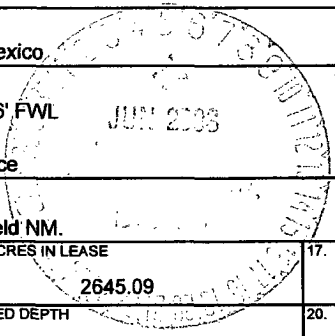


**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

1. a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-013654	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Pure Resources		7. UNIT AGREEMENT NAME Rincon Unit	
3. ADDRESS AND TELEPHONE NO. P.O. Box 850, Bloomfield New Mexico		8. FARM OR LEASE NAME, WELL NO. Rincon Unit 161M	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement)* At surface: 1814' FNL and 2106' FWL At proposed prod. zone: Same as Surface		9. API WELL NO. 30039 27293	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 40 miles Southeast from Bloomfield NM.		10. FIELD AND POOL OR WLD/CAT Basin Dakota/ Mesa Verde	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE FT (Also to nearest drlg. Unit line, if any) 1814'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA F Sec. 17, T-27-N, R-6-W	
16. NO. OF ACRES IN LEASE 2645.09		12. COUNTY OR PARISH Rio Arriba	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320 1/2		13. STATE NM	
18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT. 1500'		20. ROTARY OR CABLE TOOLS Rotary	
19. PROPOSED DEPTH 7400'		22. APPROX. DATE WORK WILL START* ASAP	
21. ELEVATIONS (Show whether DF, RT, GR.) 6266'			



**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	H-40 9-5/8"	32.3#	350'	200 SACKS "B" TOC @ SURFACE
8-3/4"	K-55 7"	20#	2428'	405 SACKS TYPE III TOC @ SURFACE
6-1/4"	N-80 4-1/2"	11.6#	7400'	610 SACKS 65/35 POZ TYPE III TOC TIED INTO
				7" casing

**"Expedited APD/ROW"**

Pure plans to drill the Rincon Unit 161M, and complete in the Mesa Verde and the Basin Dakota and downhole commingle the two formations. This well will be an infill 80 acre.

BOP- One double gate BOP with 3-1/2" pipe and blind rams, one choke manifold with adjustable and positive chokes, an accumulator will hydraulically operate BOP with 1 1/2 times the necessary capacity to close the rams and retain a minimum of 200 psi above recharge.

Rotating head will be utilized during the drilling of the 6-1/4" hole.

(Schematics are attached)

RECEIVED  
 2003 JUN 16 PM 12:15  
 070 Farmington, NM

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

IN ABOVE SPACE DESCRIBED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED MIKE PHILLIPS TITLE San Juan Basin Area Drlg Prod Foreman DATE 1/12/03

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the application to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY David J. Mankiewicz TITLE \_\_\_\_\_ DATE JUN - 3 2003

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD

DISTRICT I  
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

DISTRICT II  
811 South First, Artesia, N.M. 88210

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT III  
1000 E. Brazos Rd., Aledo, N.M. 87410

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, NM 87505

AMENDED REPORT

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-27293		*Pool Code 71599	*Pool Name Basin Dakota
*Property Code 26629	*Property Name RINCON UNIT		*Well Number 161M
*OGRID No. 189071	*Operator Name PURE RESOURCES		*Elevation 6266'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	17	27-N	6-W		1814'	NORTH	2106'	WEST	RIO ARRIBA

<sup>11</sup> 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
*Dedicated Area		*Joint or Infill		*Consolidation Code		*Order No.			

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

<p>16 FD 3 1/4" B.L.M. 1955 BC</p> <p>WELL LOCATION PURE - RINCON UNIT No. 78A 1110' FNL * 730' FWL *</p>	<p>N 88-34-07 E 5245.82' (M)</p> <p>1814'</p>	<p>FD 3 1/4" B.L.M. 1955 BC</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Mike Phillips</i> Signature</p> <p>Mike Phillips Printed Name San Juan Basin Drilling/Production Foreman Title</p> <p>January 16th, 2003 Date</p>
<p>2106'</p>	<p>485'</p>	<p>LAT. 36°34'34" N LONG. 107°29'31" W</p>	<p>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.</p> <p><i>David A. Johnson</i> Signature and Seal of Professional Surveyor</p> <p>DAVID A. JOHNSON REGISTERED PROFESSIONAL SURVEYOR 14827</p> <p>Certificate Number</p>
<p>RECEIVED 5314:30 (M) S 01-0-47 W 2003 JAN 16 PM 12:15 070 Farmington, NM</p> <p>FD 3 1/4" B.L.M. 1955 BC</p>			

DISTRICT I  
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

DISTRICT II  
611 South First, Artesia, N.M. 88210

Submit to Appropriate District Office  
State Lease - 4 Copies  
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DISTRICT III  
1000 E. Brazos Ed., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, NM 87505

