

0651

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER



FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 100527
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator David H. Arrington Oil & Gas, Inc. 5898		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Box 2071 Midland, TX 79702	3b. Phone No. (include area code) 432 682-6685/684-6381	8. Lease Name and Well No. Peacock Sparrow Fed Com #1H 36003
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 660' FSL & 1880' FEL At proposed prod. zone 660' FNL & 1880' FEL		9. API Well No. 30 015- 35116
10. Field and Pool, or Exploratory Wildcat ; Wolfcamp		11. Sec., T. R. M. or Blk. and Survey or Area Sec 26, T17S, R32E, NMPM
12. Distance in miles and direction from nearest town or post office* 7 miles east of Hope, New Mexico		13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of acres in lease 320	17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. only well	19. Proposed Depth TVD: 4900' MD: 8290'	20. BLM/BIA Bond No. on file N/A Statewide Bond #2503
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3943'	22. Approximate date work will start* 09/10/2006	23. Estimated duration 14-20 days

24. Attachments Roswell Controlled Water Basin

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Ann E. Ritchie (684-6381)	Date 08/07/2006
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Title
Regulatory Agent ann.ritchie@wtor.net

Approved by (Signature) /s/ Tony J. Herrell	Name (Printed/Typed) /s/ Tony J. Herrell	Date AUG 24 2006
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Title
FIELD MANAGER
Office
CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

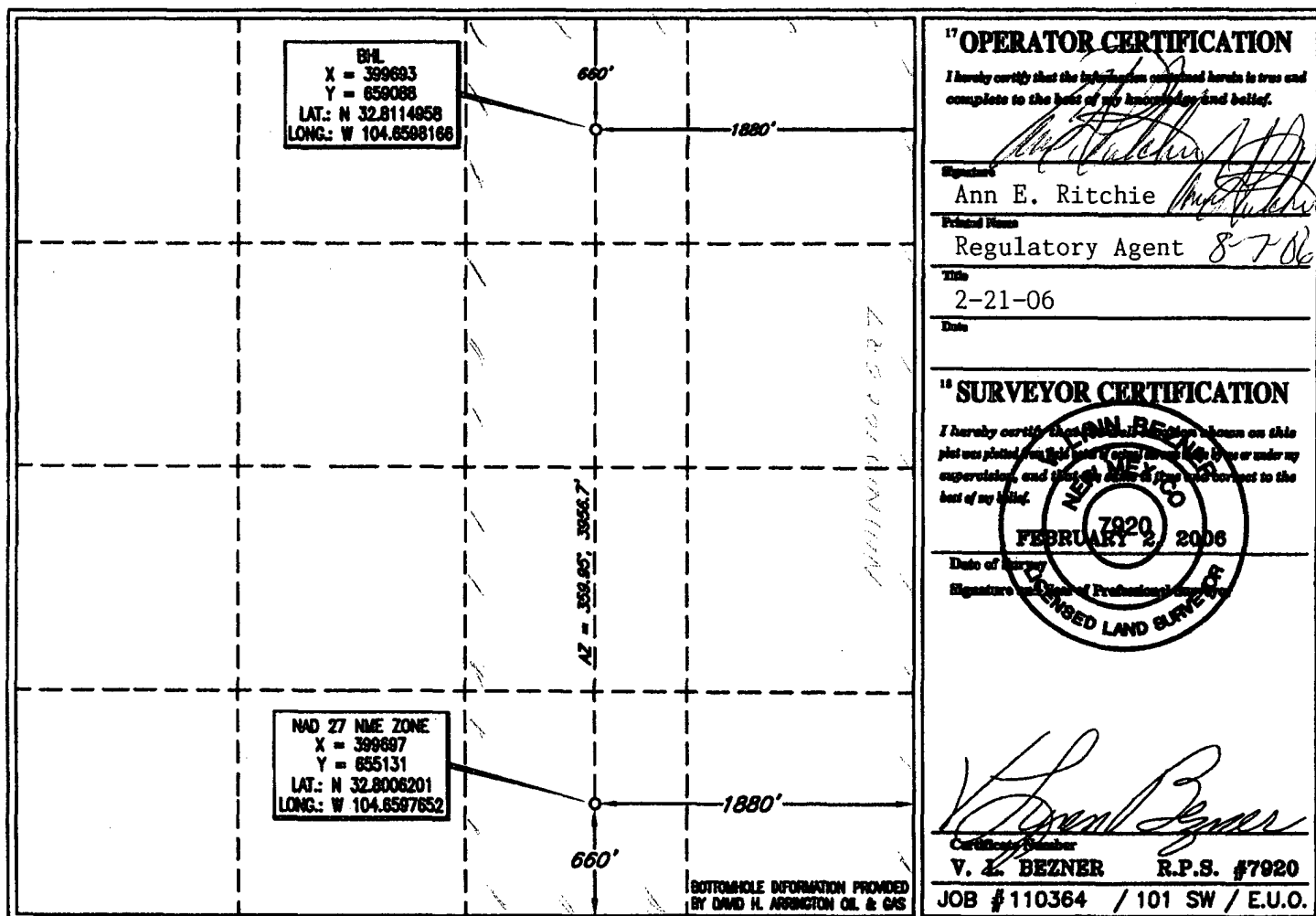
*(Instructions on page 2)

DECLARED WATER BASIN
CEMENT BEHIND THE 5' 8" CASING MUST BE CIRCULATED

WITNESS

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.



