

OIL CONS. DIV.
DIST. 3Form 3160-3
(April 2004)

DEC 21 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB NO 1004-0137
Expires March 31, 2007

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No SF-079298 D
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Chevron Midcontinent L.P.		7. If Unit or CA Agreement, Name and No Rincon Unit NMNM 78406D
3a. Address P.O. Box 36366 Houston, TX 77236		8. Lease Name and Well No. Rincon Unit 508
3b. Phone No. (include area code) 281-561-4859		9. API Well No. 30458 30-039-29698
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface 1430' FSL 335' FWL Lat 36.33'23.5"N Long. 107.32'05.2"W At proposed prod. zone		10. Field and Pool, or Exploratory Blanco MV & Basin Dakota
14. Distance in miles and direction from the nearest town or post office* 25 Miles Southeast of Blanco, NM		11. Sec., T., R., M., or Blk. and Survey or Area L Sec 24 T27N R7W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 335'	16. No. of acres in lease 2645.09 768.76	12. County or Parish Rio Arriba
17. Spacing Unit dedicated to this well MV = 5/2 - 337.44 DK = 5/2 - 337.44	13. State New Mexico	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 708'	19. Proposed Depth 7800'	20. BLM/ BIA Bond No. on file NM 2881
21. Elevations (Show whether DF RT, GR, etc.) 6718'	22. Approximate date work will start* 6/1/2008	23. Estimated duration 30 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/ or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/ Typed) Pamela Rainey	Date 12/20/2007
Title Regulatory Specialist	BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS 1/29/08	
Approved By (Signature) 	Name (Printed/ Typed) AFM	Office FFD
Title AFM		

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 applicant to conduct operations thereon.

Conditions of approval, if any, are attached

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 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.

* (Instructions on page 2)

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENTDRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOC D

FEB 25 2008 AV

This action is subject to technical and
procedural review pursuant to 43 CFR 3105.3
and appeal pursuant to 43 CFR 3165.4

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

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

RCVD FEB 25 '08

☐ AMENDED REPORT
OIL CONS. DIV.

WELL LOCATION AND ACREAGE DEDICATION PLAT

DIST. 3

¹ API Number 30-039-30458	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 26629 302 737	⁵ Property Name RINCON UNIT	⁶ Well Number 508
⁷ GRID No. 241333	⁸ Operator Name CHEVRON MIDCONTINENT L.P.	⁹ Elevation 6718'

¹⁰ Surface Location

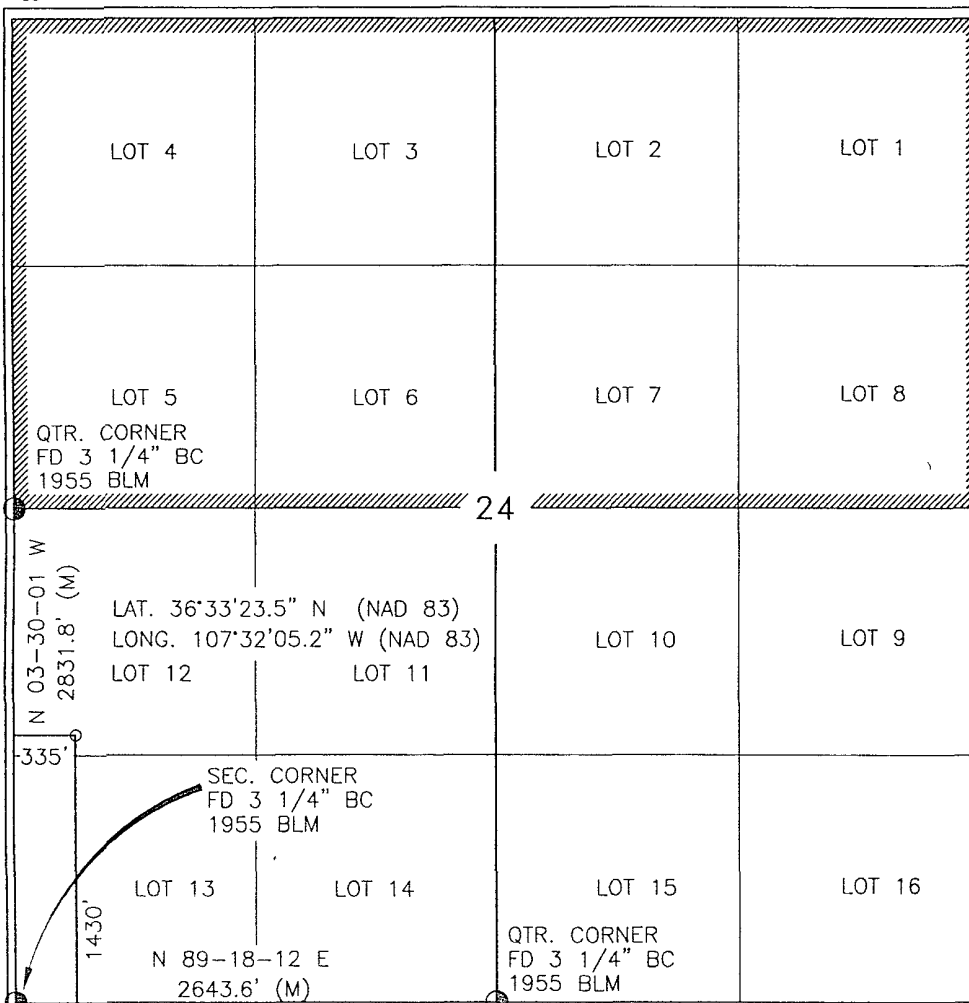
UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	24	27-N	7-W		1430'	SOUTH	335'	WEST	RIO ARriba

