

District II
1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
Permit 24069

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address DAVID H ARRINGTON OIL & GAS INC PO BOX 2071 MIDLAND , TX 79702		2. OGRID Number 5898
		3. API Number 30-005-63812
4. Property Code 35466	5. Property Name NEW MEXICO NAIL	6. Well No. 001H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	13	15S	25E	P	660	S	760	E	CHAVES

8. Pool Information

WILDCAT; WOLFCAMP GAS	97489
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3404
14. Multiple N	15. Proposed Depth 8690	16. Formation Wolfcamp	17. Contractor	18. Spud Date 3/4/2006
Depth to Ground water 500		Distance from nearest fresh water well 700		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 20 _____mils thick Clay <input type="checkbox"/> Pit Volume: 6000 _____bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input checked="" type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	32	1100	1450	0
Prod	7.875	5.5	17	8690	900	0

Casing/Cement Program: Additional Comments

Fresh water @ 500'. Wash out zones at approximately 850-900'.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	Weatherford

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Danny Ledford Title: Manager Email Address: dledford@arringtonoil.com Date: 3/17/2006	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 3/20/2006	Expiration Date: 3/20/2007
	Conditions of Approval Attached	

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

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

State of New Mexico**Energy, Minerals and Natural Resources****Oil Conservation Division****1220 S. St Francis Dr.****Santa Fe, NM 87505**Form C-102
Permit 24069**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-05-34699	2. Pool Code 97489	3. Pool Name WILDCAT; WOLFCAMP GAS
4. Property Code 35466	5. Property Name NEW MEXICO NAIL	6. Well No. 001H
7. OGRID No. 5898	8. Operator Name DAVID H ARRINGTON OIL & GAS INC	9. Elevation 3404

10. Surface Location

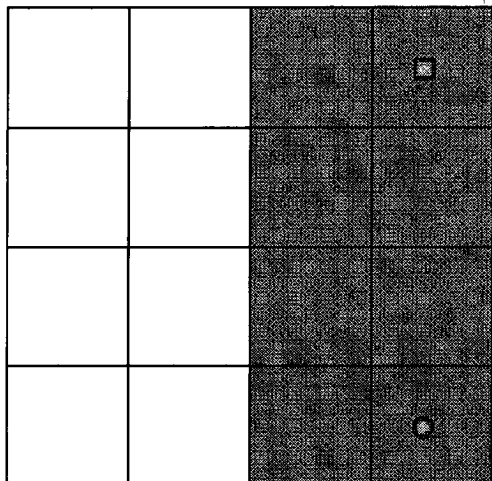
UL - Lot P	Section 13	Township 15S	Range 25E	Lot Idn	Feet From 660	N/S Line S	Feet From 760	E/W Line E	County CHAVES
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11. Bottom Hole Location If Different From Surface

UL - Lot P	Section 13	Township 15S	Range 25E	Lot Idn	Feet From 660	N/S Line N	Feet From 760	E/W Line E	County CHAVES
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12. Dedicated Acres 320.00	13. Joint or Infill	14. Consolidation Code	15. Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Danny Ledford

Title: Manager

Date: 3/17/2006

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.

Surveyed By: Lynn Bezner

Date of Survey: 2/13/2006

Certificate Number: 7920

Permit Conditions of Approval

Operator: DAVID H ARRINGTON OIL & GAS INC , 5898

Well: NEW MEXICO NAIL #001H

API: 30-05-34699

OCD Reviewer	Condition
Barrant	Will require a directional survey with the C-104
Barrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
Barrant	Please notify OCD time of spud and time to witness the cementing to surface of all casing strings.
Barrant	As noted operator to drill surface hole with fresh water mud.
Barrant	Approval from Santa Fe is required providing another well is drilled in the same proration unit to produce to the same formation.