- Drilling Plan -

David H. Arrington Oil & Gas Inc.
 Peacock Sparrow Fed Com 1H
 SHL - 660' FSL & 1880' FEL
 BHL - 660' FNL & 1880' FEL
 S26, T17S, R23E
 Eddy County, NM

1. Ground elevation above sea level: 3943'
2. Proposed drilling depth: 4900' TVD
3. Estimated tops of geological markers:

San Andres	235'
Glorietta	1550'
Blinberry	2230'
Tubb	2900'
Abo Shale	3575'
Abo Carbonate	3750'
Wolfcamp	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' - 1300'	8-5/8"	32#	LTC	J55	Surf
*7-7/8"	1300' - 4900'					
*7-7/8"	4100' - 8290'	5-1/2"	17#	LTC	P110	Surf

*Drill 7-7/8" vertical hole to 4900', plug back to ~ 3900' and drill lateral to ~ 8290' (~4495' TVD). Run 5-1/2" production string to TD and cement to surface.

6. Cementing and Setting Depth

String	Depths	Sks	Slurry
8-5/8" Surface	1300'	200	Lead-1: Premium Premium Plus w/ 10 pps DiamondSeal
		100	Lead-2: Premium Plus Thixset w/ 1% Thixset A & 0.25% WG-17
		750	Lead-3: Light Premium Plus w/ 5 pps gilsonite & 2% CaCl ₂
		500	Tail: Premium Plus w/ 2% CaCl ₂
Open Hole Plug	3900-4900'	400	Slurry: Premium mixed at 17.0 ppg
5-1/2" Production	8290'	440	Lead: Interfill C w/ 1/4 pps Flocele
		410	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' - 1300'	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.
1300' - 4900'	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 ~ 3,300' add brine to mud. Mud up at ~4,200' utilizing starch/PAC system.
4100' - 8290'	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 1300'. Run 8-5/8" and cement to surface.

Drill 7-7/8" pilot hole to ~4900' and log well. Plug back and dress off to KOP @ ~4110'. Drill curve w/ 15°/100' BUR to ~90° inclination. Drill 7-7/8" lateral to ~8290'. Run 5-1/2" casing and cement to surface.

**Peacock Sparrow Fed Com 1H
Cottonwood Creek Field
Eddy County, New Mexico**

Surface Lateral Terminus

660' FSL 660' FNL
1880' FEL 1880' FEL
S-26
T17S, R23E

Proposed Wellbore

API: 30-015-?

KB: 3962'
GL: 3943'

Bit Size: 12-1/4"

8-5/8" 32# J55 LTC @ 1300'

w/ 200 sx Premium Plus w/ 10 pps DiamondSeal
 (9.5 / 7.65) and
 100 sx Premium Plus Thixset w/ 1% Thixset A,
 0.25% WG-17 (14.0 / 1.53) and
 750 sx Light Premium Plus w/ 5 pps gilsonite
 & 2% CaCl₂ (12.4 / 2.04) and
 500 sx Premium Plus w/ 2% CaCl₂ (14.8 / 1.34)
Cement Circulated

San Andres @ 235'

Glorietta @ 1550'

Blinberry @ 2230'

Tubb @ 2900'

Bit Size: 7-7/8"

Abo Shale @ 3575'

Abo Carb @ 3750'

On-Off Tool @ 4047' w/
1.87" F nipple
Lokset Pkr @ 4050'
10' 2-3/8" pup
1.87" F nipple
10' 2-3/8" pup
1.78" R nipple
W/L entry guide

KOP: 4110'
15° BUR

3957' VS
359.95° AZ

Bit Size: 7-7/8"

EOL @ 8290'

Wolfcamp @ 4465'

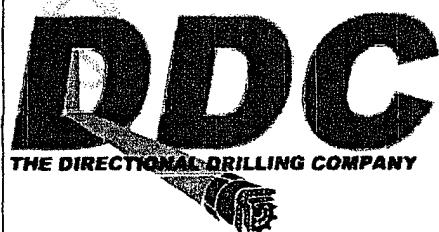
OH Cmt Plug: 4900' - 3900'
400 sx Premium w/ 0.75% CFR-3 (17.0 / 0.99)

5-1/2" 17# P110 LTC @ 8280'

w/ 440 sx Interfill C w/ 1/4# pps flocele (11.9 / 2.45) and
 410 sx Howco Acid Soluble Cement w/ 0.7% Halad
 344, 0.2% FWCA & 0.2% HR-601 (15.0 / 2.48)
Cement Circulated (Assumed 8.5" AHS)

Vertical TD: 4900'

MEE: 02/24/06



Job Number:
 Company: David H. Arrington Oil & Gas
 Lease/Well: Peacock Sparrow Fed Com #1H
 Location: Eddy County
 Rig Name:
 RKB:
 G.L. or M.S.L.:

State/Country: New Mexico
 Declination:
 Grid:
 File name: C:\PROPOS~1\ARRING~1\#1HPEA~1\PLAN.SVY
 Date/Time: 26-Feb-06 / 11:37
 Curve Name: Preliminary Plan