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 337.44 N/2					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

16



¹⁷ 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 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.

Pamela Rainey
Signature
Pamela Rainey 2/20/08
Printed Name 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.

AUGUST 19, 2005
Date of Survey
Signature and Seal of Professional Surveyor
Certificate Number
8894

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

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30458	² Pool Code 72319	³ Pool Name BLANCO MESAVERDE
⁴ Property Code 26629 302 737	⁶ Property Name RINCON UNIT	⁸ Well Number 508
⁷ GRID No. 241333	⁹ Operator Name CHEVRON MIDCONTINENT L.P.	⁵ Elevation 6718'

¹⁰ Surface Location

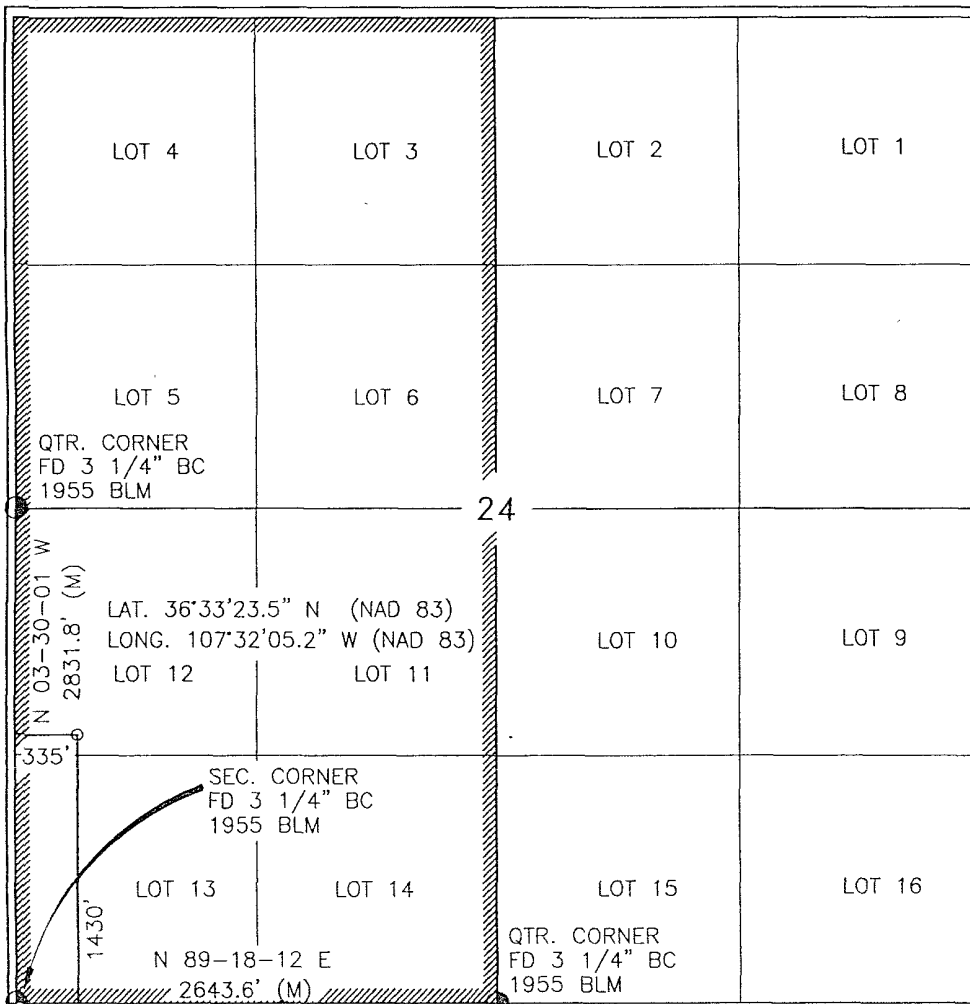
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	24	27-N	7-W		1430'	SOUTH	335'	WEST	RIO ARRIBA

