

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1 Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2 Name of Operator
DAVID H. ARRINGTON OIL & GAS INC3a Address
PO BOX 2071 MIDLAND TX 797023b Phone No (include area code)
(432) 682-6685

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 26, T17S, R23E, 1380' FSL & 760' FEL

BHL: 1380' FSL, 660' FWL

5 Lease Serial No.

NMNM 100527

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No

8 Well Name and No.

Peacock Sparrow Fed Com #1H

9 API Well No

30-015-35116

10 Field and Pool, or Exploratory Area

Golphers, Wolfcamp

11. County or Parish, State

Eddy

NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Change location
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Due to Geological reasons, plan to move location from N-S lateral (660' FSL & 1880' FEL) to E-W lateral (1380' FSL & 760' FEL) of section 26, T17S R23E.

Enclosed are new: Amended C102, location & elevation verification map, proposed wellbore diagram, drilling plan and proposed directional plan.

Existing permit will expire August 24, 2007, we respectfully request an extension for one year from date.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL
(ORIG. SGD.) FREDERICK WRIGHT

APPROVED FOR 24 MONTH PERIOD
ENDING 8-24-09

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

DEBBIE FREEMAN

Title ENGINEER TECH

Signature

Date 05/07/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Don Peterson

ACTING FIELD MANAGER

Title

Date JUL 18 2007

Conditions of approval, if any, are attached. Approval of this notice 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.

Office CARLSBAD FIELD OFFICE

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)

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

DISTRICT II
1301 W. Grand Avenue, 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 Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

Form C-102

Revised August 15, 2006

Submit to Appropriate District C

State Lease - 4 cc

Fee Lease - 3 cc

JUL 19 2007
OCD-ARTESIA

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-35116	² Pool Code 77660	³ Pool Name Golpher; Wolfcamp
⁴ Property Code 36003	⁵ Property Name PEACOCK SPARROW FED COM	⁶ Well Number 1H
⁷ OGRID No. 5898	⁸ Operator Name DAVID H. ARRINGTON OIL & GAS	⁹ Elevation 3944'

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
I	26	17 SOUTH	23 EAST, N.M.P.M.		1380'	SOUTH	760'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

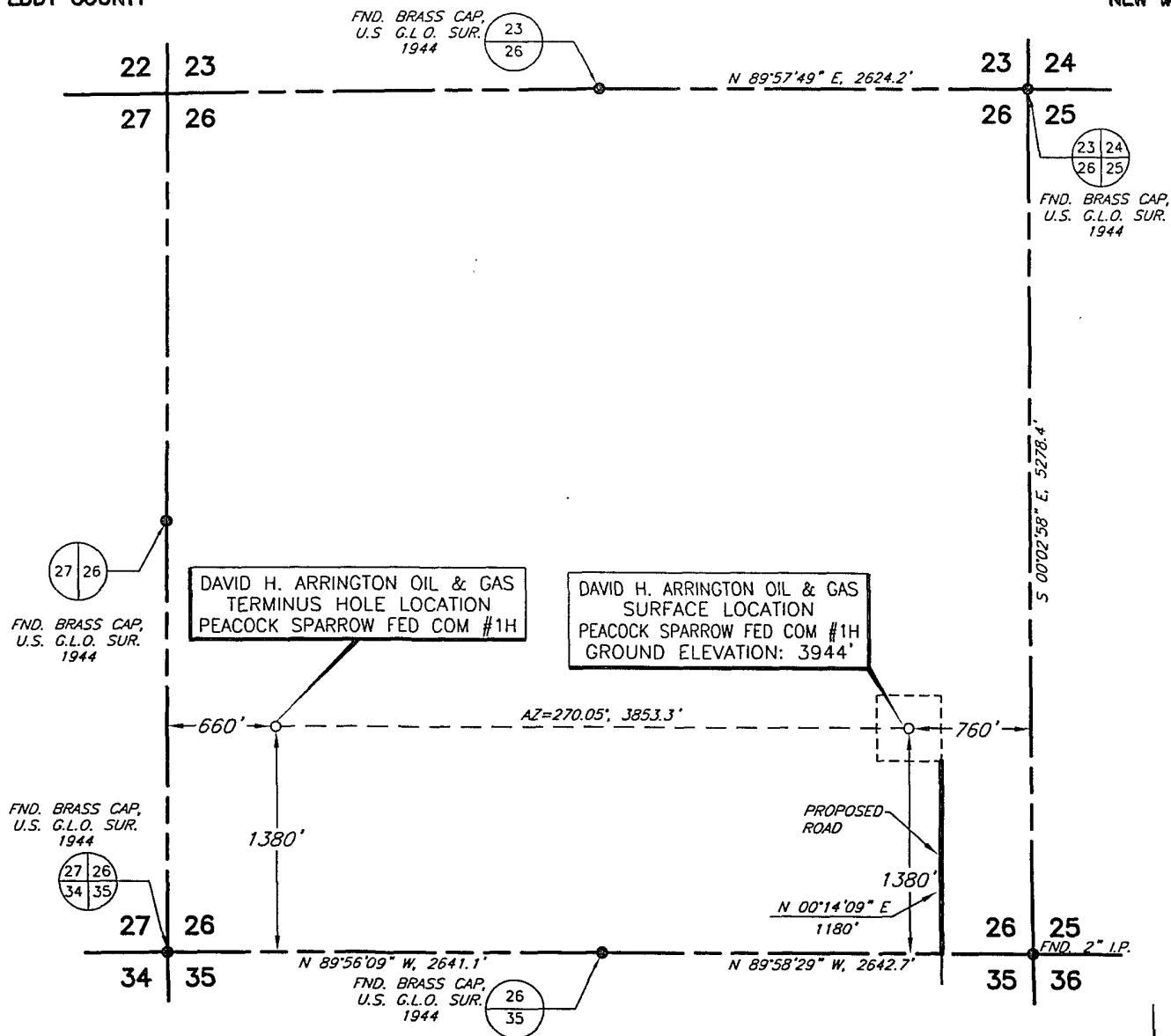
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	26	17 SOUTH	23 EAST, N.M.P.M.		1380'	SOUTH	660'	WEST	EDDY