THE DIRECTIONAL DRILLING COMPANY

WINSERVE PROPOSAL REPORT Minimum Curvature Method Vertical Section Plane 359.95 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
KOP, Build 15°/100'							
4113.03	.00	359.95	4113.03	.00	.00	.00	.00
4163.03	7.50	359.95	4162.89	3.27	3.27	.00	15.00
4213.03	15.00	359.95	4211.89	13.02	13.02	-.01	15.00
4263.03	22.50	359.95	4259.20	29.08	29.08	-.03	15.00
4313.03	30.00	359.95	4304.01	51.17	51.17	-.04	15.00
Penetration Point							
4325.84	31.92	359.95	4315.00	57.77	57.77	-.05	15.00
4363.03	37.50	359.95	4345.56	78.93	78.93	-.07	15.00
4413.03	45.00	359.95	4383.12	111.88	111.88	-.10	15.00
4463.03	52.50	359.95	4416.07	149.44	149.44	-.13	15.00
4513.03	60.00	359.95	4443.83	190.99	190.99	-.17	15.00
4563.03	67.50	359.95	4465.92	235.80	235.80	-.21	15.00
4613.03	75.00	359.95	4481.98	283.11	283.11	-.25	15.00
4663.03	82.50	359.95	4491.73	332.11	332.11	-.29	15.00
End of Curve							
4713.03	90.00	359.95	4495.00	381.97	381.97	-.33	15.00
4913.03	90.00	359.95	4495.00	581.97	581.97	-.51	.00
5113.03	90.00	359.95	4495.00	781.97	781.97	-.68	.00
5313.03	90.00	359.95	4495.00	981.97	981.97	-.86	.00
5513.03	90.00	359.95	4495.00	1181.97	1181.97	-1.03	.00
5713.03	90.00	359.95	4495.00	1381.97	1381.97	-1.21	.00
5913.03	90.00	359.95	4495.00	1581.97	1581.97	-1.38	.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
6113.03	90.00	359.95	4495.00	1781.97	1781.97	-1.56	.00
6313.03	90.00	359.95	4495.00	1981.97	1981.97	-1.73	.00
6513.03	90.00	359.95	4495.00	2181.97	2181.97	-1.90	.00
6713.03	90.00	359.95	4495.00	2381.97	2381.97	-2.08	.00
6913.03	90.00	359.95	4495.00	2581.97	2581.97	-2.25	.00
7113.03	90.00	359.95	4495.00	2781.97	2781.97	-2.43	.00
7313.03	90.00	359.95	4495.00	2981.97	2981.97	-2.60	.00
7513.03	90.00	359.95	4495.00	3181.97	3181.97	-2.78	.00
7713.03	90.00	359.95	4495.00	3381.97	3381.97	-2.95	.00
7913.03	90.00	359.95	4495.00	3581.97	3581.97	-3.13	.00
8113.03	90.00	359.95	4495.00	3781.97	3781.97	-3.30	.00
Proposed BHL							
8287.76	90.00	359.95	4495.00	3956.70	3956.70	-3.45	.00

March 2, 2006

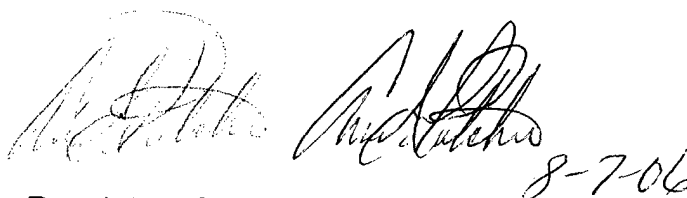
Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220

Oil Conservation Division
Attn: Bryan Arrant
1301 Grand Ave.
Artesia, NM 88210

RE: **David H. Arrington Oil & Gas, Inc.**, Peacock Sparrow Fed Com, Well #1H;
Cottonwood Creek; Wolfcamp, Sec 26, T17S, R23E, Eddy County, NM

It is not anticipated that we will encounter any H₂S during the drilling or completion of the above referenced well. There is a ranch house located approximately 2100' to the NE of the proposed drilling location. In the event the proximity of the ranch house is of a sufficient distance from this well, we are respectfully requesting an exemption from H₂S requirements as per NMOCD Rule 118. Please see enclosed our H₂S Operations Plan in the event a contingency plan is stipulated within the permitting of this well. The anticipated TVD is 4900', the MD is 8290' for this proposed horizontal well. The anticipated drilling time is 14-20 days.

Thank you,

Two handwritten signatures are present. The first signature is on the left, and the second is on the right. To the right of the second signature is the date "8-7-06".

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

Hydrogen Sulfide Drilling Operations Plan

For

David H. Arrington Oil & Gas, Inc.
Peacock Sparrow Fed Com, Well #1H
Section 26, T17S, R23E (O)
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.