AMENDED REPORT

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-		2 Pool Code 72319		3 Pool Name Blanco Mesa Verde	
4 Property Code 26629		5 Property Name RINCON UNIT			6 Well Number 161M
7 OGRID No. 189071		8 Operator Name PURE RESOURCES			9 Elevation 8266'

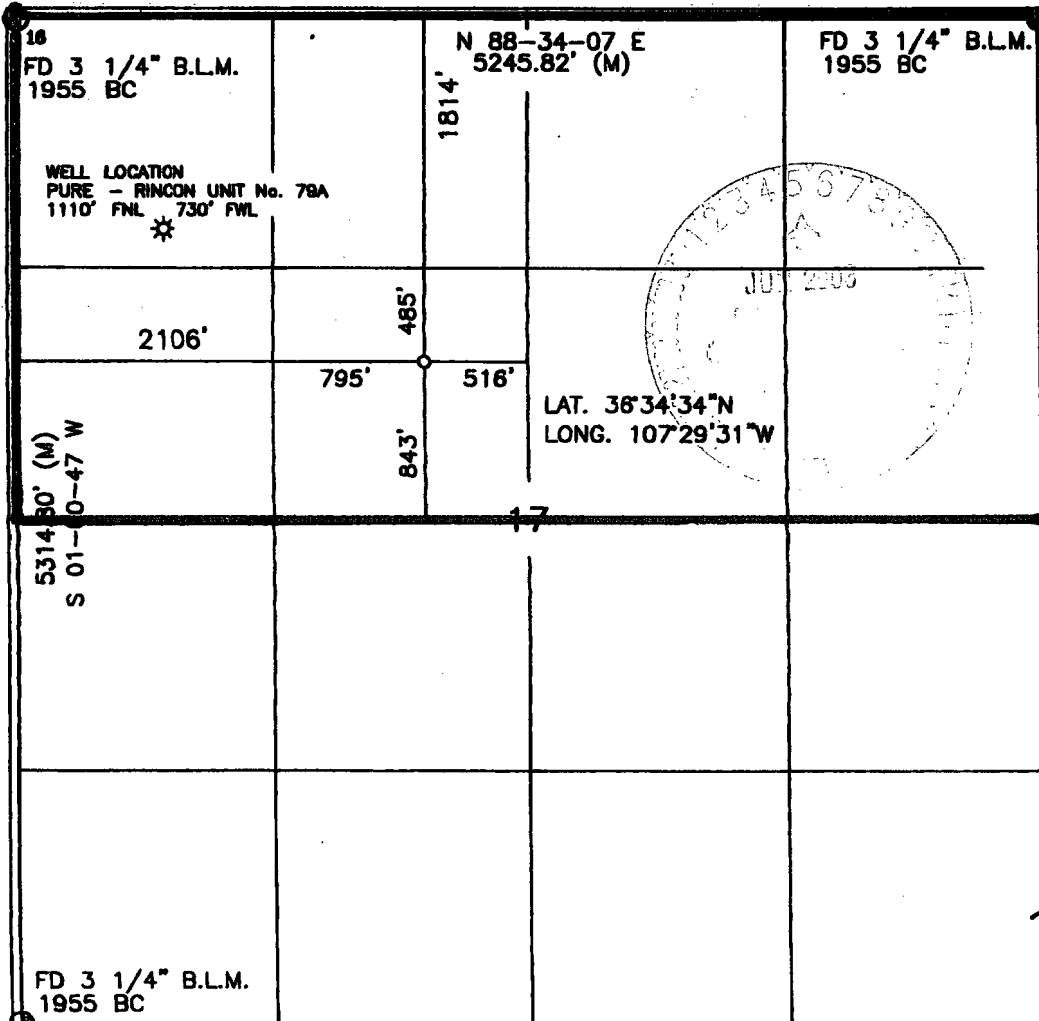
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	17	27-N	6-W		1814'	NORTH	2106'	WEST	RIO ARRIBA

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
12 Dedicated Acres			13 Joint or Infill		14 Consolidation Code		15 Order No.		

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



17 OPERATOR CERTIFICATION

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

*Mike Phillips*  
Signature

Mike Phillips  
Printed Name  
San Juan Basin Drilling/Production  
Foreman  
Title

January 16th, 2003  
Date

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.

