

203 West Wall Street  
Suite 1201 (Zip 79701)  
P.O. Box 10187  
Midland, Texas 79702

DALE DOUGLAS  
*Oil & Gas Properties*

Area Code: 915  
Phone : 682-5565  
Fax: 682-4498  
Email: ddrdmidland@aol.com

May 2, 2001

CERTIFIED MAIL: 7099 3220 0005 1183 6194

Bellwether Exploration Company  
1221 Lamar, Suite 1600  
Houston, Texas 77010

Re: Well Proposal  
John's Hopper #1 Well  
Lots 3, 4, E/2SW/4, SE/4 (S/2) Sec. 30, T15S, R35E  
Lea County, New Mexico  
Our Salty Dog Prospect

Gentlemen:

Reference is herein made to our letter to you of February 9, 2001 wherein David H. Arrington Oil & Gas, Inc., PO Box 2071, Midland, Texas 79702 proposed the drilling of the captioned well. Upon further review, it is our opinion that it would make economic sense to attempt to re-enter the BTA Townsend 9401 JVP Well located in the SW/4SE/4 of Section 30, T15S, R35E, Lea County, New Mexico, in lieu of drilling a new wellbore in the SE/4 of said Section 30, as originally proposed in our February 9, 2001 letter. The surface location is 1700' FEL and 760' FSL, and the bottom hole location is 660' FEL and 660' FSL of said section 30. The bottom hole location has not changed.

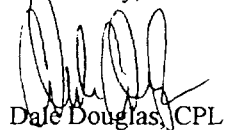
Therefore, David H. Arrington Oil & Gas, Inc., PO Box 2071, Midland, Texas 79702, hereby amends its original proposal as set forth in the February 9, 2001 letter, and proposes the re-entering and deepening of the BTA Townsend 9401 JVP Well located in the SW/4SE/4 of Section 30, T15S, R35E, Lea County, New Mexico, in lieu of drilling a new wellbore. This well is proposed to be drilled to a depth of approximately 13,200' TVD to test the Wolfcamp, Atoka, Morrow and Mississippian formation. The proposed spacing unit for this well will be the S/2 of said Section 31.

You will find enclosed Arrington's AFE which sets forth the anticipated costs for re-entering, deepening and completing this test well. In the event that you should elect to participate in the drilling of this test well, please so indicate by signing and returning one copy of the AFE to my attention at the letterhead address. Upon receipt of same, we will forward for your review and execution a Joint Operating Agreement.

In the event that you should elect to not participate in the drilling of this test well, we would be glad to entertain a proposal to acquire your leasehold and/or mineral estate under these lands.

Please review this proposal at your earliest convenience, and in the interim period should you have any questions or comments, please advise.

Yours truly,



Dale Douglas, CPL

Enclosure

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 12682 Exhibit No. 5  
Submitted by:  
David H. Arrington Oil and Gas, Inc.  
Hearing Date: June 28, 2001

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bellwether Exploration Company  
1221 Lamar, Suite 1600  
Houston, Texas 77010

2. Article Number (Copy from service label)

7099 3220 0005 1183 6194

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

B. Date of Delivery

MAY 04 1999

C. Signature

X

☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

U.S. Postal Service

**CERTIFIED MAIL RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage

\$

Certified Fee

Return Receipt Fee  
(Endorsement Required)Restricted Delivery Fee  
(Endorsement Required)

Total Postage &amp; Fees

\$

Postmark  
Here

Name (Please Print Clearly) (To be completed by mailer)

Bellwether Exploration Co.

Street, Apt. No., or PO Box No.

1221 Lamar Ste 1600

City, State, ZIP+4

Houston TX 77010

PS Form 3800, July 1999

See Reverse for Instructions

DAVID H. ARRINGTON OIL AND GAS, INC.