August 4, 2006

STATEMENT OF SURFACE USE

Operator	David H. Arrington Oil & Gas, Inc.
Well Name	Peacock Sparrow Fed Com
Well Number	1H
Location	Township 17 South, Range 25 East, N.M.P.M. Section: 26 (SW/SE)

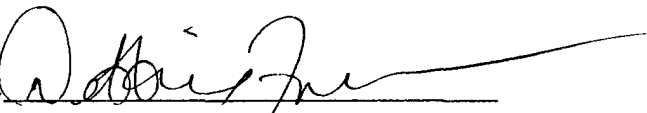
The surface for the ownership of the above described lands is a follows:

1. _____ owned by the United States of America.
2. _____ owned by the State of New Mexico.
3. X owned in fee by the following party(ies):

Name	Carl Morgan and Gwenetta Morgan, h/w
Address	P.O. Box 1122
City/State/Zip	Artesia, NM 88211-1122
Phone Number	505-746-0303

The undersigned is an authorized agent, or employee, of David H. Arrington Oil & Gas, Inc., and hereby certifies that the described lands are owned, as indicated above, and a surface agreement has been obtained, if required, from the owner.

Certified this 4th day of August , 2006 .

by: 

Print Name: Debbie Freeman _____

Thirteen Point Plan for Surface Use
(Additional data for form 3160-3)

David H. Arrington Oil & Gas, Inc.

Peacock Sparrow Fed Com, Well #1H

Sec. 26, T17S, R23E, 660' FSL & 1880' FEL (SL); 660' FNL & 1880' FEL, Eddy County, NM

Cottonwood Creek; Wolfcamp

NMNM 100527

1. **EXISTING ROADS - A "VICINITY MAP" and a "LOCATION VERIFICATION MAP"** by Topographic Land Surveyors are attached which show the location of existing roads and the area topography.

The directions to the location are as follows:

From intersection of Hwy. 82 & Hwy. 285 to west on Hwy. 82 +/- 17.0 miles, thence south on CR 8, 2.0 miles – then East 1.6 miles to a point +/- 600' south of the location.
2. **PLANNED ACCESS ROAD** —Approximately 510' of new N-S access road will be built from the existing E-W road as per the Topographic Land Surveyors map of Feb 2, 2006, enclosed.
3. **LOCATION OF EXISTING WELLS** – Only well applied for in this Section.
4. **LOCATION OF EXISTING OR PROPOSED FACILITIES** – New facilities for the Peacock Sparrow Fed Com #1H. Facilities will be located just SW of the surface location.
5. **LOCATION AND TYPE OF WATER SUPPLY** - All water (fresh or otherwise) needed for the drilling and completion of this well will be purchased from a commercial source and trucked to the location via the existing and proposed access road. No water source wells will be drilled, and no surface water will be utilized.
6. **SOURCE OF CONSTRUCTION MATERIALS** - Construction material (caliche) required for the preparation of the drill site is available from a local source approximately 3 miles away. It is not anticipated that a significant amount of material will be required as the terrain is relatively flat. Transportation will be over the existing roads.
7. **METHODS FOR HANDLING WASTE DISPOSAL** -
 - Drill cuttings will be disposed into drilling pits after fluids have evaporated.

- The drilling pits will be lined with a 20 mil biodegradable plastic liner, and buried as per regulatory requirements. The pits will be located on the drill site.
 - Receptacles for solid wastes (paper, plastic, etc) will be provided and equipped to prevent scattering by wind, animals, etc. This waste will be hauled to an approved landfill site. All drilling line, oil filters, etc. will be hauled away by the Drilling Contractor.
 - Any other waste generated by the drilling, completion, testing of this well will be removed from the site within 30 days of the completion of drilling or testing operations.
 - A Porta-John will be provided for the crews. This will be properly maintained during the drilling operations and removed upon completion of the well.
8. **ANCILLARY FACILITIES** - The drilling, completion, and/or testing of this well will require temporary test facilities to be located in the SW/4 of the SE/4 of Section 26, T17S, R23E, NMPM, Eddy County, NM.
9. **WELLSITE LAYOUT** - Attached is a plat showing the anticipated orientation of the drilling rig, and pad. The approximate 400 x 400' drill site area has been surveyed and flagged. Approximately 5' of topsoil will be stockpiled on the east side of the location for rehabilitation purposes. The interior reserve pit diameter is approximately 130 x 135', approximately 6000' bbls. There are no waterways; the closest occupied structure is approximately 2100' to the NE designated on the Location & Elevation Verification Map as the "McAshan Ranch". Material moved to create the drilling pits will be utilized in the dike around the pits so as to facilitate restoration of the area when operations are completed.
10. **PLANS FOR SURFACE RESTORATION** - Reclamation of the surface location will be in accordance with the requirements set forth by the BLM. As stated earlier all waste generated by this operation will be disposed of in an approved manner, and the site restored as closely as possible to its pre-operation appearance. Due to the topography of the area no problems are anticipated in achieving this status and no erosion or other detrimental effects are expected as a result of this operation.
11. **OTHER INFORMATION** - The surface ownership of the drill site and the access routes are under the control/ownership of:
- Carl Morgan and Gwenetta Morgan, h/w
PO BOX 1122
Artesia, NM 88211-1122

The site has been archaeologically surveyed by a registered archeological surveyor in February 2006 and submitted to the BLM, Carlsbad, New Mexico.

