

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, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-34670	² Pool Code 75250	³ Pool Name Wildcat Cottonwood Creek (Wolfcamp)
⁴ Property Code	⁵ Property Name RED HOSE	⁶ Well Number 2H
⁷ GRID No. 5898	⁸ Operator Name DAVID H. ARRINGTON OIL & GAS	⁹ Elevation 3900'

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
0	14	18 SOUTH	23 EAST, N.M.P.M.		400'	SOUTH	1880'	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
B	14	18 SOUTH	23 EAST, N.M.P.M.		660'	NORTH	1880'	EAST	EDDY

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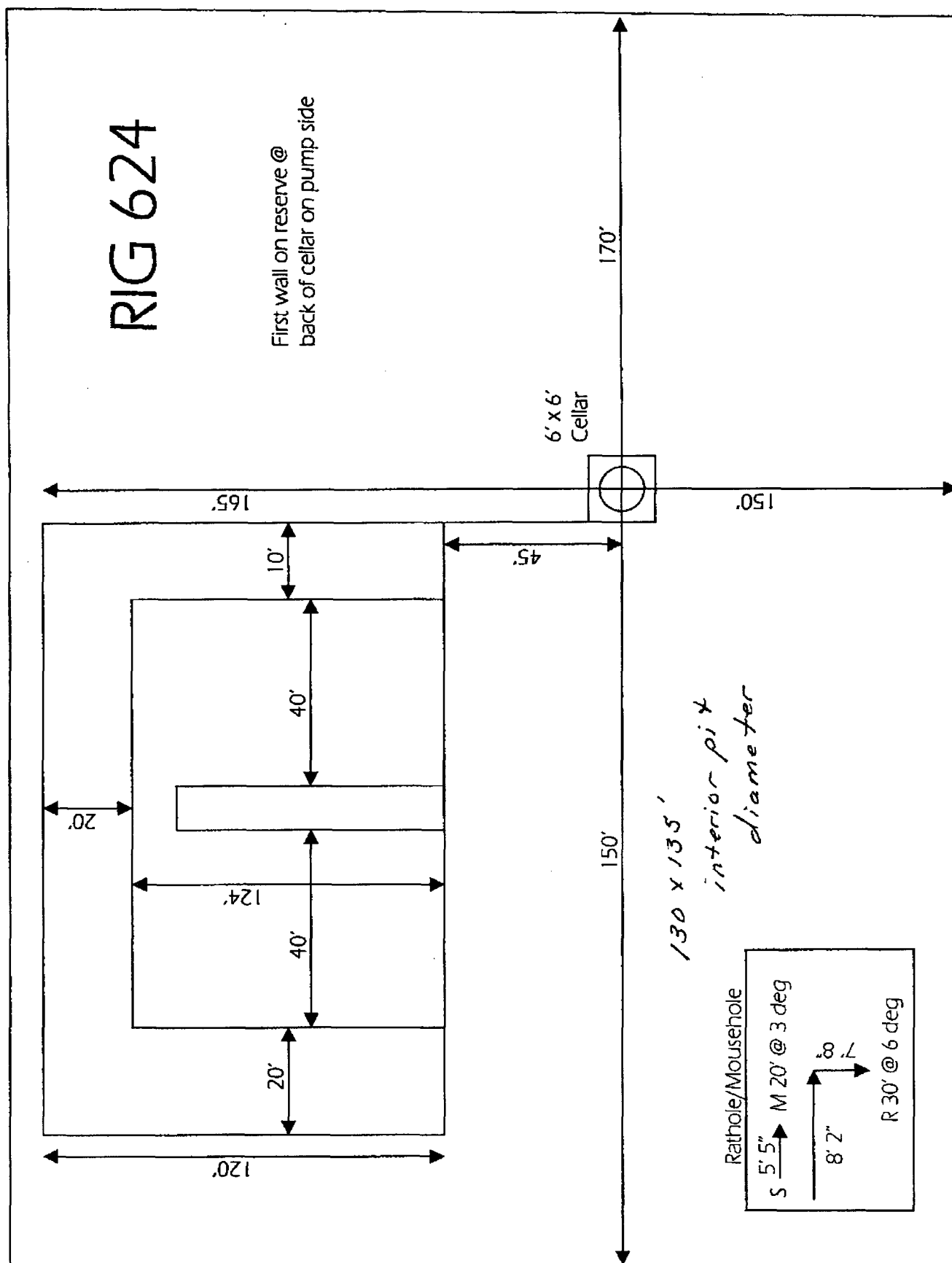
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