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

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Pamela Rainey
Signature
Pamela Rainey 2/20/08
Printed Name 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.

AUGUST 19, 2005
Date of Survey
ROY A. RUSSELL
Signature and Seal of Professional Surveyor.
8894
Certificate Number

Submit 3 Copies To Appropriate District Office.
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

Form C-103
May 27, 2004

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

WELL API NO. <u>20-039-30458</u>	
5. Indicate Type of Lease: FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. FEDERAL: SF 079298-D	
7. Lease Name or Unit Agreement Name RINCON UNIT	
8. Well Number: #508	
9. OGRID Number: 189071	
10. Pool name or Wildcat Blanco MV & Basin DK	

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.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
PURE RESOURCES LP

3. Address of Operator: c/o Agent, Mike Pippin LLC
3104 N. Sullivan, Farmington, NM 87401 505-327-4573

4. Well Location

Unit Letter L : 1430 feet from the South line and 335 feet from the West line

Section 24 Township 27N Range 7W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6718'

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >200'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material

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 ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Register Drilling Pit ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/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.

We intend to drill a new MV/DK well. The drilling pit will be built and lined according to our general pit guidelines on file at the NMOCD in Aztec, NM.

When the drilling pit is closed, it will be closed as per our general pit closing guidelines on file at the NMOCD.

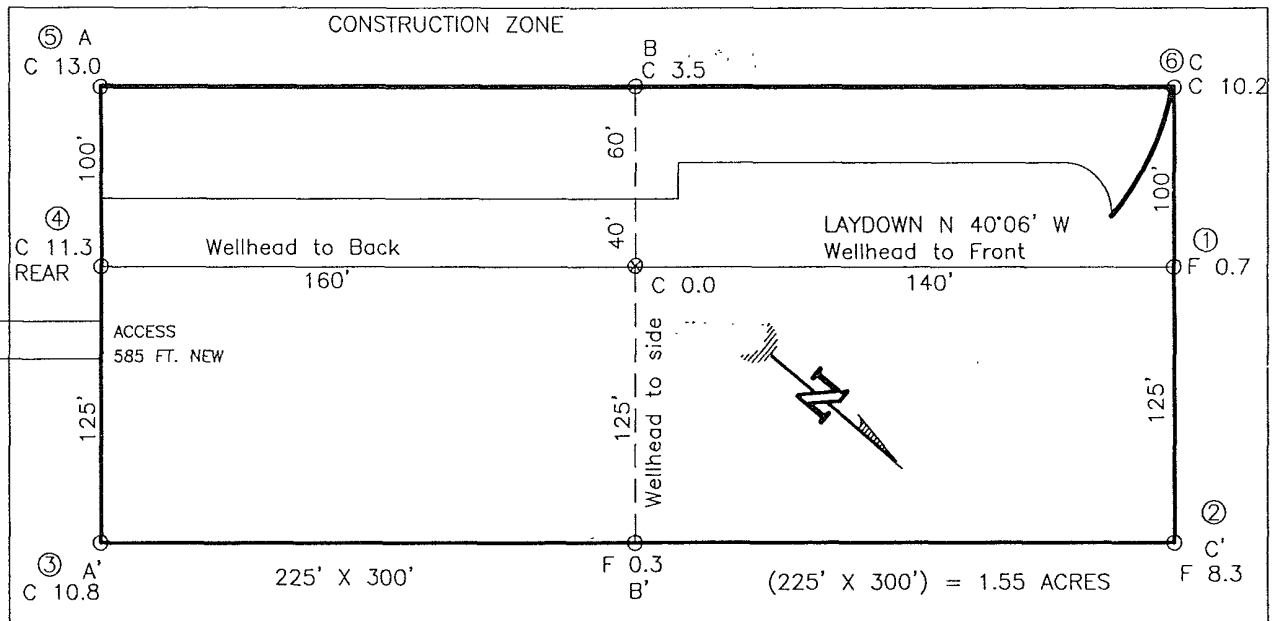
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Mike Pippin TITLE Agent, Petroleum Engineer DATE 11/4/05
Type or print name Mike Pippin E-mail address: mpippin@ddbroadband.net Telephone No.: 505-327-4573