Permit Comments

Operator: DAVID H ARRINGTON OIL & GAS INC , 5898

Well: NEW MEXICO NAIL #001H

API:

Created By	Comment	Comment Date
BArrant	Please go over a review again the distance to the water wells in this area. In my review I find water wells closer than 1000' as reported in this APD. Please submit in a 1/2 mile radius the complete list of water wells to the proposed well bore. Also, the setting depth of your surface casing is too shallow. Provide in writing the distance to the nearest occupied dwelling.	3/1/2006
BArrant	Due to proximity to the City of Lake Arthur, please provide a DETAILED h2s contingency plan per the conditions and rules of NOMCD Rule 19.15.3.118.	3/1/2006
BArrant	Spoke Ms. Ann Ritchie to provide requested information.	3/8/2006
annritchie	Amending distance to nearest fresh water well. I will send 1/2 mile radius & casing amendment, along with H2S contingency plan. Thank you.	3/8/2006

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

State of New Mexico

Energy, Minerals, and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-63812	² Pool Code 75250	³ Pool Name Cottonwood Creek; Wolfcamp
⁴ Property Code 35466	⁵ Property Name NEW MEXICO NAIL	
⁷ OGRID No. 5898	⁸ Operator Name DAVID H. ARRINGTON OIL & GAS, INC.	⁶ Well Number 1H
		⁹ Elevation 3404'

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
P	13	15 SOUTH	25 EAST, N.M.P.M.		660'	SOUTH	760'	EAST	CHAVES

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
A	13	15 SOUTH	25 EAST, N.M.P.M.		660'	NORTH	760'	EAST	CHAVES
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

<div>16</div> <div><p>BOTTOMHOLE LOCATION X = 482810 Y = 735166 LAT.: N 33.0210238 LONG.: W 104.3894147</p><p>NAD 27 NME ZONE X = 482825 Y = 731179 LAT.: N 33.0100652 LONG.: W 104.3893611</p></div> <div>BOTTOMHOLE INFORMATION PROVIDED BY DAVID H. ARRINGTON OIL & GAS</div>	<div>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Ann E. Ritchie Printed Name Regulatory Agent Title 2-21-06 Date</div> <div>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief. Signature and Seal of Professional Surveyor V. A. BEZNER Certification Number V. A. BEZNER R.P.S. #7920 JOB # 110696 / 125 SW / E.U.O.</div>
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**New Mexico Nail 1H
Cottonwood Creek Field
Chaves County, New Mexico**

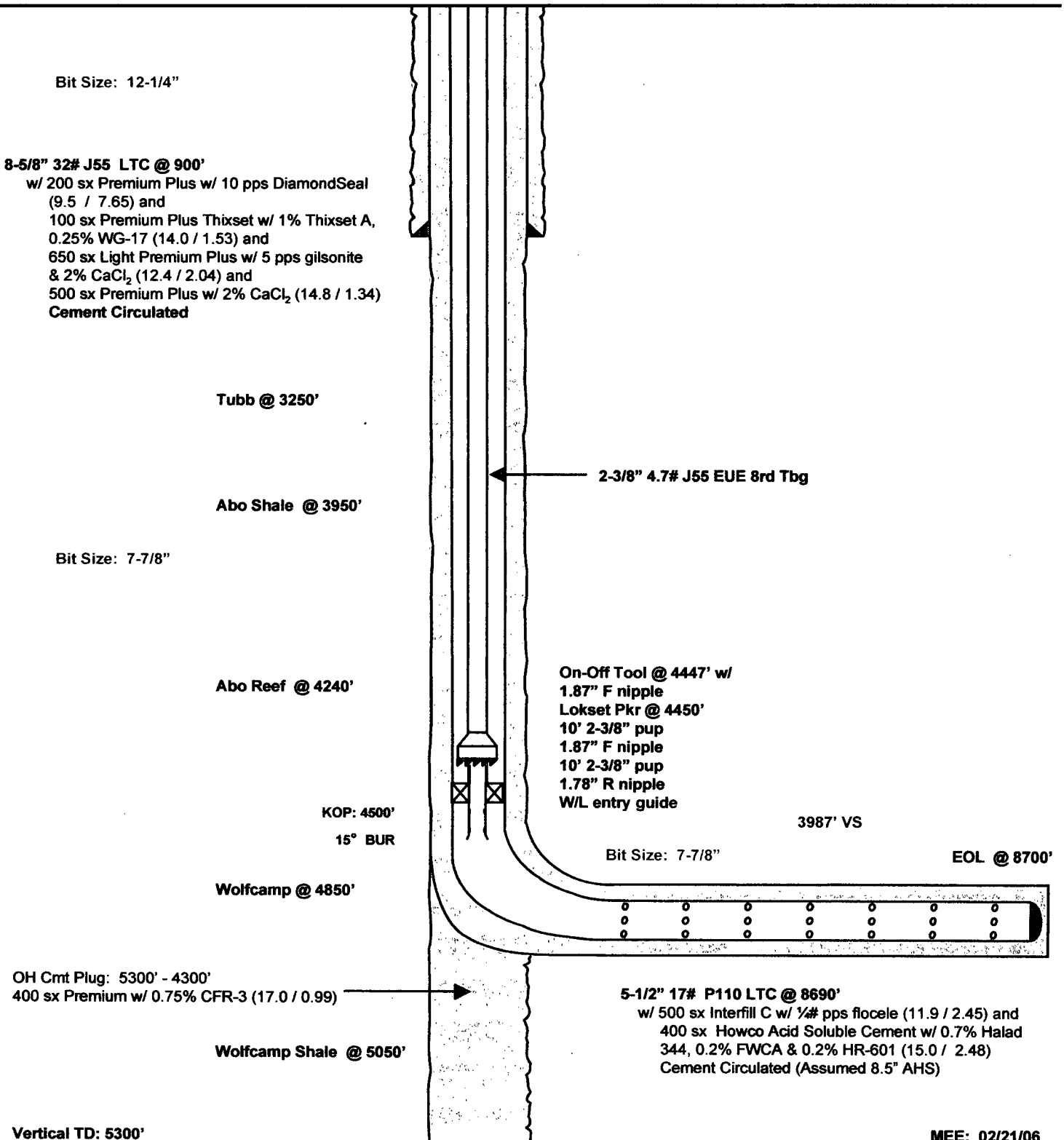
Surface
660' FSL
760' FEL
S-13
T15S, R25E