RECEIVED MAR 13 2006 OCD-ARTESIA	BHL X = 399809 Y = 637945 LAT.: N 32.7533800 LONG.: W 104.6592292	660'	1880'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Ann E. Ritchie Printed Name Regulatory Agent Title 3-1-06 Date
	POINT OF ENTRY X = 399794 Y = 633973 LAT.: N 32.7424635 LONG.: W 104.6592354	AZ = 00.12', 4231.6' IN ALL		¹⁸ 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. FEBRUARY 23, 2006 Date of Survey Signature and Seal of Professional Surveyor V. L. BEZNER Certificate Number V. L. BEZNER R.P.S. #7920 JOB # 111003 / 101 SW / E.U.O.
	NAD 27 NME ZONE X = 399794 Y = 633713 LAT.: N 32.7417484 LONG.: W 104.6592356	660'	400'	1880'

BOTTOMHOLE INFORMATION PROVIDED BY DAVID H. ARRINGTON OIL & GAS

Ne from pit

First wall on reserve @
back of cellar on pump side



March 1, 2006

New Mexico Oil Conservation Division
Attn: Byran Arrant
1301 W. Grand Ave.
Artesia, NM 88210

RE: David H. Arrington Oil & Gas, Inc., Red Hose, Well #2H,
Section 14, T18S, R23E, Eddy County, New Mexico

Dear Bryan,

Please see enclosed the maps, wellbore and drilling program for the above referenced well. We do not anticipate encountering any H2S during the drilling or completion of this well.

This application was submitted online on March 1, 2006. Please let me know if you need any further information or documentation concerning this application to drill. Thank you.

Yours truly,



Ann E. Ritchie, Regulatory Agent
David H. Arrington Oil & Gas, Inc.
c/o Box 953
Midland, TX 79702
432 684-6381/682-1458-fax
ann.ritchie@wtor.net

RECEIVED
MAR 07 2006
OCU-ARTESIA

**Red Hose 2H
Cottonwood Creek Field
Eddy County, New Mexico**

Surface **Lateral Terminus**
400' FSL **660' FNL**
1880' FEL **1880' FEL**
S-14
T18S, R23E

Proposed Wellbore

API: 30-015-?

KB: 3919'
GL: 3900'

Bit Size: 12-1/4"

8-5/8" 32# J55 LTC @ 900'
w/ 200 sx Premium Plus w/ 10 pps DiamondSeal
(9.5 / 7.65) and
100 sx Premium Plus Thixset w/ 1% Thixset A,
0.25% WG-17 (14.0 / 1.53) and
650 sx Light Premium Plus w/ 5 pps gilsonite
& 2% CaCl₂ (12.4 / 2.04) and
500 sx Premium Plus w/ 2% CaCl₂ (14.8 / 1.34)
Cement Circulated

Tubb @ 2910'

Bit Size: 7-7/8"

Abo Shale @ 3560'

Abo Carb @ 3710'

KOP: 4130'
12.16° BUR

← **2-3/8" 4.7# J55 EUE 8rd Tbg**

On-Off Tool @ 4097' w/
1.87" F nipple
Lokset Pkr @ 4100'
10' 2-3/8" pup
1.87" F nipple
10' 2-3/8" pup
1.78" R nipple
W/L entry guide

Bit Size: 7-7/8"

4232' VS
0.12° AZ

EOL @ 8630'

Wolfcamp @ 4570'

Wolfcamp Shale @ 4710'

5-1/2" 17# P110 LTC @ 8620'
w/ 470 sx Interfill C w/ 1/4# pps flocele (11.9 / 2.45) and
420 sx Howco Acid Soluble Cement w/ 0.7% Halad
344, 0.2% FWCA & 0.2% HR-601 (15.0 / 2.48)
Cement Circulated (Assumed 8.5" AHS)

