

**BEFORE THE
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

2006 OCT 19 PM 4

**IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:**

CASE NO. 2613797

**APPLICATION OF READ & STEVENS, INC. FOR
COMPULSORY POOLING, CHAVES COUNTY,
NEW MEXICO.**

ENTRY OF APPEARANCE

COMES NOW HOLLAND & HART, LLP and hereby enters its appearance in the
above referenced case on behalf of Pure Energy Group.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry
OCEAN MUNDS-DRY
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR PURE ENERGY GROUP

CERTIFICATE OF SERVICE

I certify that on October 19, 2006, I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

James Bruce, Esq.
Post Office Box 1056
Santa Fe, NM 87504-1056
(505) 982-2151 facsimile



Ocean Munds-Dry

3620367_1.DOC



PURE ENERGY GROUP

VIA FACSIMILE and EXPRESS MAIL - RETURN RECEIPT REQUESTED

October 13, 2006

Read & Stevens, Inc.
Oil Producers
Attn: Robert H. Watson
400 Penn Plaza
400 N. Penn, Suite 1000
Roswell, New Mexico 88202

**RE: Manry-Elliot #2 (Previously Marley 22 #1)
Section 22: E/2-T11S-R31E
Chaves County, New Mexico**

Dear Bob,

As you know, Pure has elected to participate in the Manry-Elliot #2, which was previously named the Marley 22 #1. In our latest phone conversation on 10/10/06, you advised me to wait on executing the AFE Pure has in hand for the Marley 22 #1 and wait for a "revised" AFE that Pure would receive in about one week. My understanding is that the revised AFE would include a legal location. This information will help Pure finalize our geologic evaluation. However, in light of the notice of compulsory pooling received from James Bruce (OCD Case NO 13797), I felt it necessary to notify all involved parties of our intention to participate in the Read & Stevens Manry-Elliot #2. Upon receiving the "revised" AFE, I will execute same on Pure's behalf and return. I would also ask for Read and Stevens to send me a Joint Operating Agreement that among other items, will describe the unit and acreage to be dedicated to the unit for determining our working interest and our budgeting purposes. Pure looks forward to being a part of this endeavor with Read & Stevens and should any questions arise, please feel free to call me at (210) 226-6700.

WTD 10/13/06

Best Regards,

Pure Energy Group

Larry Risley
Larry Risley
COO Pure Energy

Enclosures

CC ✓ Mark Fesmire
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

James Bruce
Attorney At Law
369 Montezuma, No. 213
Santa Fe, New Mexico 87501

AFE: 201
PROPERTY: 010173 MARLEY 22 #1
LOCATION: SECTION 22: E/2-T11S-R31E
OPERATOR: READ & STEVENS, INC.

FIELD: MISS/MORR/ATOKA
ST/COUNTY: NM/CHAVES

SUB-CATEGORY	ESTIMATE COST
INTANGIBLE DRILLING	
FUEL	96,000.00
LOCATION PREP & DAMAGE	50,000.00
MOB/DEMOB	50,000.00
DRILL RATE DAYWORK	742,000.00
BITS & REAMERS	60,000.00
MUD & CHEMICALS	120,000.00
WATER	30,000.00
EQUIPMENT RENTALS	35,000.00
ELECTRIC LOGS	75,000.00
CORING & TESTING	12,500.00
MUD LOGGING	29,000.00
HAULING & FREIGHT	10,000.00
SUPERVISION	35,000.00
CEMENT & SERVICES	50,000.00
CONTRACT SERVICE	35,000.00
DRILLING OVERHEAD	10,000.00
SUB-TOTAL INTANGIBLE DRILLING	\$1,439,500.00
TANGIBLE DRILLING	
SURFACE CASING	20,000.00
PROTECTIVE CASING	90,000.00
WELLHEAD	12,000.00
SURFACE EQUIPMENT	10,000.00
OTHER TANGIBLES	3,000.00
SUB-TOTAL TANGIBLE DRILLING	\$135,000.00
TOTAL ALL DRILLING	\$1,574,500.00
INTANGIBLE COMPLETION	
LOCATION PREPARATION & DAMAGES	2,500.00
MUD & CHEMICALS	2,000.00
WATER	5,000.00
EQUIPMENT RENTALS	45,000.00
ELECTRIC LOGS	15,000.00
HAULING & FREIGHT	2,000.00
SUPERVISION	7,500.00
CEMENT & SERVICES	55,000.00
PERFORATION	12,000.00
ACIDIZING	10,000.00
COMPLETION UNIT	30,000.00
CONTRACT SERVICE	55,000.00
DRILLING OVERHEAD	5,000.00
FRACTURING SERVICE	120,000.00
SUB-TOTAL INTANGIBLE COMPLETION	\$366,000.00
TANGIBLE COMPLETION	
PRODUCTION CASING	195,000.00
TUBING	35,000.00
WELLHEAD	5,000.00
SUB-SURFACE EQUIPMENT	10,000.00
SURFACE WELL EQUIPMENT	5,000.00
FLOWLINE	5,000.00
TANKAGE	25,000.00
SEPARATOR	25,000.00
SUB-TOTAL TANGIBLE COMPLETION	\$305,000.00
TOTAL ALL COMPLETION	\$671,000.00
TOTAL AFE	\$2,245,500.00

W. I. OWNER _____

By: _____

Date: _____