For State Use Only

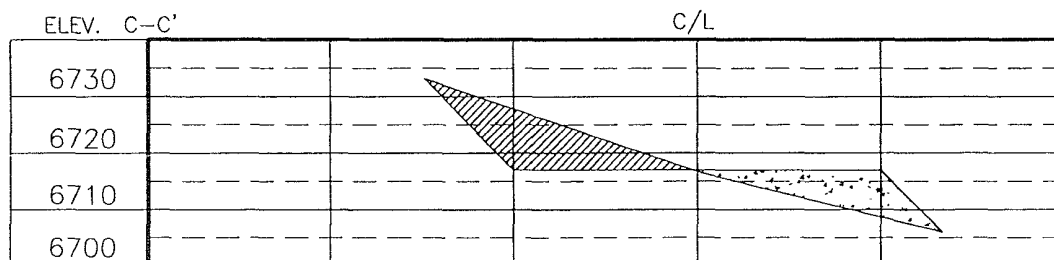
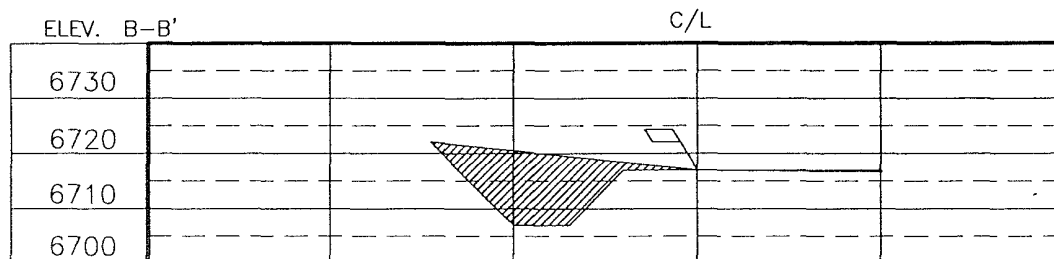
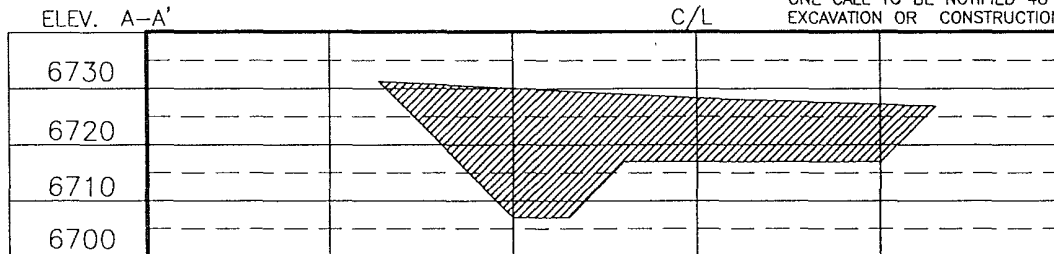
APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector DATE FEB 25 2008
Conditions of Approval (if any): District #3

CHEVRON MIDCONTINENT L.P.
 RINCON UNIT No. 508, 1430 FSL 335 FWL
 SECTION 24, T27N, R7W, N.M.P.M., RIO ARriba COUNTY, N. M.
 GROUND ELEVATION: 6718', DATE: AUGUST 19, 2005



NOTE:

DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.