Submit 3 Copies To Appropriate District
Office
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1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30 015 34670
1. Type of Well: Oil Well Gas Well ☒ Other (Injection)		5. Indicate Type of Lease STATE ☒ FEE ☐
2. Name of Operator David H. Arrington Oil & Gas, Inc.		6. State Oil & Gas Lease No.
3. Address of Operator c/o P.O. Box 953, Midland, TX 79702		7. Lease Name or Unit Agreement Name Red Hose
4. Well Location Unit Letter <u>O</u> <u>400'</u> feet from the <u>South</u> line and <u>1880'</u> feet from the <u>East</u> line Section <u>14</u> Township <u>18S</u> Range <u>23E</u> NMPM <u>Eddy</u> County		8. Well Number Well # 2H
11. Elevation (Show whether DR, RKB, RT, GR, etc.): 3900'		9. OGRID Number 5898
		10. Pool name or Wildcat Wildcat: Wolfcamp

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☒ X
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐
OTHER: ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.
Penetration Point: 660' FSL & 1880' FEL of Section 14, T18S, R23E.

Please see attached the amended drilling plan, specifically the Surface Casing depth setting as per requirement by NMOCD.

RECEIVED
MAR 13 2006
OCD-ARTESIA

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Ann E. Ritchie TITLE Regulatory Agent DATE 3-9-06

Type or print name Ann E. Ritchie E-mail address: ann.ritchie@wtor.net Telephone No. 432 684-6381

(This space for State use)

APPROVED BY Jim W. Green TITLE District II Supervisor DATE MAR 13 2006
Conditions of approval, if any:

David H. Arrington Oil & Gas Inc.
 Red Hose No. 2H
 SHL - 400' FSL & 1880' FEL
 Point of Entry - 660' FSL & 1880' FEL
 BHL - 660' FNL & 1880' FEL
 S14, T18S, R23E
 Eddy County, NM

1. Ground elevation above sea level: 3900'

2. Proposed drilling depth: 8630' TMD

3. Estimated tops of geological markers:

Tubb	2910'
Abo Shale	3560'
Abo Carbonate	3710'
Wolfcamp	4570'
Wolfcamp Shale	4710'

4. Possible mineral bearing formations:

Abo/Wolfcamp	Gas/Oil
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5. Casing Program

Hole size	Interval	OD of Casing	Weight	Thread	Grade	TOC
12-1/4"	40' - 1300'	8-5/8"	32#	LTC	J55	Surf
7-7/8"	1300' - 8630'	5-1/2"	17#	LTC	P110	Surf

Drill 7-7/8" vertical hole to ~4130' and begin 12.16 BUR. Land curve @ ~4600' TVD and drill ahead to a total measured depth of ~8630'. 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'	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% CaCl ₂
5-1/2" Production	8630'	570	Lead: Interfill C w/ ¼ pps Flocele
		470	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

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' - 8630'	8.4 - 9.3	28 - 38	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 ~4,400' utilizing starch/PAC system. Add XCD polymer for viscosity and white starch for fluid loss control. Sweep as necessary for hole cleaning.