Lateral Terminus
660' FNL
760' FEL

Proposed Wellbore

API: 30-0??-?????

**KB: 3423'
GL: 3404'**



David H. Arrington Oil & Gas Inc.
 New Mexico Nail 1H
 SHL - 660' FSL & 760' FEL
 BHL - 660' FNL & 760' FEL
 S13, T15S, R25E
 Chaves County, NM

1. Ground elevation above sea level: 3404'

2. Proposed drilling depth: 5300' TVD

3. Estimated tops of geological markers:

Tubb	3250'
Abo Shale	3950'
Abo Reef	4240'
Wolfcamp	4850'
Wolfcamp Shale	5050'

4. Possible mineral bearing formations:

Abo/Wolfcamp	Gas/Oil
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5. Casing Program

<u>Hole size</u>	<u>Interval</u>	<u>OD of Casing</u>	<u>Weight</u>	<u>Thread</u>	<u>Grade</u>	<u>TOC</u>
12-1/4"	40' – 900'	8-5/8"	32#	LTC	J55	Surf
*7-7/8"	900' – 5300'	5-1/2"	17#	LTC	P110	Surf
*7-7/8"	4500' – 8700'	5-1/2"	17#	LTC	P110	Surf

*Drill 7-7/8" vertical hole to 5300', plug back to ~ 4300' and drill lateral to ~ 8700' (~4880' 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
		Lead-2:	Premium Plus Thixset w/ 1% Thixset A & 0.25% WG-17
		Lead-3:	Light Premium Plus w/ 5 pps gilsonite & 2% CaCl ₂
		Tail:	Premium Plus w/ 2% CaCl ₂
Open Hole Plug	5300' – 4300'	Slurry:	Premium mixed at 17.0 ppg
5-1/2" Production	8700'	Lead:	Interfill C w/ 1/4 pps Flocele
		Tail:	Howco Acid Soluble Cement w/ 0.7% Halad 344, 0.2% FWCA & 0.2% HR-601

Both casing strings will be cemented to surface.

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 3rd party testers.