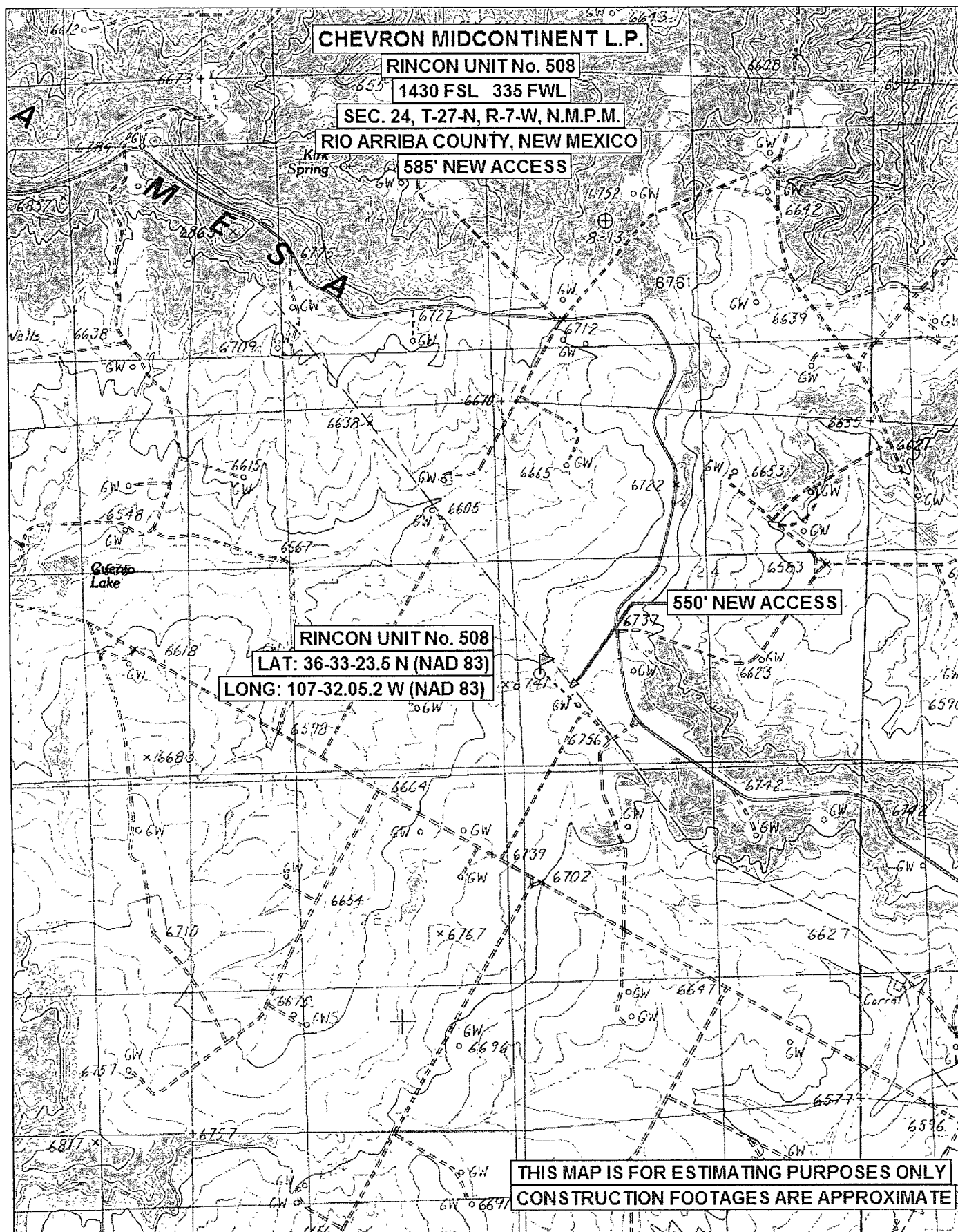
NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

REVISION	DATE	REVISOR
OPERATOR NAME CHANGE	02/01/08	A.G.

