | 4217.54 | 4217.36 | -39.01 | .00 |

Company: David H. Arrington Oil & Gas
 Lease/Mell: Orange Comet #1H
 Location: Eddy County
 State/Country: New Mexico



TRUE VERTICAL DEPTH (Ft)



VERTICAL SECTION (Ft) @ 359.47°

David H. Arrington Oil & Gas, Inc.
Orange Comet, Well #1H
Sec 35, T17S, R23E
Eddy County, New Mexico

We do not anticipate encountering any H2S during the drilling or completion of the above referenced well.

A handwritten signature in black ink, appearing to read "Ann E. Ritchie". The signature is fluid and cursive, with a large initial "A" and "R".

Ann E. Ritchie, Regulatory Agent
David H. Arrington Oil & Gas, Inc.
c/o Box 953
Midland, TX 79702
432 684-6381
ann.ritchie@wtor.net

Hydrogen Sulfide Drilling Operations Plan

For

David H. Arrington Oil & Gas, Inc.

Eddy County, New Mexico

ONE: Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted or employed on an unscheduled basis has or will receive training from qualified instructors in the following areas prior to working on the drilling operations on this well:

The hazards & characteristics of H2S

The proper use & maintenance of personal protective equipment and life support systems; the proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures & prevailing winds; and, the proper techniques of first aid and rescue contact 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 periodic H2S and well control drills for all personnel in each crew. The initial training session should include a review of the site specific Drilling Operations Plan. This plan is to be available at the well site.

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 a known 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 & pipe rams to accommodate all pipe sizes with properly sized closing unit;

Auxiliary equipment to include an Annular Preventer.