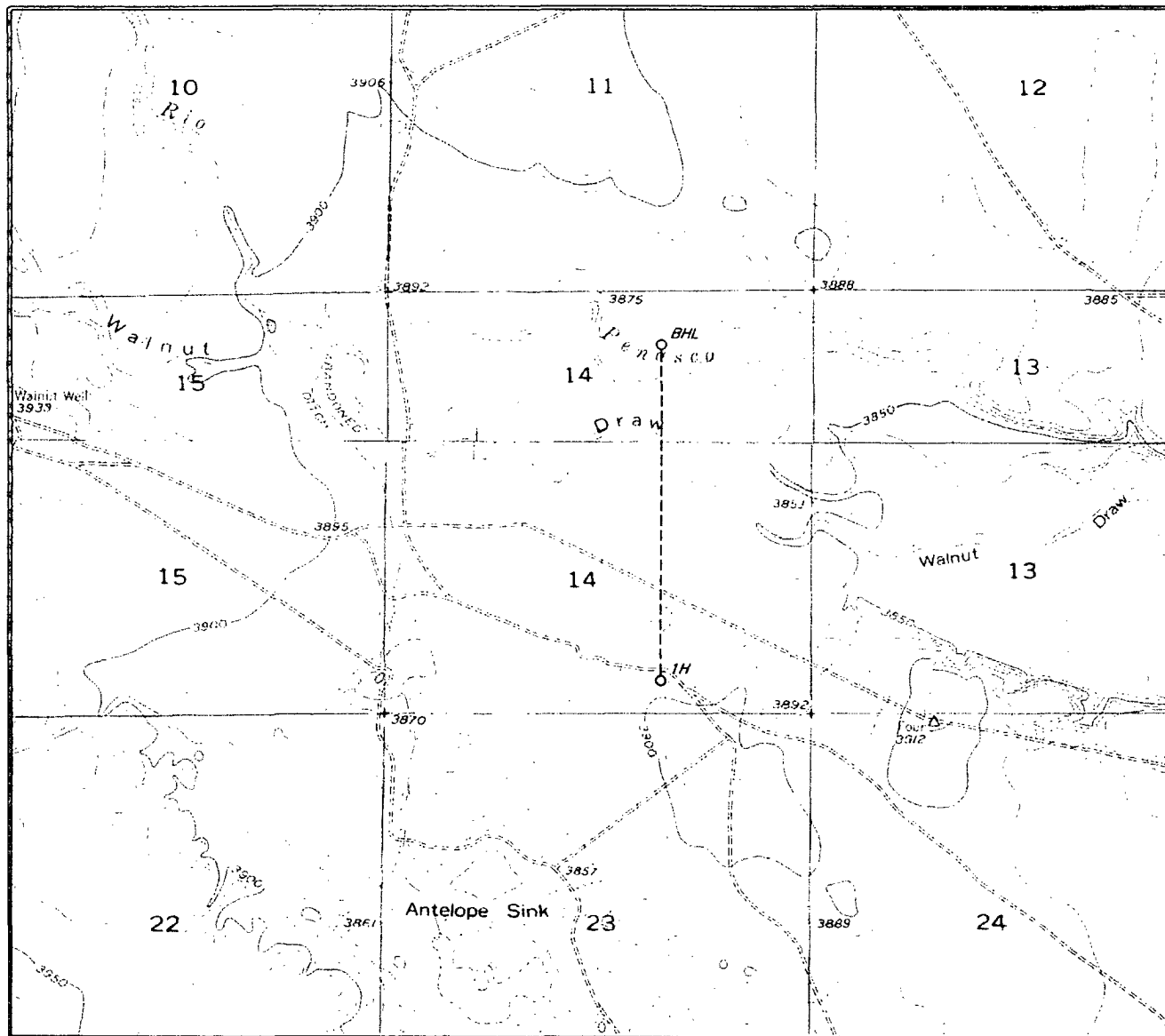
Proposed Drilling Plan:

Drill 12-1/4" surface hole to 1300'. Run 8-5/8" and cement to surface.

Drill 7-7/8" production hole to ~4130' and build curve w/ 12.16°/100' BUR to ~90° inclination. Drill 7-7/8" lateral to ~8630'. Run 5-1/2" casing and cement to surface.

Kick-off @ ~4130' will cause point of entry into the Wolfcamp to be at least 660' FSL.

LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000' CONTOUR INTERVAL 10'

SECTION 14 TWP 18-S RGE 23-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY EDDY STATE NM

DESCRIPTION 400' FSL & 1880' FEL

ELEVATION 3900'