Drilling contractor: Patterson UTI Drilling: 432 682-9401

12. OPERATORS REPRESENTATIVE – David H. Arrington Oil & Gas, Inc. is covered by Nationwide Bond No. UIB0005938 and Statewide Bond No. NM2503. David H. Arrington Oil & Gas, Inc. is represented by:

Mark Ellerbe: Operations and Drilling Engineer – (432) 559-1216-mobile &

(432) 682-6685, ext. 351 – office

David H. Arrington Oil & Gas, Inc.

P.O. Box 2071

Midland, TX 79702

(432) 682-6685 (office)

13. OPERATORS CERTIFICATION

I hereby certify that I, Mark Ellerbe, Operations Engineer, have inspected the proposed drill site and access route and that I am familiar with the conditions that currently exist; that the statements made in the APD package are to the best of my knowledge true and correct; and that the work associated with operations herein will be performed by David H. Arrington Oil & Gas, Inc. and its contractors and subcontractors in conformity with the terms and conditions of this APD package. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application with bond coverage being provided under a BLM bond.

This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Signature:

Mark E Ellerbe

Date:

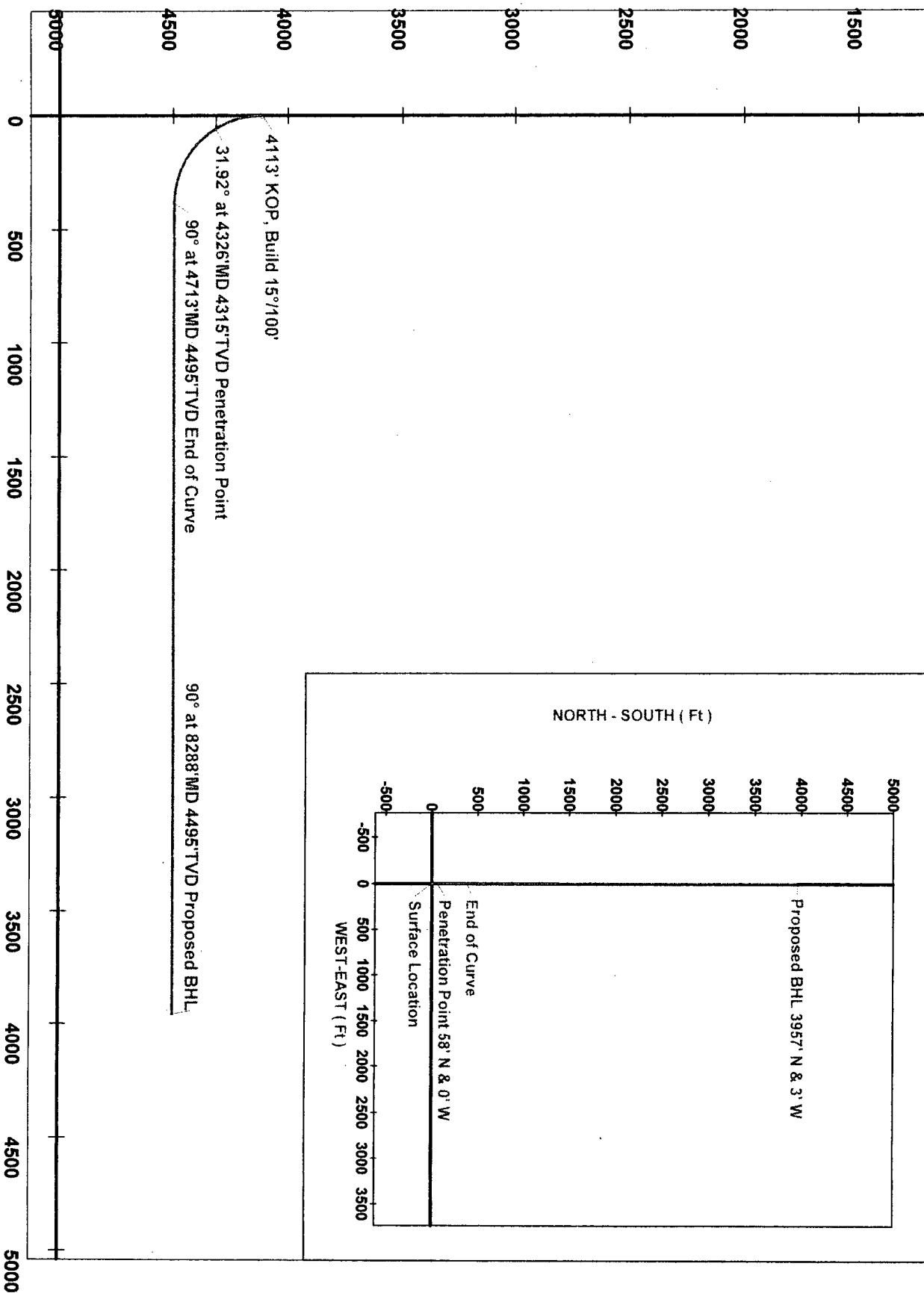
08/07/06

.....
.....
APD, Nine Point & Thirteen Point Drilling Plans prepared & submitted to the Bureau of Land Management by Ann E. Ritchie, Regulatory Agent, P.O. Box 953, Midland, TX 79702, 432 684-6381, ann.ritchie@wtor.net.