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

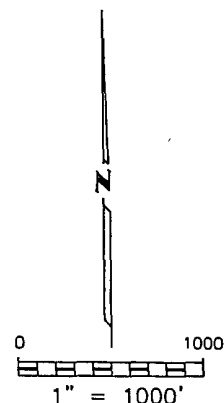
<p>BOTTOMHOLE INFORMATION PROVIDED BY DAVID H. ARRINGTON OIL & GAS</p> <p>BHL X = 396963 Y = 655854 LAT.: N 32.8025835 LONG.: W 104.6686707</p> <p>NAD 27 NME ZONE X = 400816 Y = 655851 LAT.: N 32.8026080 LONG.: W 104.6561299</p> <p>AZ=270.05°, 3853.38'</p> <p>660'</p> <p>760'</p> <p>1380'</p> <p>1380'</p> <p>PRODUCING AREA</p> <p>PROJECT AREA</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Debbie Freeman</i> Signature Debbie Freeman Printed Name Eng. Tech Title 5/7/07 Date</p> <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under supervision, and that the same is true and correct to the best of my belief.</p> <p>LYNN BEZNER APRIL 24 2007 Date of Survey Signature and Seal of Professional Surveyor 7920 LICENSED LAND SURVEYOR</p> <p><i>V.L. Bezner</i> Certificate Number V.L. BEZNER R.P.S. #7920 JOB # 122903 / 101 SW / L.A.S.</p>
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SECTION 26, TOWNSHIP 17 SOUTH, RANGE 23 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



DATE OF FIELD WORK: APRIL 24, 2007

I, V. L. BEZNER, A 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)



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

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

				DAVID H. ARRINGTON OIL & GAS, INC.	SCALE: 1" = 1000'
					DATE: APRIL 24, 2007
NO.	REVISION	DATE	BY		JOB NO.: 122903-F2
SURVEYED BY: H.V.				SURVEYING AND MAPPING BY TOPOGRAPHIC LAND SURVEYORS MIDLAND, TEXAS	QUAD NO.: 101 SE
DRAWN BY: E.U.O.					
APPROVED BY: V.L.B.					SHEET : 2 OF 2

David H. Arrington Oil & Gas Inc.
 Peacock Sparrow Fed Com 1H
 SHL - 1380' FSL & 760' FEL
 BHL - 1380' FSL & 660' FWL
 S26, T17S, R23E
 Eddy County, NM

Drilling Plan

1. Ground elevation above sea level: 3944'
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	Grade	Thread	TOC
12-1/4"	40' - 1300'	8-5/8"	32#	J55	LTC	Surf
7-7/8"	1300' - 8184'	5-1/2"	17#	I80	LTC	Surf

Drill 7-7/8" vertical pilot hole to ~4900'. Plug back to ~4113' w/ open hole whipstock and build 15° BUR curve section landing at ~4495' TVD. Drill ahead to a total measured depth of ~8184'. Run 5-1/2" production string to TD and cement to surface.