AUTHORITY FOR EXPENDITURE (AFE)

X	Modif. Of Original
	Supplemental

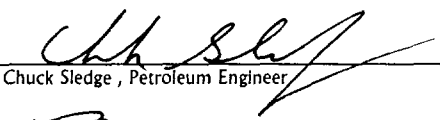
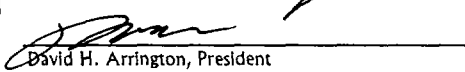
AFE #:		Date:	25-Apr-01		
Lease:	John's Hopper No. 1 (Re-Entry)	Well #:	1	Well Type:	Exploratory/Oil
Location:	SFL: 1700' FEL & 760' FSL BHL: 660' FEL & 660' FSL, Sec 30, T-15S-R35E	County:	Lea	State:	New Mexico
Prospect:	Salty Dog Prospect	Objective:	Mississippian	Proposed TD:	13,200' TVD

Purpose of Expenditure: Re-Entry of BTA # 1 "9401" JV-P Townsend For New Directional Targets  
Drill and Test Wolfcamp, Atoka, Morrow, and Mississippian Formations

CODE	INTANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Surveying	800	0	800
	Staking & Permitting	200	0	200
	Location, Roads & Damages	30,000	2,000	32,000
	Lease Restoration	6,000	0	6,000
	Mobilization/Demobilization	40,000	0	40,000
	Drilling - Footage @ /Ft	0	0	0
	Drilling - Daywork 26 @ \$12,000 /Day	312,000	0	312,000
	Drilling - Directional 20 @ \$7,300	146,000	0	146,000
	Comp./Workover Rig 12 @ \$1,800 /Day	0	21,600	21,600
	Fuel, Power & Lubricants	25,000	0	25,000
	Bits, Reamers & Stabilizers	55,000	0	55,000
	Drilling & Completion Fluids	30,000	2,000	32,000
	Water	15,000	2,000	17,000
	Mud Logging 20 @ \$650 /Day	13,000	0	13,000
	Drill Stem Tests (3 tests)	15,000	0	15,000
	Coring Services	0	0	0
	Logging - Open Hole & Sidewall Cores	60,000	0	60,000
	Cement & Services - Surface	5,000	0	5,000
	Cement & Services - Intermediate	15,000	0	15,000
	Cement & Services - Production	0	16,000	16,000
	Perforating & Cased Hole Logs	3,000	4,000	7,000
	Casing Crews/Laydown Machine	0	15,000	15,000
	Acidizing, Fracturing & Stimulation	0	100,000	100,000
	Rental Equipment	14,500	3,500	18,000
	Installation - Production Facilities	0	15,000	15,000
	Inspection & Testing	5,000	1,000	6,000
	Transportation	5,000	3,500	8,500
	Miscellaneous Labor	2,000	3,000	5,000
	Engineering & Geological Services	4,400	2,000	6,400
	Overhead	8,300	2,000	10,300
	Supervision	24,000	7,200	31,200
	Sand Blast & Coat Casing	0	5,000	5,000
	Contingencies	57,800	14,200	72,000
	Gross Receipts Tax	50,000	12,150	62,150
	TOTAL INTANGIBLE EXPENSE	942,000	231,150	1,173,150

CODE	TANGIBLE EXPENSE	DRILLING	COMPLETION	TOTAL
	Casing - Conductor of @ /Ft		0	0
	Casing - Surface of @ /Ft	0	0	0
	Casing - Intermediate of @ /Ft	0	0	0
	Casing - Intermediate of @ /Ft	0	0	0
	Casing - Production 9,000 of 5 1/2" @ \$7.80 /Ft	0	70,200	70,200
	Casing - Production 4,500 of 5 1/2" @ \$8.00 /Ft	0	36,000	36,000
	Tubing 13,400 of 2 7/8" @ \$3.80 /Ft	0	50,920	50,920
	Float & Other Equipment	2,700	1,500	4,200
	Wellhead Equipment, Tree	5,000	15,000	20,000
	Sucker Rods	0		0
	Down Hole Pump	0		0
	Packer/TAC	0	12,000	12,000
	Pumping Unit & Prime Mover	0		0
	Tank Battery & Storage Facilities	0	17,000	17,000
	Separator/Heater Treater/Dehydrator	0	22,000	22,000
	Meters & Flowlines	0	8,000	8,000
	Miscellaneous Valves & Fittings	0	20,000	20,000
	Contingencies	5,000	16,300	21,300
	TOTAL TANGIBLE EXPENSE	12,700	268,920	281,620
	TOTAL WELL COST	954,700	500,070	1,454,770

NOTE: THIS AFE IS ONLY AN ESTIMATE. BY RETURNING ONE APPROVED COPY, YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

David H. Arrington Oil & Gas, Inc. Approval:	Partner Approval:
Prepared By:  Chuck Sledge, Petroleum Engineer	Company: _____
Approved By:  David H. Arrington, President	Approved By: _____
Title: _____	Title: _____
Date: _____	Date: _____