OPERATOR DAVID H. ARRINGTON OIL & GAS

LEASE RED HOSE #2H

U.S.G.S. TOPOGRAPHIC MAP

HOPE, NEW MEXICO

SCALED LAT. LAT.: N 32.7417484

LONG. LONG.: W 104.6592356

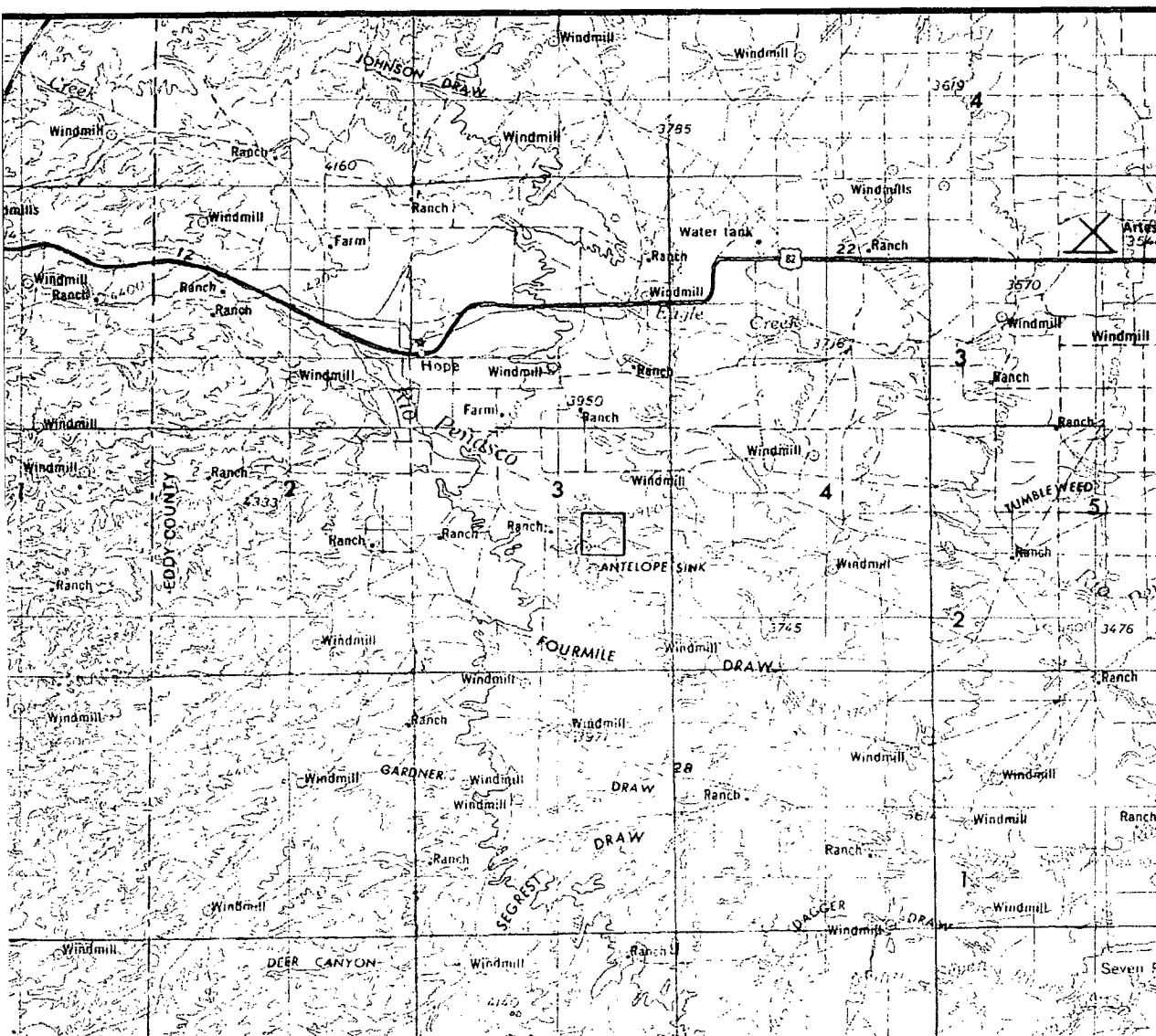


TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

2903 N. BIG SPRING
MIDLAND, TX. 79705
(800) 767-1653

VICINITY MAP



SECTION 14 TWP 18-S RGE 23-E
 SURVEY NEW MEXICO PRINCIPAL MERIDIAN
 COUNTY EDDY STATE NM
 DESCRIPTION 400' FSL & 1880' FEL

OPERATOR DAVID H. ARRINGTON OIL & GAS
 LEASE RED HOSE #2H

DISTANCE & DIRECTION FROM INTERSECTION OF CO. RD. 8
AND HIGHWAY 82, GO SOUTH ON CO. RD. 8 2.0 MILES, THENCE
WEST 1.5 MILES, THENCE SOUTH 2.5 MILES, CONT. SOUTH ON
TRAIL ROAD 0.3 MILES, THENCE SOUTHEAST 2.4 MILES TO A
POINT ±3400' WEST OF THE LOCATION.



TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

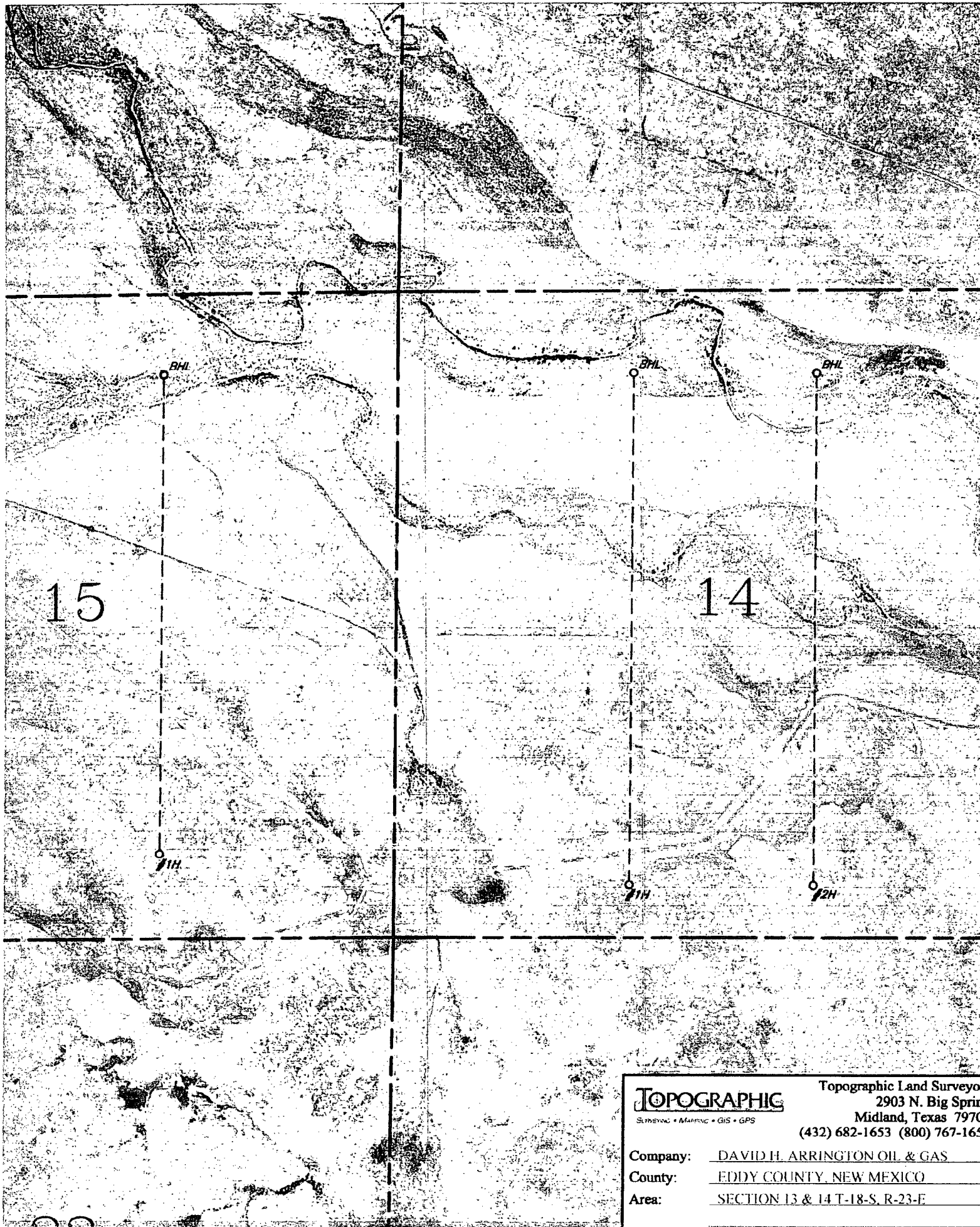
This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plat and notify us immediately of any possible discrepancy.

