

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

AFE #: NM48 Date: 05/18/10 ☒ Original ☐ Supplemental

Lease: Green Eyed Squealy Worm Well #: 1 Well Type: Morrow

Location: 1974' FSL & 1128' FEL County: Lea State: New Mexico
Section 26, T15S, R34E

API #: 30-025-38013 Objective: Re Establish Production Proposed TD: _____

Purpose of Expenditure: Re Establish Morrow production
 This AFE supports putting the Morrow zone back in production by pumping the produced water off the formation

CONVENTIONAL DRILLING

	INTANGIBLE EXPENSE		DRILLING	COMPLETION	TOTAL
Surveying					0
Damages					0
Sismic Acquisition					0
Title Opinion					0
Staking & Permitting					0
Location, (drilling location & Frac Pond)					0
road					0
Conductor & Rathole					0
directional gyro					0
Mobilization/Demobilization					0
Drilling - motors	0 @	\$0 /Day			0
Drilling - Daywork	0 @	\$0 /Day			0
Drilling - Directional	0 @	\$0			0
Completion Rig	3 @	\$7,000 /Day		21,000	21,000
Fuel/pwr/tube	0 @	\$0 /day			0
Drill Bits					0
Drilling & Completion Fluids				2,000	2,000
Air Package + Hammer Bit	0 @	0			0
Mud Logging	0 @	\$0 /Day			0
snubbing unit	0 @	\$0			0
well tractor	@	\$0			0
Logging - Cased Hole					0
Cement & Services - Surface					0
Cement & Services - Plugback					0
Cement & Services - Production liner					0
Cement & Services - P & A					0
Casing Crews/Laydown Machine					0
Wireline Services, Set Plug	@			0	0
Acidizing, Fracturing & Stimulation:					0
water transfer					0
Rental Equipment amount #				3,000	3,000
Coiled Tubg					0
Drill Out Motors	\$0	0 daily	\$0		0
Nitrogen	\$0	0 daily	\$0		0
Bond Log					0
Misc Drtg Tools	\$0	0 daily	\$0		0
Communications	\$0	0 daily	\$0		0
Generator	\$0	0 daily	\$0		0
Treated Water/Trash/Sewer	\$0	0 daily	\$0		0
Epoch	\$0	0 daily	\$0		0
Restoration					0
Installation - Production Facilities					0
Inspection (casing)					0
Water Well					0
Flow test	0	\$0			0
Transportation & water hauling (includes hauling waste)				2,000	2,000
Miscellaneous Labor				5,000	5,000
Engineering & Geological Services					0
Overhead					0
Supervision				6,000	6,000
Sand Blast & Coat Casing					0
Contingencies		5%	0	1,950	1,950
TOTAL INTANGIBLE EXPENSE			0	40,950	40,950
	TANGIBLE EXPENSE		DRILLING	COMPLETION	TOTAL
Casing - Conductor	of	@ /Ft			0
Casing - Surface	of	@ /Ft			0
Casing - Intermediate	of	@ /Ft			0
Casing - Intermediate	of	@ /Ft			0
Casing - Production	of	@ /Ft			0
Rods	of	@ /Ft		40,000	40,000
Tubing	of	@ /Ft			0
Prime Mover C-640-305-144				60,000	60,000
Wellhead Equipment, Tree					0
Down Hole Pump/gas lift valves				4,000	4,000
Packer/TAC/Misc Downhole					0
Tank Battery & Storage Facilities				10,000	10,000
Separator/Heater Treater/Dehydrator					0
Meters & Flowlines					0
Miscellaneous Valves & Fittings					0
Contingencies		5%		5,700	5,700
TOTAL TANGIBLE EXPENSE			0	119,700	119,700
TOTAL WELL COST			0	180,650	180,650

Partner Approval:

Art Canasco
 Art Canasco, Senior Completion Engineer

Company: _____

Approved By: _____

David H. Arrington, President

Title: _____

Keith Bucy, General Manager

Date: _____

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case No. 14497 Exhibit No. 5
 Submitted by:
 DAVID H. ARRINGTON OIL & GAS INC.
 Hearing Date: September 2, 2010