8. Proposed Mud Circulating System

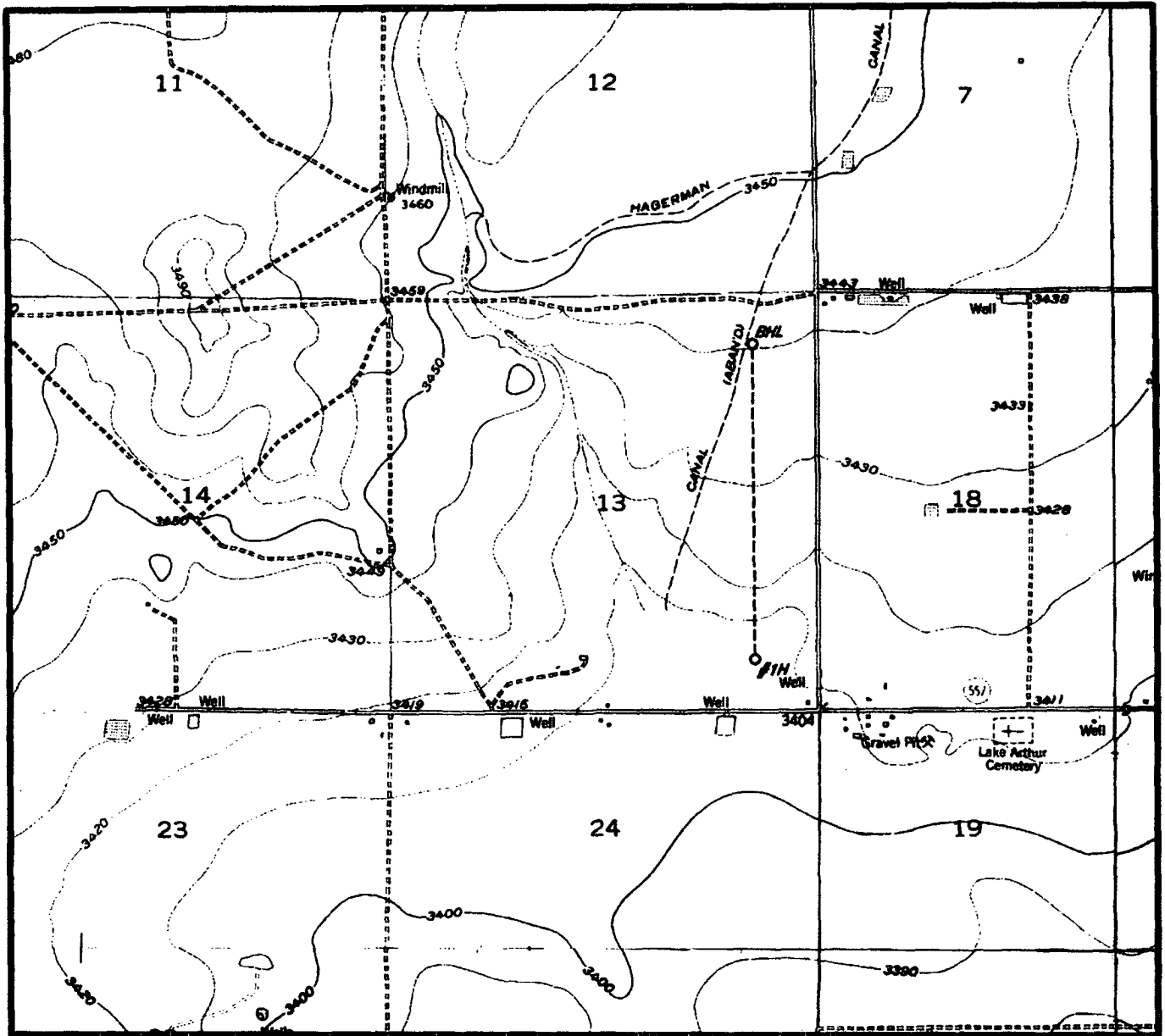
Interval	Mud Wt.	Visc.	FL	Type Mud System
40' - 900' 1100'	8.5 - 8.6	32 - 38	NC	Fresh water gel/lime slurry. Add paper for seepage. If losses occur, utilize 15-25 lb/bbl LCM. If necessary, spot LCM pill for losses. If not regained, dry drill to depth.
900' - 5300'	8.4 - 9.3	28 - 34	NC-12	Fresh water-cut brine. Drill out w/ fresh water using paper and high viscosity sweeps for seepage and hole cleaning. At ~ 3,700' add brine to mud. Mud up at ~4,600' utilizing starch/PAC system.
4500' - 8700'	8.8 - 9.3	32 - 50	15	XCD polymer system. Sweep as necessary for hole cleaning.

Proposed Drilling Plan:

Drill 12-1/4" surface hole to 900'. Run 8-5/8" and cement to surface.

Drill 7-7/8" pilot hole to ~5300' and log well. Plug back and dress off to KOP @ ~4500'. Drill curve w/ 15°/100' BUR to ~90° inclination. Drill 7-7/8" lateral to ~8700'. Run 5-1/2" casing and cement to surface.

LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 10'

SECTION 13 TWP 15-S RGE 25-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY CHAVES STATE NM

DESCRIPTION 660' FSL & 760' FEL

ELEVATION 3404'

OPERATOR DAVID H. ARRINGTON OIL & GAS

LEASE NEW MEXICO NAIL #1H

U.S.G.S. TOPOGRAPHIC MAP

HAGERMAN SW, NEW MEXICO

SCALED LAT. LAT.: N 33.0100652

LONG. LONG.: W 104.3893611

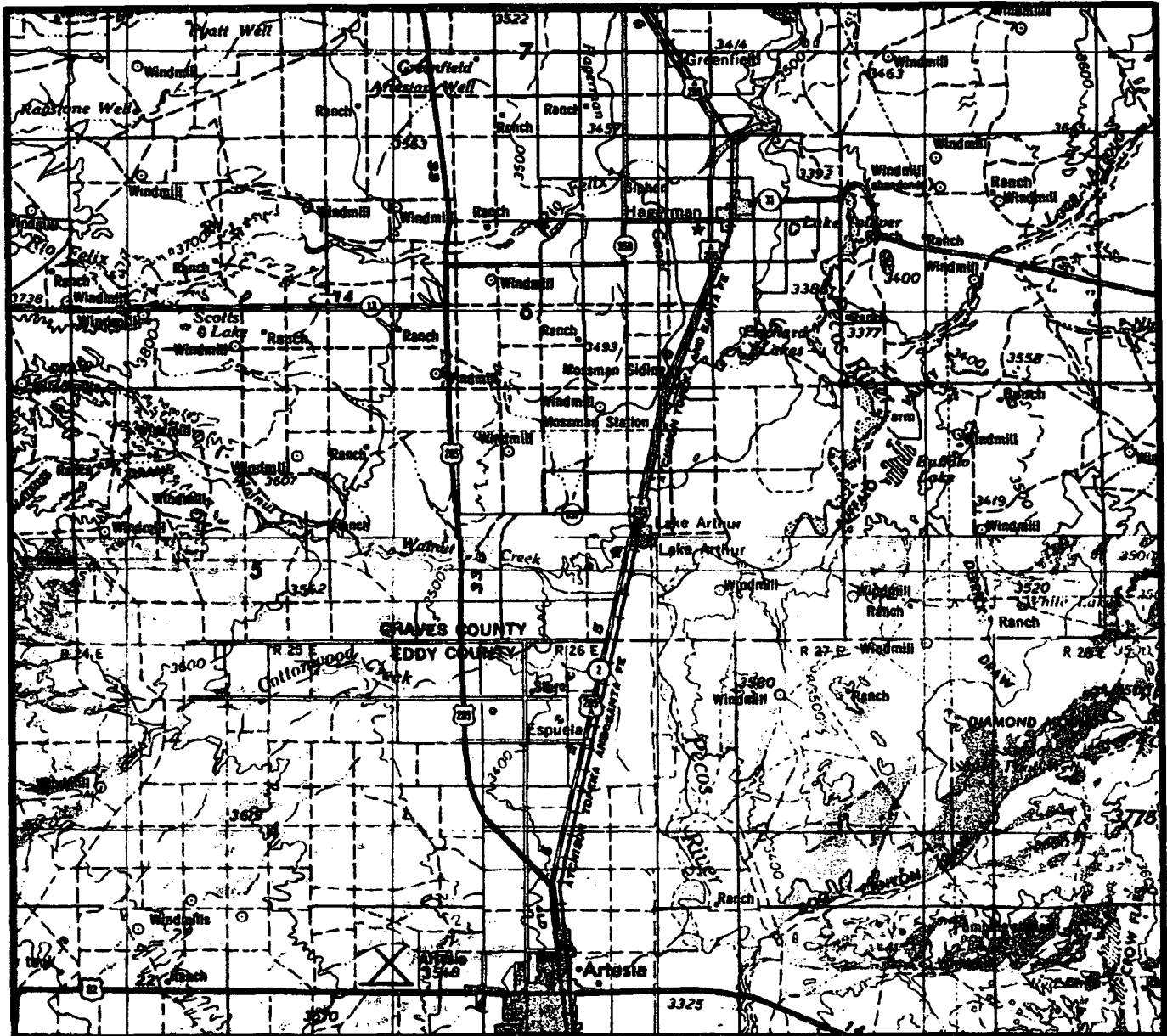


TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1853

VICINITY MAP



SECTION 13 TWP 15-S RGE 25-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY CHAVES STATE NM

DESCRIPTION 660' FSL & 760' FEL

OPERATOR DAVID H. ARRINGTON OIL & GAS

LEASE NEW MEXICO NAIL #1H

DISTANCE & DIRECTION FROM INTERSECTION OF HWY.