6. Cementing and Setting Depth

String	Depth	Sks	Slurry
8-5/8" Surface	1300'	490	Lead: Light C (65:35:6) w/ 5 pps gilsonite, 3% salt & 2% CaCl ₂ (12.4 / 2.06)
		200	Tail: C w/ 2% CaCl ₂ (14.8 / 1.34)

If necessary, will run a temperature survey and 1" to surface with C w/ 2% CaCl₂.

5-1/2" Production	8184'	540	Lead: Interfill C w/ 1/8# pps Poly-E-Flake (11.9 / 2.45)
		340	Tail: Howco Acid Soluble Cement w/ 10# silicalite 50/50 blend, 0.5% Halad 344, 0.2% HR-601 & 0.25 pps D-Air 3000 (14.8 / 2.68)

Both casing strings will be cemented to surface.

7. Pressure Control Equipment: After setting 8-5/8" casing and installing 3000 psi casing head, NU 13-5/8" 5000 psi double ram BOP and 3000 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' - 8184'	8.4 - 9.3	28 - 38	NC-12	Fresh water-cut brine. Drill out w/ cut brine using paper and high viscosity sweeps for seepage and hole cleaning. At ~ 3,400' mud up utilizing starch/PAC system. Add XCD polymer for viscosity and white starch for fluid loss control. 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" vertical pilot hole to ~4900'. Plug back to ~ 4113' w/ open hole whipstock and build 15° BUR curve section landing at ~ 4495' TVD. Drill ahead to a total measured depth of ~ 8184'. Run 5-1/2" production string to TD and cement to surface.