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 510 • Farmington, NM 87499
 Phone (505) 326-1772 • Fax (505) 326-6019
 NEW MEXICO L.S. No. 14831

DRAWN BY: A.G.
 ROW# PR110

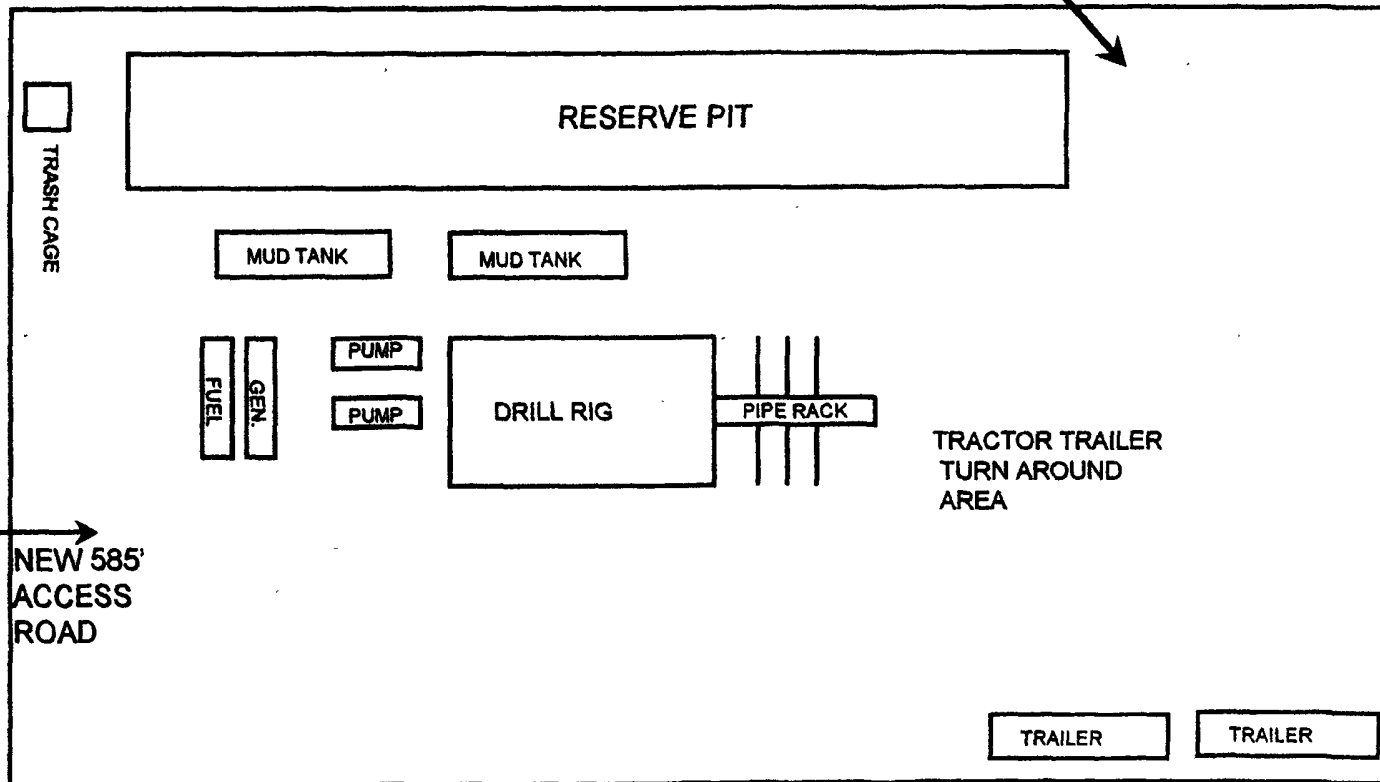
DATE: 06/23/05



PURE RESOURCES LP
RINCON UNIT #508 MV/DK
L SEC. 24 T27N R7W
RIO ARriba COUNTY, NM

11/4/05 P.M. PIPPIN

NORTH



PURE RESOURCES LP
RINCON UNIT #508 MV/DK
1430' FSL, 335' FWL
Unit L Sec. 24 T27N R07W
Rio Arriba County, NM

Drilling Program

1. **ESTIMATED FORMATION TOPS: (KB)**

<u>Formation Name</u>	<u>Depth</u>
San Jose	Surface
Ojo Alamo	2545'
Kirtland	2630'
Fruitland	2965'
Pictured Cliffs	3190'
Cliffhouse	4895'
Menefee	4963'
Point Lookout	5445'
Greenhorn	7349'
Graneros	7437'
Dakota	7541'
Intermediate TD (7")	2900'
TD (4-1/2")	7800'

2. **NOTABLE ZONES**

<u>Gas or Oil Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Fruitland		Fruitland
Pictured Cliffs	Ojo Alamo	
	Kirtland	
Cliffhouse		
Menefee		
Point Lookout		
Dakota		

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the engineer's recommendations.