Company: David H. Arrington Oil & Gas
 Lease/Well: Peacock Sparrow Fed Com #1H
 Location: Eddy County
 State/Country: New Mexico

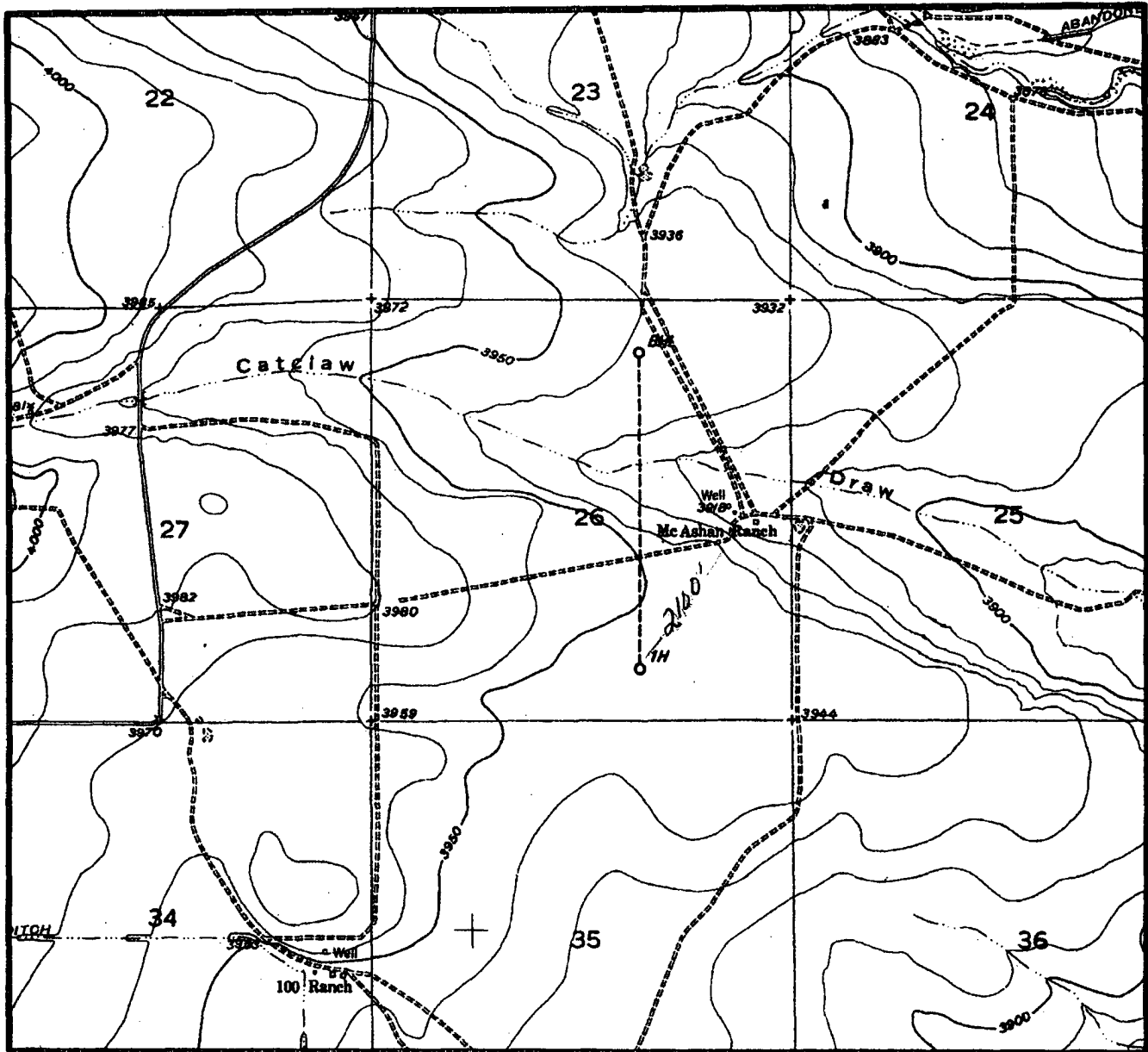


TRUE VERTICAL DEPTH (Ft)



VERTICAL SECTION (Ft) @ 359.95°

LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 10'

SECTION 26 TWP 17-S RGE 23-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY EDDY STATE NM

DESCRIPTION 660' FSL & 1880' FEL

ELEVATION 3943'