285 & HWY. 82, GO NORTH ± 12.0 MILES ON HWY. 285,

THENCE EAST ± 2.9 MILES ON PAVED ROAD, TO A POINT

$\pm 650'$ SOUTH OF LOCATION.

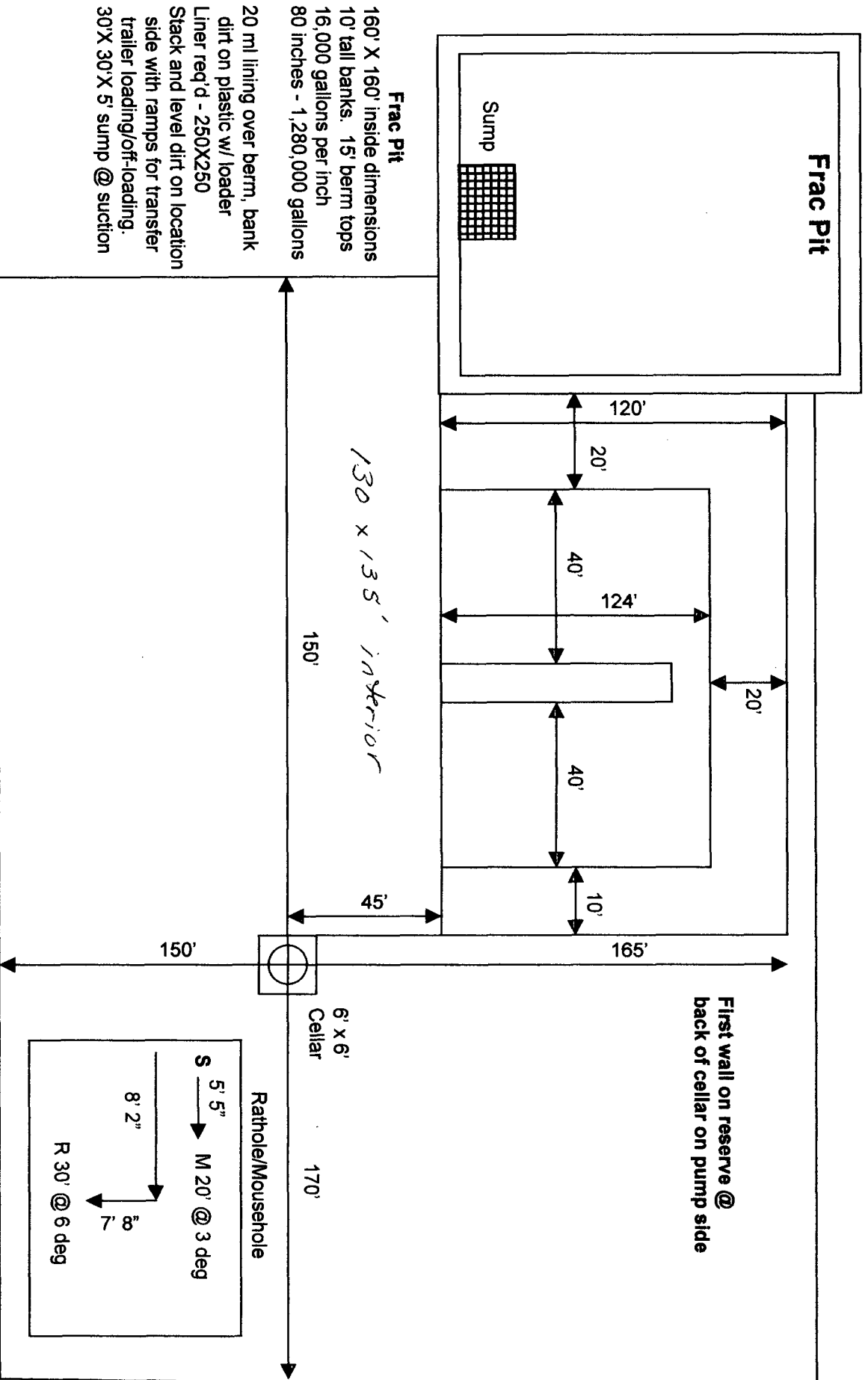


TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

Patterson Rig 624 Location Layout w/ Frac Pit



February 21, 2006

New Mexico Oil Conservation Division
Attn: Mr. Bryan Arrant
1301 W. Grand Ave.
Artesia, NM 88210

Re: David H. Arrington Oil & Gas, Inc., Cottonwood Creek, Wolfcamp (gas) pool
Chaves County, New Mexico

Dear Mr. Arrant,

Concerning the New Mexico Nail, Well #1H and the New Mexico Nail, Well #2H, both located in Section 13, T15S, R25E, NMPM we are respectfully requesting that the H2S Contingency Plan be waived. These two wells are to be completed in the Wolfcamp formation, which is sweet. We do not anticipate encountering any H2S bearing zones during the drilling operations on either well.

