State of New Mexico

Form C-101 Permit 46852

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

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

| 1. | Operator Name and Address | 2. OGRID Number | | |
|------------------|-----------------------------------|-----------------|--|--|
| DAVID H | ARRINGTON OIL & GAS INC | 5898 | | |
| Τ. | PO BOX 2071 MIDLAND , TX 79702 | 3. API Number | | |
| 1 | MIDLAND, 1A 19102 | 30-05-63898 | | |
| 4. Property Code | 5. Property Name | 6. Well No. | | |
| 36329 | 001H | | | |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| A | 25 | 15S | 24E | Α | 760 | N | 660 | E | CHAVES |

8. Pool Information

COTTONWOOD CREEK;WC, WEST (GAS) 75260

Additional Well Information

| | 501 | | AMELIOIMI WEIL HILDIIM | 11011 | THE STATE OF THE S | |
|---|----------|---------------------------------|---|--|--|--|
| 9. Work Type New Well | 20033000 | ell Type 11. Cable/Rotary AS | | 12. Lease Type State | 13. Ground Level Elevation 3548 | |
| 14. Multiple N | 1000000 | osed Depth 3480 | 16. Formation Wolfcamp | 17. Contractor | 18. Spud Date 4/20/2007 | |
| Depth to Ground water 500 | | | Distance from nearest fresh water w > 1000 | rell | Distance to nearest surface water > 1000 | |
| Pit: Liner: Synthetic D Closed Loop System | _ | mils thick | | Drilling Method: Fresh Water Brine | Diesel/Oil-based 🗙 Gas/Air 🗀 | |

19. Proposed Casing and Cement Program

| Туре | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 8.625 | 32 | 1100 | 610 | 0 |
| Prod | 7.875 | 5.5 | 17 | 8480 | 960 | 0 |

Casing/Cement Program: Additional Comments

Cmt 8 5/8" csg w/ 410 sx lead light C (65:35:6) w/ 5 pps glisonite, 3% salt & 2% CaCl2 (12.4/2.06). Tail w/ 200 sx C w/ 2% CaCl2 (14.8/1.34). If necessary, run temp survey & 1" to surface w/ 2% CaCl2. 5 1/2" csg cmt w/ 570 sx lead Interfill C w/ 1/8# pps Poly-E-Flake (11.9/2/45). tail w/ 350 sx Howco Acid soluble cmt w/ 10# silicalite 50/50 blend, 0.5% Halad 344, 0.2% HR601 & 0.25% pps D-Air 3000 (14.8/2.68). Both strings will be cemented to surface.

Proposed Blowout Prevention Program

| Туре | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| DoubleRam | 3000 | 3000 | Weatherford |
| Annular | 5000 | 5000 | Weatherford |

| I hereby certify that the information given above is true and comple of my knowledge and belief. I further certify that the drilling pit will be constructed accord | OIL CONDENCE ATTOM DIVIDION |
|---|---|
| NMOCD guidelines \overline{X} , a general permit Γ , or an (attached) a OCD-approved plan Γ . | |
| Printed Name: Electronically filed by Debbie Freeman | Title: Geologist |
| Title: Engineer Tech | Approved Date: 2/20/2007 Expiration Date: 2/20/2008 |
| Email Address: debbie@arringtonoil.com | 0.00 |
| Date: 2/15/2007 Phone: 432-682-6685 | Conditions of Approval Attached |

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

<u>District II</u>

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

<u>District III</u> 1000 Rio Brazos Rd., Azzec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico

Form C-102 Permit 46852

Energy, Minerals and Natural Resources Oil Conservation Division

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| ** | ELL LOCATION AND AC | REAGE DEDICATION I | LAI | | |
|------------------|--------------------------------------|--------------------|-----------|--|--|
| 1. API Number | 2. Pool Code | 3.1 | Pool Name | | |
| 30-05-63898 | 75260 COTTONWOOD CREEK; WC, WEST | | | | |
| 4. Property Code | 5. Prope | 6. Well No. | | | |
| 36329 | WALKER AIR BA | 001H | | | |
| 7. OGRID No. | 8. Opera | 9. Elevation | | | |
| 5898 | DAVID H ARRINGTON OIL & GAS INC 3548 | | | | |

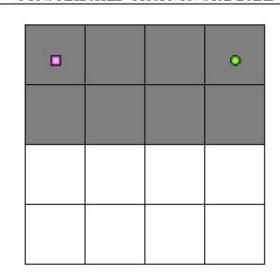
10. Surface Location

| Š | UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|---|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| | Α | 25 | 15S | 24E | | 760 | N | 660 | E | CHAVES |

11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|-------------|----------|----------------|---------|------------------|----------|-----------|---------------|--------|
| D | 25 | 15S | 24E | D | 760 | N | 660 | W | CHAVES |
| 12. Dedi | cated Acres | 13. J | oint or Infill | 1 | 4. Consolidation | Code | | 15. Order No. | |
| 32 | 0.00 | | | | N/A | | | | |

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: Debbie Freeman

Title: Engineer Tech Date: 2/15/2007

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: V. Lynn Bezner Date of Survey: 12/27/2006 Certificate Number: 7920

Permit Comments

Operator: DAVID H ARRINGTON OIL & GAS INC , 5898 Well: WALKER AIR BASE STATE COM #001H

API: 30-05-63898

| Created By | Comment | Comment Date |
|------------|--|--------------|
| DFreeman | C102, maps and supporting data will be mailed today. | 2/15/2007 |

Permit Conditions of Approval

Operator: DAVID H ARRINGTON OIL & GAS INC , 5898 Well: WALKER AIR BASE STATE COM #001H

API: 30-05-63898

| OCD Reviewer | Condition |
|-----------------|---|
| BArrant | |
| 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 | As noted, operator to drill surface hole with fresh water mud. |
| BArrant | Please notify OCD time of spud and time to witness the cementing to surface of strings of casing. |
| BArrant | H2S well contingency plan that meets NMOCD Rule 118 is required providing a public dwelling lies within 1/2 mile of well bore. |