PURE RESOURCES LP
RINCON UNIT #508 MV/DK
1430' FSL, 335' FWL
Unit L Sec. 24 T27N R07W
Rio Arriba County, NM

3. PRESSURE CONTROL: (See Page 5)

Maximum expected pressure is ~2700 psi. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 11" 3,000 psi model is on page #5.

BOP equipment and all accessories will meet or exceed BLM requirements in 43 CFR Part 3160 for a 3000 psi system. A 3000 psi double ram hydraulic BOP will be used. Accumulator system capacity will be sufficient to close all BOPE with a 50% safety factor. Fill, kill, and choke manifold lines will be 2". Accessories will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on floor at all times, string float at bit, 3000 psi choke manifold with 2" adjustable and 2" positive chokes, and pressure gauge. BOPs will be tested every 24 hours. Tests will be recorded on IADC log.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>Connection</u>	<u>GL Setting Depth</u>
12-1/4"	9-5/8"	32.3#	H-40	New	ST&C	350'
8-3/4"	7"	20#	K-55	New	ST&C	2900'
6-1/4"	4-1/2"	11.6#	I-80	New	ST&C	7800'

Surface casing will be cemented to the surface with ~220 cu. ft. (~158 sx) Type III cmt or equivalent (1.39 ft³/sx yield, 14.6 ppg, & 6.7 gps) with 2% CaCl₂ and 1/4#/sx celloflake. Volume based on 100% excess. We plan to run a minimum of at least 3 centralizers. A wooden wiper plug will be displaced to within 20' of the shoe. WOC = 12 hours. Surface casing will be tested to 500 psi for 30 minutes.

Intermediate casing will be cemented to surface with a single stage. Total cement = 632 cu. ft. (327 sx). Volumes are calculated at 45% excess. If cement does not circulate to surface, then a temperature survey will be run to determine the actual cement top as needed. WOC = 12 hours. Test to 1000 psi for 30 minutes.

Lead cement will be ~521 cu. ft. (~247 sx) Premium Lite w/2% CaCl₂, 1/4#/sx cello flake, 6-1/4#/sx gilsonite, 8% gel mixed at 11.0 gps, 12.1 ppg for a yield of 2.11 cu. ft. per sx.

Tail cement will be ~111 cu. ft. (~80 sx) Type III w/2% CaCl₂, 1/4#/sx Cello flake mixed at 6.7 gps, 14.6 ppg for a yield of 1.39 cu. ft. per sx.

Cementing equipment will include a guide shoe, and autofill float collar will be run 20' off bottom. We plan on running at least 10 centralizers.

Production casing will be cemented to surface ensuring cement coverage inside the intermediate casing with a single stage. Total cement = 1221 cu. ft. (590 sx). Volumes

PURE RESOURCES LP
RINCON UNIT #508 MV/DK
1430' FSL, 335' FWL
Unit L Sec. 24 T27N R07W
Rio Arriba County, NM

are calculated at 45% excess. If necessary, a CBL will be run during completion operations to insure cement coverage inside the 7" intermediate casing. Casing will be pressure tested to 6000 psi for 30 minutes during completion operations.

Lead cement will be ~201 cu. ft. (~85 sx) Premium Lite High Strength FM w/0.3% R-3, 2% KCl, 1/4#/sx Cello flake, 0.3% CD-32, 5#/sx Pheno Seal, 1% FL-52, mixed at 12.7 gps, 11.9 ppg for a yield of 2.37 cu. ft. per sx.

Tail cement will be ~1020 cu. ft. (~505 sx) Premium Lite High Strength FM w/0.3% R-3, 2% KCl, 1/4#/sx Cello flake, 0.3% CD-32, 5#/sx Pheno Seal, 1% FL-52, mixed at 10.1 gps, 12.5 ppg for a yield of 2.02 cu. ft. per sx.

Cementing equipment will include a guide shoe, and autofill float collar will be run 20' off bottom with a centralized shoe joint and next five joints. Centralizers will be run across the producing zones.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>Wt./ppg.</u>	<u>Vis.</u>	<u>Fluid Loss</u>	<u>PH</u>
0'-350'	FW gel/lime spud mud	8.4-8.7	30-50	NC	10
350'-2900'	FW gel/Polymer	8.3-8.6	30-35	<20cc's	9.5
2900'-7800'	Air &/or Air/mist	N/A	N/A	N/A	N/A

Lost circulation and absorption material will be on location.