Please let me know if you need any further documentation or information concerning the referenced wells. We made the on line applications to drill on 2-21-06. Thank you.

Yours truly,



Ann E. 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

RECEIVED

FEB 23 2006

OOU-ANTEOM

March 13, 2006

Bryan Arrant, Geologist
New Mexico Oil Conservation Division
1301 W. Grand Ave.
Artesia, NM 88210

RE: **David H. Arrington Oil & Gas, Inc.**, New Mexico Nail #1H & 2H,
Section 13, T15S, R25E, Chaves County, New Mexico =

Dear Bryan,

Please see attached the new Location & Elevation Verification Map for the above referenced wells, which shows the town of Lake Arthur. I was concerned that there was some type of shed/house/dwelling in the SW/4 of Section 13 – one of the Arrington employees went to the location shown on the map and has identified it as a broken down shed/barn. So, according to his notes the closest dwelling would be in the Lake Arthur area in the NW/4 of Section 19.

I have enclosed the H2S Operations Plan in the event these are required in the permitting of the referenced wells. Please let me know if you need any further information in order to permit the New Mexico Nail #1H and #2H as above.
Thank you.

Yours truly,



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

Abandoned/wood pile/broken barn



OPERATOR DAVID H. ARRINGTON OIL & GAS

U.S.G.S. TOPOGRAPHIC MAP

SCALED LAT. _____ LAT.: N 33.0100652

Closes +
dwelling -
Lake Arthur -
NW 1/4 Sec 19

Surveying & Mapping for the Oil & Gas Industry

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

Hydrogen Sulfide Drilling Operations Plan

for

David H. Arrington Oil & Gas, Inc.'s

*New Mexico Nail #1H
660' FSL & 760' FEL (SL)
Section 13, T15S, R25E
Chaves County, NM*

ONE - Hydrogen Sulfide Training:

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

- The hazards and characteristics of hydrogen sulfide (H₂S);
- The proper use and maintenance of personal protective equipment and life support systems;
- The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds; and,
- The proper techniques of first aid and rescue 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 weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

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 the first 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 and pipe rams to accommodate all pipe sizes with properly sized closing unit;
- Auxiliary equipment to include an Annular Preventer.

2. Protective equipment for essential personnel:

- The designated safety expert will provide 5-minute escape units located in the doghouse, and 30-minute air units at briefing areas.

3. H2S detection and monitoring equipment:

- Three portable H2S monitors will be positioned on location for the best coverage and response. These units have warning lights and audible sirens when triggered by H2S levels > 20 PPM.
- One portable SO2 monitor will be positioned near flare line during H2S flaring operations.

4. Visual warning systems:

- Wind direction indicators will be placed in accordance with the directives issued by the designated H2S expert.
- Caution/Danger signs shall be posted on roads providing direct access to the location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be legible from the immediate location.

5. Mud Program:

- The mud program will minimize the volume of H2S circulated to the surface. Proper mud weight safe drilling practices, and, if necessary, the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

- All drill strings, casing, tubing, wellhead, blowout preventers, drilling spools kill lines, choke manifold and line valves shall be suitable for H2S service.
- All elastomers used for packing and seals shall be H2S trimmed.

7. Communications:

- Radio and telephone communications will be available in company vehicles and rig doghouse.

8. Well Testing:

- Drill stem testing will be performed with a minimum number of personnel necessary to safely and adequately conduct the test. The drill stem testing of any known formation that contains H2S will be conducted during daylight hours.