1307 N. HOBART
 PAMPA, TX. 79065
 (800) 658-6382

6709 N. CLASSEN BLVD.
 OKLAHOMA CITY, OK. 73116
 (800) 654-3219

2903 N. BIG SPRING
 MIDLAND, TX. 79705
 (800) 767-1653



TOPOGRAPHIC
SURVEYING • MAPPING • GIS • GPS

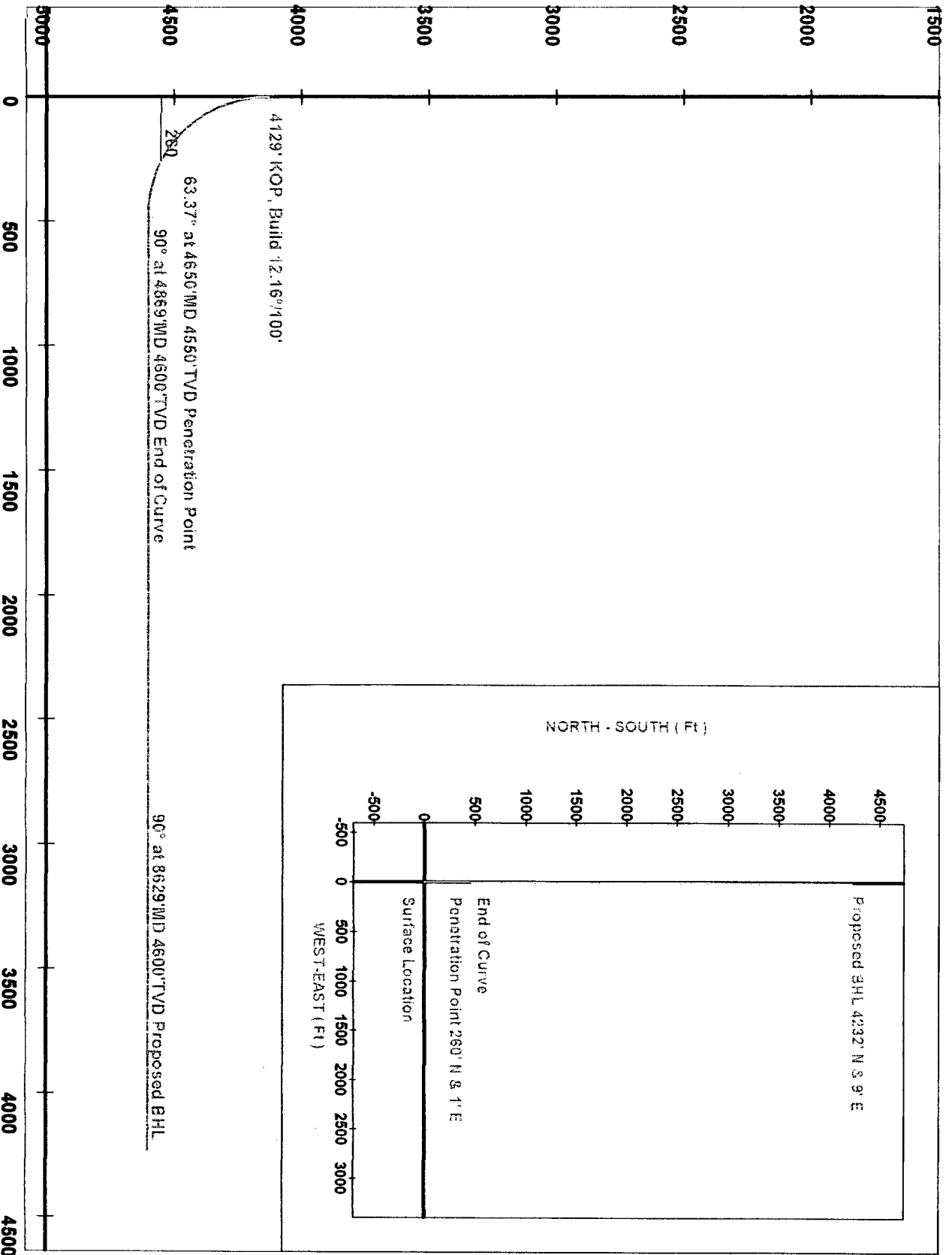
Topographic Land Surveyor
2903 N. Big Spring
Midland, Texas 79701
(432) 682-1653 (800) 767-1653

Company: DAVID H. ARRINGTON OIL & GAS
County: EDDY COUNTY, NEW MEXICO
Area: SECTION 13 & 14 T-18-S, R-23-E