OPERATOR DAVID H. ARRINGTON OIL & GAS

LEASE PEACOCK SPARROW FED COM #1H

U.S.G.S. TOPOGRAPHIC MAP

HOPE, NEW MEXICO

SCALED LAT. LAT.: N 32.8006201

LONG. LONG.: W 104.6597652

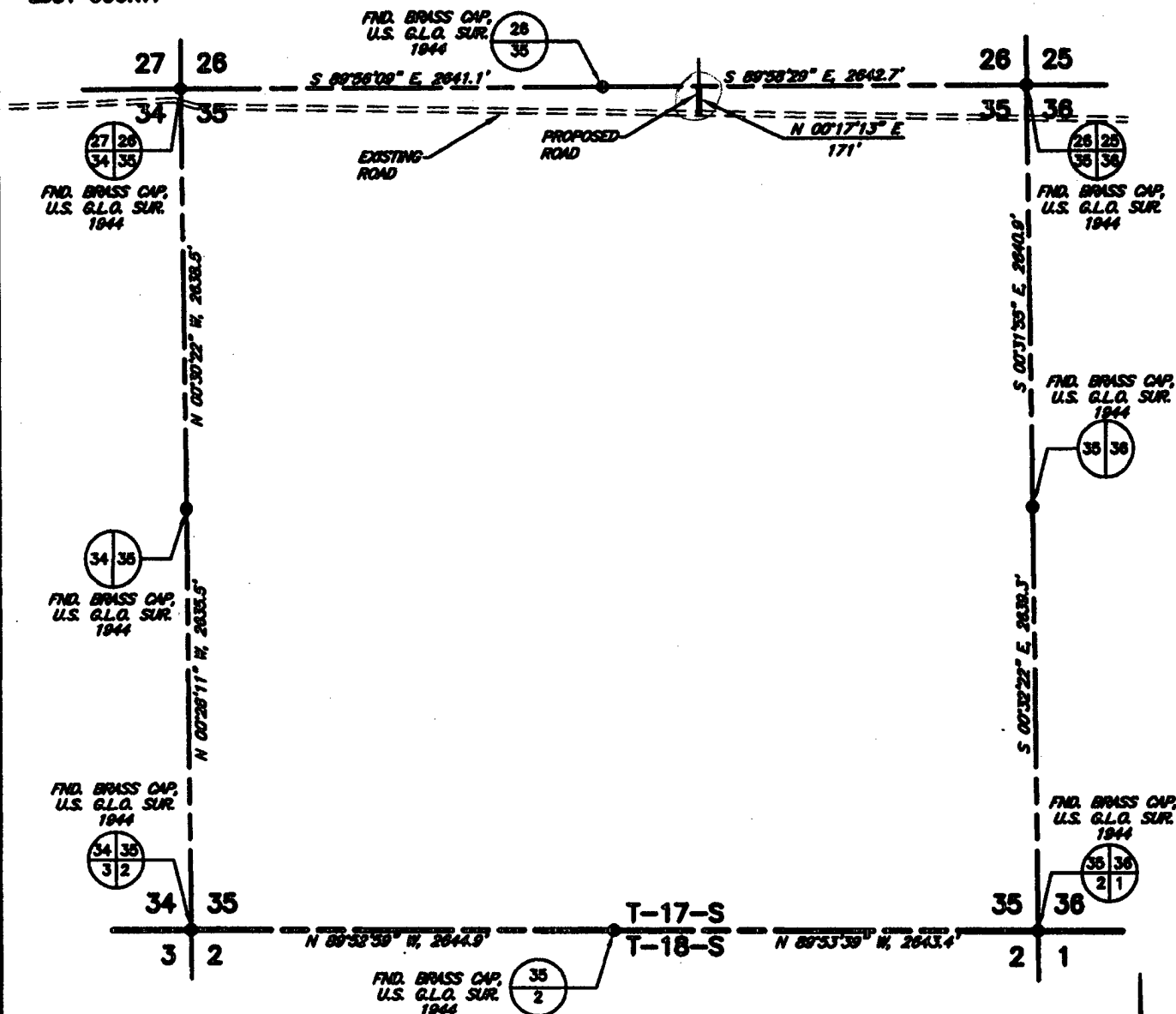


TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

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

SECTION 35, TOWNSHIP 17 SOUTH, RANGE 23 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



DATE OF FIELD WORK: FEBRUARY 2, 2006

4. V. L. BEZNER, LICENSED PROFESSIONAL SURVEYOR IN THE
STATE OF NEW MEXICO AND AUTHORIZED AGENT OF
TOPOGRAPHIC LAND SURVEYORS, HEREBY CERTIFY THIS
PLAT TO BE A TRUE REPRESENTATION OF A SURVEY
PERFORMED IN THE FIELD UNDER MY SUPERVISION,
THAT I AM RESPONSIBLE FOR THIS SURVEY, THAT THIS
SURVEY IS TRUE AND CORRECT TO THE BEST OF MY
KNOWLEDGE AND BELIEF AND THAT THIS PLAT AND FIELD
SURVEY UPON WHICH IT IS BASED MEET THE MINIMUM
STANDARDS FOR SURVEYING IN NEW MEXICO.
(RULE 500.6 EASEMENT SURVEYING)