DAVID A. JOHNSON  
REGISTERED PROFESSIONAL SURVEYOR  
NEW MEXICO  
14827  
Date of Survey  
Signature and Seal of Professional Surveyor  
Certificate Number

**PURE RESOURCES  
RINCON UNIT WELL NO. 161M  
1814' FNL, 2106' FWL, SEC. 17, T-27-N, R-6-W**

**8 POINT DRILLING PLAN**

**1. ESTIMATED FORMATION TOPS**

<b><u>FORMATION NAME</u></b>	<b><u>DEPTH FROM GL</u></b>
San Jose	Surface
Ojo Alamo	2,056'
Kirtland Shale	2,388'
Pictured Cliffs	2,886'
Cliff House	4,583'
Point Lookout	5,071'
Mancos	5,583'
Tocito Sand	6,671'
Dakota	7,236'
ETD	7,358'
Permit TD	7,400'

**2. OIL, GAS, WATER, OR OTHER MINERAL BEARING ZONES**

<b><u>EXPECTED GAS ZONES</u></b>	<b><u>DEPTH FROM GL</u></b>
Fruitland Coal	2786'-2886'
Pictured Cliffs	2886-2952'
Mesa Verde	4583-5583
Dakota	7236-7358'

<b><u>EXPECTED WATER ZONES</u></b>	<b><u>DEPTH FROM GL</u></b>
Ojo Alamo	2056'

Possible water zones will be protected by 7" intermediate casing and/or 4-1/2" production strings, 7" cemented to surface, and 4-1/2" casing cement tied in to 7".

**3. PRESSURE CONTROL BOP'S AND RELATED EQUIPMENT**

Casing Head: 7" x 11" – 3000 psi W.P.

BOP Stack and Related Equipment: (See Attachment No. 1 &2).

**RINCON UNIT WELL NO. 161M  
DRILLING PROGRAM – PAGE 2**

One double-gate BOP with 4-1/2” and then 3-1/2” pipe and blind rams.  
 One choke manifold with adjustable and positive chokes.  
 An accumulator will hydraulically operate the BOP with 1-1/2 times the necessary capacity to close the rams and retain a minimum of 200psi above recharge. The remote unit will be located in the bottom “dog house” or on the ground between the “dog house” and the toolpushers trailer. A rotating head on top of the BOP stack will be utilized when necessary.

**Testing Procedure:**

The BOP and related equipment will be tested in accordance with the provisions of Onshore Oil and Gas Order No. 2.

BOP’s will be operationally tested daily and each test will be logged in the IADC Daily Drilling Report.

**Blooie Line:**

The blooie line and related equipment will meet all requirements of Onshore Oil and Gas Order No. 2.

**4. CASING AND CEMENTINNG PROGRAM**

**SURFACE CASING (Spud Mud)**

<u>Age</u>	<u>Depth</u>	<u>Hole Size</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>
New	0-350’	12-1/4”	9-5/8”	32.3#	H-40	ST&C

**INTERMEDIATE CASING (FW Mud)**

<u>Age</u>	<u>Depth</u>	<u>Hole Size</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>
New	0-2428’	8-3/4”	7”	20#	K-55	ST&C

**PRODUCTION CASING (Air Dusting)**

<u>Age</u>	<u>Depth</u>	<u>Hole Size</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>
New	0-TD	6-1/4”	4-1/2”	11.6#	L-80	LT&C

**MINIMUM SAFETY FACTORS**

Collapse: 1.125  
 Tension: 1.8  
 Burst: 1.0

**RINCON UNIT WELL NO. 161M  
DRILLING PROGRAM – PAGE 3**

**Cementing Program**

1. The 9-5/8" surface casing will be cemented to the surface with 200 sacks of class "Type III" cement + 2% Cacl2 and ¼# per cello flake. 14.6ppg, 1.39 yield. Represents 137% excess.
2. The 7" intermediate casing will be cemented to surface with; 325 sacks of Premium Lite FM cement + 8% gel + 2% CACL2, + 6.25#/sack LCM + .25 lbs/sk Cello Flake @ 12.1 ppg , + 2.11 yield, Followed by 80 sacks class "Type III" cement + 2% CACL2 + ¼ #/sack cello-flake. @ 14.6 ppg, 1.39 yield. This represents 33% excess.
3. The 4-1/2" production casing will be cemented and tied into the intermediate casing with 85 sacks Premium Lite HS FM + .3% R-3,+ 2%CACL2 + ¼ #/sack CF + .3% CD-32 + 5#/SK LCM-1 + 1% FL-52, 11.9 ppg, 2.37 yield. Followed by 525 sks Premium Lite HS FM + .3% R-3, + 2% CACL2 + 1/4# /sk CF + .3% CD-32 + 5#/sk LCM-1 + 1% FL-52. 12.5 ppg, 2.02 yield. Represents 45% excess.

Casing hardware for the production string to include guide shoe, float collar, centralized shoe joint and next five joints. Centralizers across producing zones.

**Auxiliary Equipment**

A kelly cock will be used with handle available. A full opening safety valve will be used when Kelly is out of string. Rotating head while air drilling. Will have vacuum diversion on blooie line.

5. **DRILLING FLUID PROGRAM**

<u>Depth</u>	<u>Type</u>	<u>Weight</u>	<u>Vis</u>	<u>W.L.</u>
0-350'	Spud Mud			N.C.
350-2428'	Fresh Water Gel	8.3-8.6	30-35	N.C
2428'-TD	Air	N.C.	N.C.	N.C.