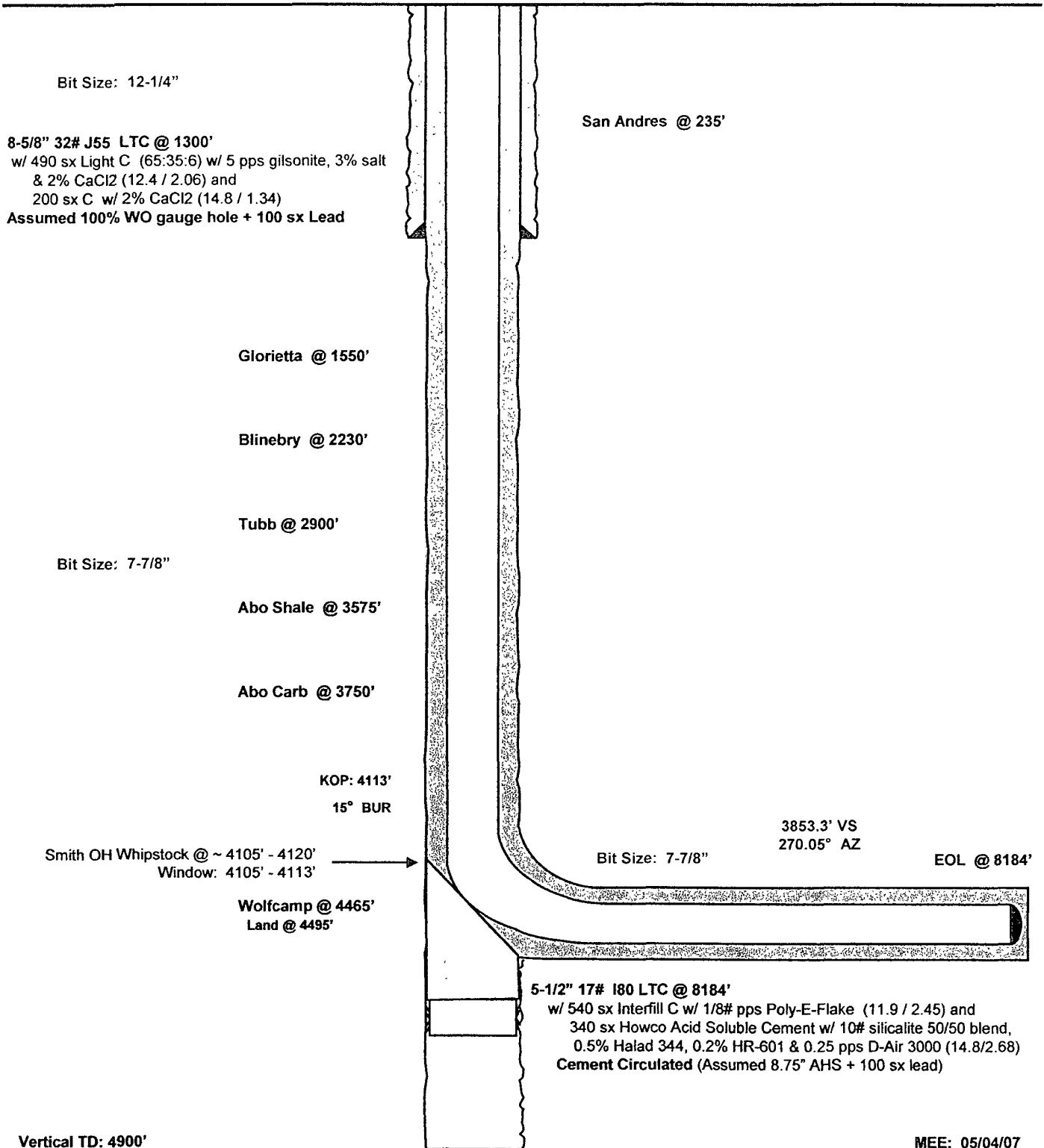
OPERATOR:		David H. Arrington Oil & Gas Inc.								TARGET N-S		Directional					
WELL:		Peacock Sparrow Fed Com 1H				Eddy County				TARGET E-W							
LOCATION: SURF		1380' FSL & 760' FEL, S26, T17S, R23E								TARGET RADIUS							
LOCATION: BHL		1380' FSL & 660' FWL, S26, T17S, R23E								TARGET DISPLACEMENT							
COMMENTS:										TARGET CLOSURE							
Preliminary Directional Plan						MAG DEC.(-/+)				TARGET TVD		Horizontal		4695.00			
										DIP AZ				0.00			
										DIP DEG UP+/DN-				0.00			
DATE:		TIME:								TARGET INCLINATION		90.00					
MINIMUM CURVATURE CALCULATIONS(SPE-3362)						PROPOSED DIRECTION		270.05		TARGET TRACKING							
										TO CENTER		CLOSURE		CLOSURE	BUILD	WALK	
												DIR		DISTANCE		RATE/	
SVY		TRUE				DLS/		ABOVE(+)		RIGHT(+)							
NUM		AZM		TVD		100		BELOW(-)		LEFT(-)		(DEG AZ)		(FEET)		%/100'	
1		0.00		0.00		270.05		0.0		0.0		270.05		0.00		0.00	
KOP		4113.00		0.00		270.05		4113.0		0.0		270.05		0.00		0.00	
3		4213.00		15.00		270.05		4211.9		13.0		270.05		13.02		15.00	
4		4313.00		30.00		270.05		4304.0		51.2		270.05		51.17		15.00	
5		4413.00		45.00		270.05		4383.1		111.9		270.05		111.88		15.00	
6		4513.00		60.00		270.05		4443.8		191.0		270.05		190.99		15.00	
7		4613.00		75.00		270.05		4482.0		283.1		270.05		283.11		15.00	
EOC		4713.00		90.00		270.05		4495.0		382.0		270.05		381.97		15.00	
9		5213.00		90.00		270.05		4495.0		882.0		270.05		881.97		0.00	
10		5713.00		90.00		270.05		4495.0		1382.0		270.05		1381.97		0.00	
11		6213.00		90.00		270.05		4495.0		1882.0		270.05		1881.97		0.00	
12		6713.00		90.00		270.05		4495.0		2382.0		270.05		2381.97		0.00	
13		7213.00		90.00		270.05		4495.0		2882.0		270.05		2881.97		0.00	
14		7713.00		90.00		270.05		4495.0		3382.0		270.05		3381.97		0.00	
BHL		8184.30		90.00		270.05		4495.0		3853.3		270.05		3853.27		0.00	

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

Surface Lateral Terminus
1380' FSL 1380' FSL
760' FEL 660' FWL
S-26
T17S, R23E

Proposed Wellbore
Rev 05/07
API: 30-015-35116

KB: 3963'
GL: 3944'



May 7, 2007

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 (NE/SE)


The surface for the ownership of the above described lands is as 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 8th day of May , 2007 .

by: 

Print Name: Debbie Freeman

May 7, 2007

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

RE: ARC Survey: David H. Arrington Oil & Gas, Inc., **Peacock Sparrow Fed Com well #1H, in Eddy County, NM.**

Concerning the above referenced well, the ARC Survey has been submitted by the survey company by separate mailing – Advanced Archaeological Solutions, Las Cruces, NM.

Thank you,

A handwritten signature in black ink, appearing to read "Debbie Freeman", with a long horizontal flourish extending to the right.