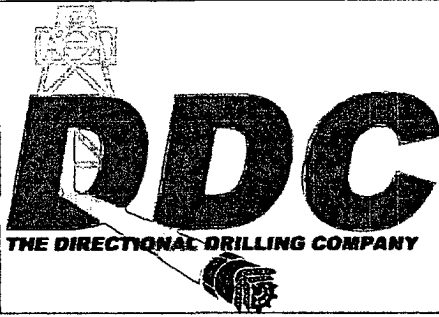
Company: David H. Arrington Oil & Gas
 Lease/Well: Red Hose #2H
 Location: Eddy County
 State/Country: New Mexico



TRUE VERTICAL DEPTH (Ft)



VERTICAL SECTION (Ft) @ .12°



Job Number:
 Company: David H. Arrington Oil & Gas
 Lease/Well: Red Hose #2H
 Location: Eddy County
 Rig Name:
 RKB:
 G.L. or M.S.L.:

State/Country: New Mexico
 Declination:
 Grid:
 File name: C:\PROPOS~1\ARRING~1\W2HRED~1\PLAN.SVY
 Date/Time: 01-Mar-06 / 13:03
 Curve Name: Preliminary Plan

THE DIRECTIONAL DRILLING COMPANY

WINSERVE PROPOSAL REPORT Minimum Curvature Method Vertical Section Plane .12 Vertical Section Referenced to Wellhead Rectangular Coordinates Referenced to Wellhead

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
KOP, Build 12.16°/100'							
4128.75	.00	.12	4128.75	.00	.00	.00	.00
4178.75	6.08	.12	4178.66	2.65	2.65	.01	12.16
4228.75	12.16	.12	4228.00	10.57	10.57	.02	12.16
4278.75	18.24	.12	4276.23	23.67	23.67	.05	12.16
4328.75	24.32	.12	4322.80	41.81	41.81	.09	12.16
4378.75	30.40	.12	4367.19	64.77	64.77	.14	12.16
4428.75	36.47	.12	4408.89	92.31	92.31	.19	12.16
4478.75	42.55	.12	4447.45	124.11	124.11	.26	12.16
4528.75	48.63	.12	4482.42	159.81	159.81	.33	12.16
4578.75	54.71	.12	4513.41	199.02	199.02	.42	12.16
4628.75	60.79	.12	4540.08	241.28	241.28	.51	12.16
Penetration Point							
4649.94	63.37	.12	4550.00	260.00	260.00	.54	12.16
4678.75	66.87	.12	4562.12	286.14	286.14	.60	12.16
4728.75	72.95	.12	4579.29	333.07	333.07	.70	12.16
4778.75	79.03	.12	4591.39	381.56	381.56	.80	12.16
4828.75	85.11	.12	4598.28	431.06	431.06	.90	12.16
End of Curve							
4868.99	90.00	.12	4600.00	471.25	471.25	.99	12.16
5068.99	90.00	.12	4600.00	671.25	671.25	1.41	.00
5268.99	90.00	.12	4600.00	871.25	871.25	1.82	.00
5468.99	90.00	.12	4600.00	1071.25	1071.25	2.24	.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
5668.99	90.00	.12	4600.00	1271.25	1271.25	2.66	.00
5868.99	90.00	.12	4600.00	1471.25	1471.25	3.08	.00
6068.99	90.00	.12	4600.00	1671.25	1671.25	3.50	.00
6268.99	90.00	.12	4600.00	1871.25	1871.25	3.92	.00
6468.99	90.00	.12	4600.00	2071.25	2071.25	4.34	.00
6668.99	90.00	.12	4600.00	2271.25	2271.25	4.76	.00
6868.99	90.00	.12	4600.00	2471.25	2471.25	5.18	.00
7068.99	90.00	.12	4600.00	2671.25	2671.25	5.59	.00
7268.99	90.00	.12	4600.00	2871.25	2871.25	6.01	.00
7468.99	90.00	.12	4600.00	3071.25	3071.24	6.43	.00
7668.99	90.00	.12	4600.00	3271.25	3271.24	6.85	.00
7868.99	90.00	.12	4600.00	3471.25	3471.24	7.27	.00
8068.99	90.00	.12	4600.00	3671.25	3671.24	7.69	.00
8268.99	90.00	.12	4600.00	3871.25	3871.24	8.11	.00
8468.99	90.00	.12	4600.00	4071.25	4071.24	8.53	.00

Proposed BHL							
8629.34	90.00	.12	4600.00	4231.60	4231.59	8.86	.00