	•			C	CD-ARTE	SIA		F-C	56 - 35 3/15/00
	Form 3160-3				RE	CEIVE	L FORM	A APPROVE	D
``	(April 2004)	·	UNITED STATE	5	JUN	0 5 000	Expire	No. 1004-013 s March 31, 2	007
		DEPARTI	MENT OF THE	INTERIOR	UUU		5. Lease Serial N NMNM 100		528
		APPLICATION FO			REENTER	 	6. If Indian, Allot	ee or Tribe	Name
							7 If Unit or CA A	greement N	ame and No
	la. Type of work:	DRILL	REENT	ER				3.	5780
	lb. Type of Well:	Oil Well Gas	Well Other	Si	ngle Zone 🔲 Mult	iple Zone	8. Lease Name an Brown Steel		≠H ed Com, #ZH
	2. Name of Operat			rea	G		9. API Well No 30-015-	240	14
	3a Address c/o	Box 953, Midland, TX 7			(include area code)	· · · · · · · · · · · · · · · · · · ·	10. Field and Pool, o	•	
	4 Location of Wel	(Report location clearly a	nd in accordance with a	432 68 TV State requirem			U 1. Sec., T. R. M. or	Blk. and Su	
	At surface	660' FSL & 690		y can (cqui ci	ents" Beckjoch in Liko Asper		Sec 27, T175		,
	At proposed pro	d. zone 660' FNL & 76	0' FEL		Dy State			-	12 4
	14. Distance in miles 6 miles East o	and direction from nearest 1 f Hope, NM	town or post office*				12. County or Parish Eddy	1 ·	13. State NM
	15. Distance from pro- location to neares	pposed*		16. No. of a	cres in lease	17. Spacin	g Unit dedicated to thi	s well	
	property or lease (Also to nearest of	line, ft. frig. unit line, if any) 669'		640		320			
	18. Distance from pro to nearest well, du	illing, completed,		19. Рторозе	-		BIA Bond No. on file		
\bigcap	applied for, on thi	s lease, ft. Ist w			00'; MD: 8255'		wide Bond # 2503		
	21. Elevations (Show 3948'	w whether DF, KDB, RT, (jL, etc.)	22 Approxi	nate date work will sta 05/01/2006	Brt*	23. Estimated durat 14-20 days	ion	
10				24. Attac	· · · · · · · · · · · · · · · · · · ·		Controlled Wate	r Basin	
		ted in accordance with the i	requirements of Onsho	re Oil and Gas					
NA	 Well plat certified A Drilling Plan. 	by a registered surveyor.		•	4. Bond to cover (Item 20 above).		ns unless covered by a	m existing b	ond on file (see
	3. A Surface Use Pla SUPO shall be file	an (if the location is on Na ad with the appropriate Fore	utional Forest System st Service Office).	Lands, the	5. Operator certifi 6. Such other site authorized offi	specific info	ormation and/or plans	as may be re	quired by the
	25. Signature	il A	H.	1	(Printed/Typed)			Date	
	Title	Mages(May	a hix		Ann E. Ritchie	····· · ·····		03/0	8/2006
		atory Agent		News	/D			15.1	
	Approved by (Signatur	/s/ James Sto	vall	Name	(Printed/Typed) /S/ Ja	<u>mes St</u>	ovall	Date	UN 0 2 2006
	Title	ELD MANAG	FR	Office			FIELD OF		
r	Application approval conduct operations the	does not warrant or certify t		s legal or equit	able title to those righ	its in the subj	ect lease which would	entitle the ap	pplicant to
	Conditions of approva				· · · · · · · · · · · · · · · · · · ·	API	PROVAL F	OR ·	1 YEAR
	Title 18 U.S.C. Section States any false, fictitic	1001 and Title 43 U.S.C. Secus or fraudulent statements	tion 1212, make it a cr s or representations as t	ime for any pe o any matter w	rson knowingly and within its jurisdiction.	willfully to m	ake to any department	or agency o	f the United
· · · · · · · · · · · · · · · · · · ·	*(Instructions on page	: 2)						«	
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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

Form C-102 **Revised August 15, 2000** Submit to Appropriate District Office

> State Lease - 4 copies Fee Lease - 3 copies

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT I API Number Pool Code Pool Name 96086 ; Wolfcamp Wildcan 30-015-Well Number Property Name **Property Code 1H BROWN STEELIE STONE FED COM** Elevation OGRID No. ⁸ Operator Name DAVID H. ARRINGTON OIL & GAS 3962' 5898