6. CORING, TESTING, & LOGGING

No cores, drill stem tests, or open hole logs are planned. A cased hole TDT log will be run from TD through the top of the Mesaverde during completion operations.

7. DOWN HOLE CONDITIONS

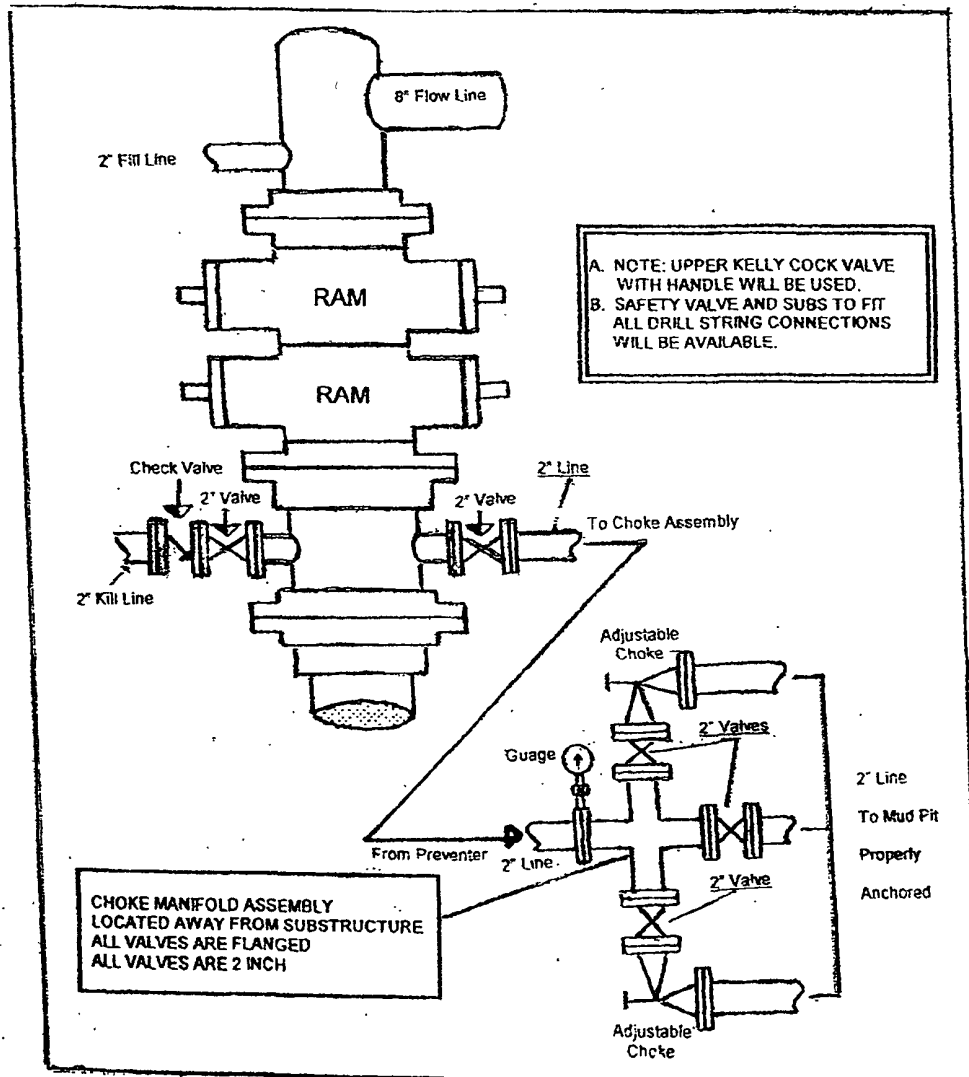
No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ~2700 psi.

8. OTHER INFORMATION

The anticipated spud date is September 23, 2006. It is expected it will take ~7 days to drill and ~12 days to complete the well. Completion will start about one month after the spud and will include hydraulic fracturing.

PURE RESOURCES, LP
RINCON UNIT WELLS
RINCON FIELD
RIO ARriba COUNTY, NEW MEXICO

San Juan Basin
3M BOPE – Class 2 BOPE
Minimum of 3000 psi Working Pressure



PAGE #5