Hydrogen Sulfide Drilling Operations Plan

for

David H. Arrington Oil & Gas, Inc.'s

*New Mexico Nail, #2 H
Section 13, T15S, R25E; 400' FSL & 1880' FWL (SL)
Chaves County, New Mexico*

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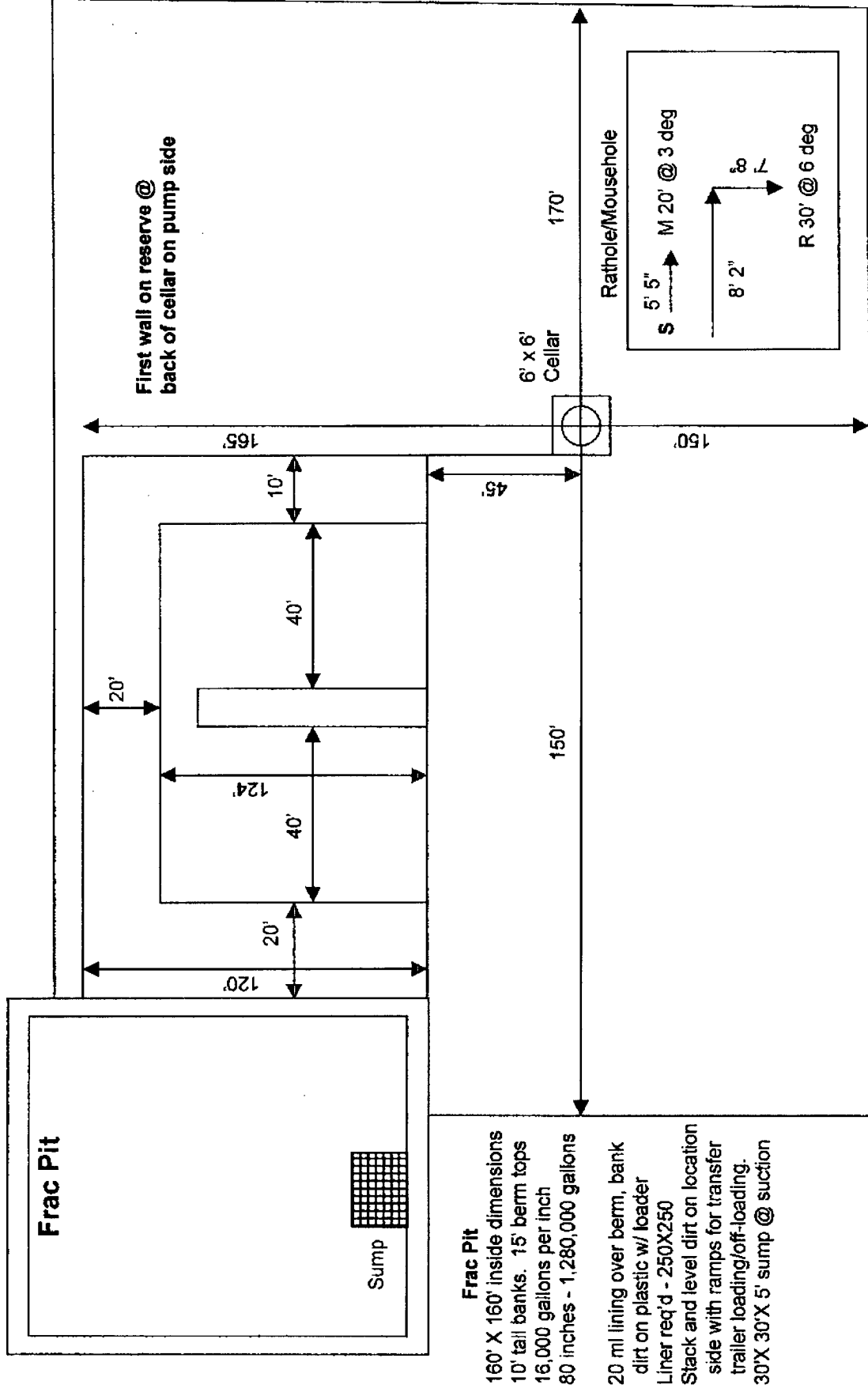
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1 of 1

Patterson Rig 624 Location Layout w/ Frac Pit



February 21, 2006

New Mexico Oil Conservation Division
Attn: Mr. Bryan Arrant
1301 W. Grand Ave.
Artesia, NM 88210

30-005-63813

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Chaves County, New Mexico

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Ann E. Ritchie, Regulatory Agent
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c/o P.O. Box 953
Midland, TX 79702
432 684-6381/682-1458-fax
ann.ritchie@dwg.net

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FEB 23 2006

OCU-ARTESIA