10	Surface	Location
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UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County	
Р	27	17 SOUTH	23 KAST, N.M.P.M.		660'	SOUTH	690,	EAST	EDDY	
		L								

" Rottom Hole Location If Different From Surface

UL or lot no.	Section	Towaship	Range	Lot Ido	Feet from the	North/South line	Feet from the	East/West line	County
	27	17 SOUTH	23 EAST, N.M.P.M.		660'	NORTH	760'	EAST	EDDY
¹² Dedicated Acres	s 13 Jo	int or Infil	14 Consolidation Code	¹⁵ Order N	D.	· · · · · · · · · · · · · · · · · · ·			
320									

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



Loss and a second second 12.4 1 VERTICAL SECTION (Ft) @ 359.53°

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TRUE VERTICAL DEPTH (Ft)

David H. Arrington Oil & Gas Inc. Brown Steelie Stone Fed Com 1H SHL - 660' FSL & 690' FEL BHL - 660' FNL & 760' FEL S27, T17S, R23E Eddy County, NM

-Drilling Plan-

1. Ground elevation above sea level: 3962'

- 2. Proposed drilling depth: 4900' TVD
- 3. Estimated tops of geological markers:

San Andres	235'
Glorietta	1550'
Blinebry	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	<u>Weight</u>	Thread	Grade	<u></u>
12-1/4"	40' - 1300'	8-5/8"	32#	LTC	J55	Surf
*7-7/8"	1300' - 4900'					
*7-7/8"	4100' - 8255'	5-1/2"	17#	LTC	P110	Surf

*Drill 7-7/8" vertical hole to 4900', plug back to ~ 3900' and drill lateral to ~ 8255' (~4495' TVD). Run 5-1/2" production string to TD and cement to surface.

6. Cementing and Setting Depth

String	Depths	<u>Sks</u>		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% CaCl2
Open Hole Plug	3900-4900'	400	Slurry:	Premium mixed at 17.0 ppg
5-1/2" Production	8255'	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

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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' 8255'	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 ~8255'. Run 5-1/2" casing and cement to surface.

Brown Steelie Stone Fed Com 1H Cottonwood Creek Field Eddy County, New Mexico





Typical 3,000 psi choke manifold assembly with at least these minimum features

Check Valve sequence optional

Kill Line

3" min.

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Choke Line 3" min.

Intermediate Casing

Well Head

- Intermediate Casing





Job Number:State/Company: David H. Arrington Oil & GasDeclinLease/Well: Brown Steelie Stone Fed Com #1HGrid:Location: Eddy CountyFile nRig Name:Date/RKB:CurveG.L. or M.S.L.:File n

State/Country: New Mexico Declination: Grid: File name: C:\PROPOS~1\ARRING~1\#1HBRO~1\PLAN.SVY Date/Time: 27-Feb-06 / 11:15 Curve Name: Preliminary Plan