Debbie Freeman
David H. Arrington Oil & Gas, Inc.
PO Box 2071
Midland, TX 79702
432-682-6685 ext 357

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

David H. Arrington Oil & Gas, Inc., PO Box 2071, Midland, Texas 79702

Peacock Sparrow Fed Com #1H

1380' FWL & 760' FEL of sec 26, T17S, R23E in Eddy County, NM
Abo/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 the junction of Highway 82 & CR 8 (Santa Rd) 17 miles west of Artesia, go south 2.0 miles on CR 8, thence east 1.4 miles on lease road to a point +/- 1575' south of location.

2. PLANNED ACCESS ROAD – Approximately 1400' of new N-S access road will be built from the existing E-W road as per the Topographic Land Surveyors map of April 27, 2007.
3. LOCATION OF EXISTING WELLS – Only well applied for in this Section.
4. LOCATION OF EXISTING OR PROPOSED FACILITIES – New 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 roads. 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 on site or from a local source. 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 and proposed roads.
7. METHODS FOR HANDLING WASTE DISPOSAL –
 - a. Drill cuttings will be disposed into drilling pits after fluids have evaporated.

- b. The drilling pits will be lined with a 20 mil biodegradable plastic liner, and buried as per regulatory requirements.
 - c. 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.
 - d. 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.
 - e. 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 no ancillary facilities.
9. WELLSITE LAYOUT – Attached is a plat showing the anticipated orientation of rig and the pad. The drill site area has been surveyed and flagged. 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 and Gwenetta Morgan, H/W
PO Box 1122
Artesia, NM 88211-1122
- The site has been archaeologically surveyed by a registered archaeological surveyor in April 2007 and submitted to the BLM, Carlsbad, NM.
12. OPERATORS REPRESENTATIVE - David H. Arrington Oil & Gas, Inc. is covered by BLM Bond No. 104312789. David H. Arrington Oil & Gas, Inc. is represented by: Mark Ellerbe, Company Operation & Drilling Engineer 432-559-1216.

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.

Name and title: Mark Ellerbe, Operations/Drilling Engineer for David H. Arrington Oil & Gas, Inc.

Signature: Mark Ellerbe

Date: 5/8/07

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.....
APD, Nine Point & Thirteen Point Drilling Plans prepared & submitted to the Bureau of Land Management by Debbie Freeman, Engineer Technician for David H. Arrington Oil & Gas, Inc. P.O. Box 2071, Midland, Texas 79702

Statement Accepting Responsibility for Operations

David H. Arrington Oil & Gas, Inc.
PO Box 2071
Midland, TX 79702

The undersigned accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease Name & Well Number: Peacock Sparrow Fed Com. #1H

Lease No.: NM 100527

Legal Description of land: Sec 26, T17S, R23E (NE/SW)

Formation: WOLFCAMP

Bond Coverage: \$25,000 - NM-2503, BLM 104312789

Authorized Signature: _____



Printed Name: MARK ELLERBE

Title: SR. DRILLING ENGINEER

Date: 05/08/2007

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: David H Arrington Oil & Gas Inc
Well Name & No. Peacock Sparrow Fed Com # 1H
Location: 1380' FSL, 760' FEL, SEC26, T17S, R23E, Eddy County, NM
BHL: 1380' FSL, 660' FWL, SEC26, T17S, R23E, Eddy County, NM
Lease: NM-100527

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I. DRILLING OPERATIONS REQUIREMENTS:

- A. The Bureau of Land Management (BLM) is to be notified a minimum of 2 hours in advance for a representative to witness:
1. Spudding well
 2. Setting and/or Cementing of all casing strings
 3. BOPE tests
- Eddy County call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822
- B. A Hydrogen Sulfide (H₂S) Drilling Plan is N/A.
- C. 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.

II. CASING:

- A. The 8.625 inch surface casing shall be set at 1300 feet and cemented to the surface.
1. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 2. Wait on cement (WOC) time for a primary cement job will be a minimum of 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compression strength, whichever is greater. (This is to include the lead cement)
 3. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.
 4. If cement falls back, remedial action will be done prior to drilling out that string.
- B. The minimum required fill of cement behind the 5.5 inch production casing is circulating cement to the surface.
- C. If hardband drill pipe is rotated inside casing; returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joint of the drill pipe will be installed prior to continuing drilling operations.

III. PRESSURE CONTROL:

- A. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53, section 17.
- B. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.
 - 1. The tests shall be done by an independent service company.
 - 2. The results of the test shall be reported to the appropriate BLM office.
 - 3. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - 4. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

IV. HAZARDS:

- 1. Our geologist has indicated that there is potential for lost circulation in the Grayburg and San Andres formations.

Engineering can be reached at 505-706-2779 for any variances necessary.

FWright 7/17/07