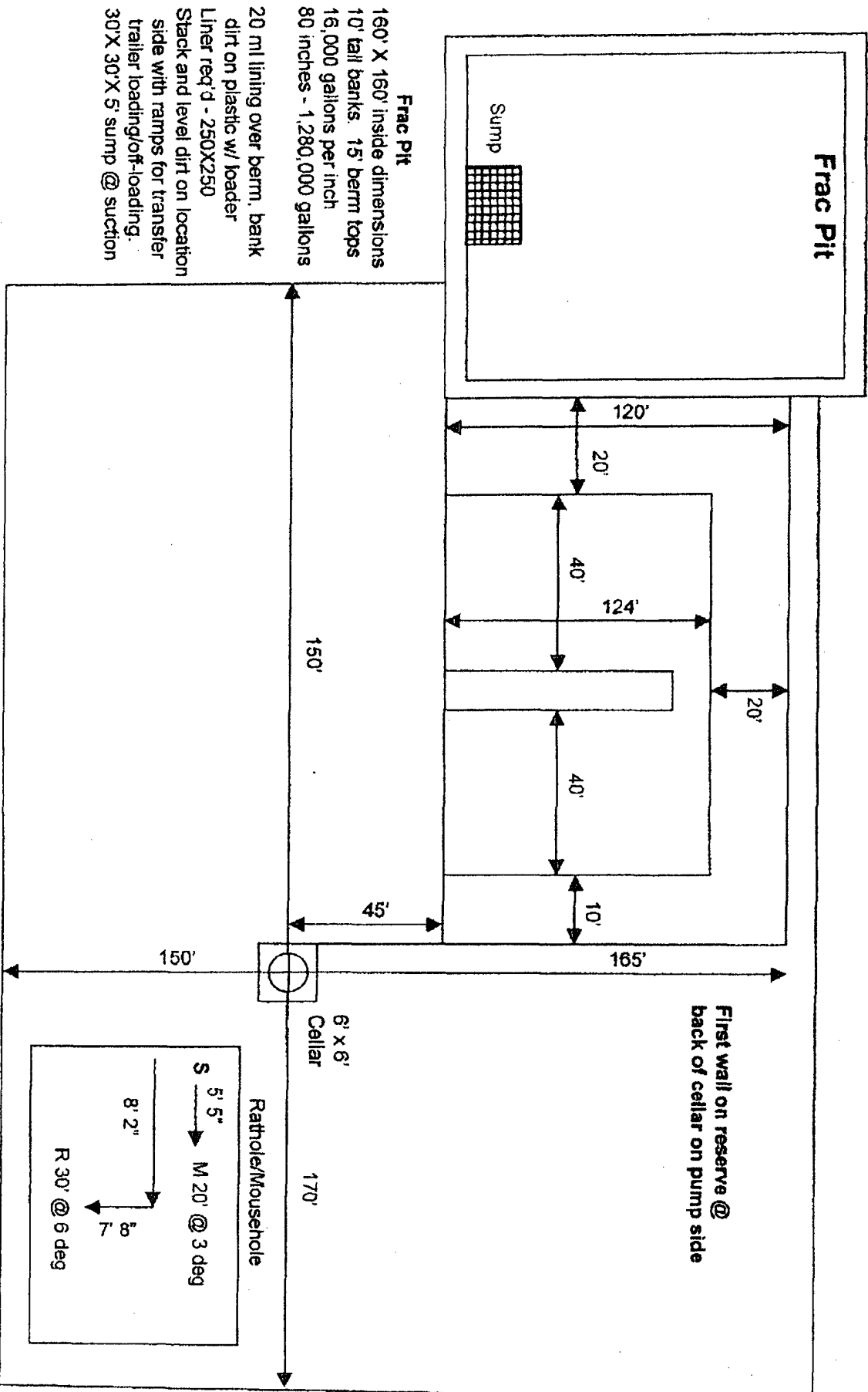
V. L. BEZNER, P.S. NO. 7920

0 1000
1" = 1000'

BEARINGS AND COORDINATES
BASED ON NEW MEXICO
STATE PLANE GRID - EAST
ZONE, NAD 27

				DAVID H. ARRINGTON OIL & GAS, INC.	SCALE: 1" = 1000'
					DATE: FEBRUARY 2, 2006
NO.	REVISION	DATE	BY		JOB NO.: 110361-F1
SURVEYED BY: H.V. DRAWN BY: E.U.O. APPROVED BY: V.L.B.					QUAD NO.: 101 SE SHEET : 1 OF 2
				SURVEYING AND MAPPING BY TOPOGRAPHIC LAND SURVEYORS MIDLAND, TEXAS	

Patterson Rig 624 Location Layout w/ Frac Pit



CONDITIONS OF APPROVAL - DRILLING

Operator's Name: David H. Arrington Oil & Gas, Inc. Well No. 1H - Peacock Sparrow Fed Com
Location: SH: 660' FSL & 1880' FEL BH: 660' FNL & 1880' FEL sec. 26, T. 17 S., R. 23 E.
Lease: NM-100527

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I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 361-2822 in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 8-5/8 inch 5-1/2 inch

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

4. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. 8-5/8 inch surface casing should be set at approximately 1300 feet, below usable water and circulate cement to the surface. If cement does not circulate to the surface, the BLM Carlsbad Field Office shall be notified at (505) 361-2822 and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. Minimum required fill of cement behind the 5-1/2 inch production casing is sufficient to tie back 500 feet above the uppermost perforation in the pay zone.

III. PRESSURE CONTROL:

1. Before drilling below the 8-5/8 inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

3. Before drilling below the 8-5/8 inch surface casing, the BOPE shall be tested as described in Onshore Order No.

2. Any equipment failing to test satisfactorily shall be repaired or replaced.

A. The results of the test will be reported to the BLM Carlsbad Field Office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292.

B. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

C. Testing must be done in a safe workman like manner. Hard line connections shall be required.

D. A variance to test the BOPE to the reduced pressure of 2000 psi prior to drilling below the 8-5/8 inch surface casing is approved.