THE DIRECTIONAL DRILLING COMPANY

WINSERVE PROPOSAL REPORT Minimum Curvature Method Vertical Section Plane 359.36 Vertical Section Referenced to Wellhead Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	inci 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'	- R				<u> </u>	
4113.03	.00	359.36	4113.03	.00	.00	.00	.00
4163.03	7.50	359.36	4162.89	3.27	3.27	04	15.00
4213.03	15.00	359.36	4211.89	13.02	13.01	15	15.00
4263.03	22.50	359.36	4259.20	29.08	29.07	32	15.00
4313.03	30.00	359.36	4304.01	51.17	51.17	57	15.00
Penetration	Point		<u></u>			·····	
4325.84	31.92	359.36	4315.00	57.77	57.76	65	15.00
4363.03	37.50	359.36	4345.56	78.93	78.93	88	15.00
4413.03	45.00	359.36	4383.12	111.88	111.87	-1.25	15.00
4463.03	52.50	359.36	4416.07	149.44	149.43	-1.67	15.00
4513.03	60.00	359.36	4443.83	190.99	190.97	-2.13	15.00
4563.03	67.50	359.36	4465.92	235.80	235.78	-2.63	15.00
4613.03	75.00	359.36	4481.98	283.11	283.09	-3.16	15.00
4663.03	82.50	359.36	4491.73	332.11	332.09	-3.71	15.00
End of Curv	e		<u></u>				
4713.03	90.00	359.36	4495.00	381.97	381.95	-4.27	15.00
4913.03	90.00	359.36	4495.00	581.97	581.94	-6.50	.00
5113.03	90.00	359.36	4495.00	781.97	781.92	-8.73	.00
5313.03	90.00	359.36	4495.00	981.97	981.91	-10.97	.00
5513.03	90.00	359.36	4495.00	1181.97	1181.90	-13.20	.00
5713.03	90.00	359.36	4495.00	1381.97	1381.89	-15.44	.00
5913.03	90.00	359.36	4495.00	1581.97	1581.87	-17.67	.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	359.36	4495.00	1781.97	1781.86	-19.90	.00
6313.03	90.00	359.36	4495.00	1981.97	1981.85	-22.14	.00
6513.03	90.00	359.36	4495.00	2181.97	2181.84	-24.37	.00
6713.03	90.00	359.36	4495.00	2381.97	2381.82	-26.61	.00
6913.03	90.00	359.36	4495.00	2581.97	2581.81	-28.84	.00
7113.03	90.00	359.36	4495.00	2781.97	2781.80	-31.07	.00
7313.03	90.00	359.36	4495.00	2981.97	2981.79	-33.31	.00
7513.03	90.00	359.36	4495.00	3181.97	3181.77	-35.54	.00
7713.03	90.00	359.36	4495.00	3381.97	3381.76	-37.78	.00
7913.03	90.00	359.36	4495.00	3581.97	3581.75	-40.01	.00
8113.03	90.00	359.36	4495.00	3781.97	3781.74	-42.24	.00
Proposed B	HL	· · · · · · · · · · · · · · · · · · ·					
8254.06	90.00	359.36	4495.00	3923.00	3922.76	-43.82	.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., Brown Steelie Stone Fed Com, Well #1H; Cottonwood Creek; Wolfcamp, Sec 27, 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. We are respectfully requesting an exemption from H2S requirements as per NMOCD Rule 118. The anticipated TVD is 4900', the MD is 8255' for this proposed horizontal well.

Thank you,

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

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

David H. Arrington Oil & Gas, Inc.

Brown Steelie Stone Fed Com, Well #1H

Sec. 27, T17S, R23E, 660' FSL & 690' FEL (SL); 660' FNL & 760 FEL, Eddy County, NM

Cottonwood Creek; Wolfcamp

NMNM 100527 & 100528

1. EXISTING ROADS - A "VICINITY MAP" and a "LOCATION VERIFCATION

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 go west on Hwy. 82 +/- 17.0 miles, thence south on CR 8 2 miles, thence 0.5 miles, thence North 0.1 miles to a point +/- 700' east of the location.

- 2. PLANNED ACCESS ROAD Approximately 568' of new E-W access road will be built from the existing road.
- 3. LOCATION OF EXISTING WELLS As per the Location Verification Map & C-102.
- 4. LOCATION OF EXISTING OR PROPOSED FACILITIES New facilities will be constructed in the SE /4 of Section 27.
- 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.

Page 2

• 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.
- 9. WELLSITE LAYOUT Attached is a plat showing the anticipated orientation of the drilling rig, pad and frac pit. 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. A frac pit will be built on location due to the unavailability of frac tanks. The interior reserve pit diameter is approximately 130 x 135', approximately 6000' bbls. There are no waterways; the closest occupied structure is approximately 1 mile' to the East 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:

Bureau of Land Management

P. O. Box 1778

Carlsbad, New Mexico 88221-1778 505-234-5972

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. David H. Arrington Oil & Gas, Inc. is represented by:

Mark Ellerbe, Company Operations & Drilling Engineer (432-559-1216-mobile)

(432 682-6685, ext. 351-off)

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 it's 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 nationwide bond.

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

, Operations/Drilling Engineer, Name and title: Mark Ellerbe mark El Signature: 3-1-06 Datc:

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LOCATION & ELEVATION VERIFICATION MAP





Patterson Rig 624 Location Layout w/ Frac Pit

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: <u>David H. Arrington Oil & Gas, Inc.</u> Well No. <u>1H – Brown Steelie Stone Fed Com</u> Location: <u>SH: 660' FSL & 690' FEL BH: 660' FNL & 760' FEL</u> sec. <u>27</u>, T. <u>17 S.</u>, R. <u>23 E.</u> Lease: <u>NM-100528</u>

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 234-5972 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. <u>8-5/8</u> inch surface casing should be set <u>at approximately 1300 feet</u>, 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) 234-5972 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 the back 500 feet above the uppermost perforation in the pay zone.

III. PRESSURE CONTROL:

1. Before drilling below the <u>8-5/8</u> 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.

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