

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

2004 APR 12 PM 3:54
070 Farmington, NM

FORM APPROVED
OMB No. 1004-0136

Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Designation and Serial No.

SF-079366

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement, Name and No.

RINCON UNIT NMNM 78406D

8. Lease Name and Well No.

RINCON UNIT #405

9. API Well No.

30 039 27668

10. Field and Pool, or Exploratory

Blanco MV & Basin DK

11. Sec., T., R., M., or Blk. and Survey or Area

0 Sec 20, T-27-N, R-06-W

12. County or Parish,

Rio Arriba

13. State

New Mexico

17. Spacing Unit dedicated to this well

East 320 acres MV
South 320 DK

20. BLM/BIA Bond No. on file

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.

2. A Drilling Plan

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.

4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the authorized officer

Size of Hole	Grade, Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
12-1/4"	9-5/8" H-40	32.3#	350'	225 Sxs, 313 ft3 - 100% Excess
8-3/4"	7" K-55	20#	2868'	405 Sxs, 508 ft3 - 45% Excess
6-1/4"	4-1/2" I-80	11.6#	7788'	610 Sxs, 1262 ft3 - 45% Excess

SEE ATTACHED APD INFORMATION

Latitude: 36 Deg, 33 Min, 12 Sec N
Longitude: 107 Deg, 29 Min, 25 Sec W

25. Signature

Mike Pippin

Name(Printed/Typed)

Mike Pippin

Date

3/12/2004

Title

Petroleum Engineer

Approved by (Signature)

AFM

Name(Printed/Typed)

Office

PFO

Date

7-16-04

Application approval does not warrant or certify 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 reverse)

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL CONDITIONS",

NMOC

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

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

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-27668	*Pool Code 72319 71599	*Pool Name BLANCO MV & BASIN DK
*Property Code 26629	*Property Name RINCON UNIT	*Well Number 405
*OGRID No. 189071	*Operator Name PURE RESOURCES	*Elevation 6543'

¹⁰ Surface Location

UL or lot no. 0	Section 20	Township 27-N	Range 6-W	Lot Idn	Feet from the 376	North/South line SOUTH	Feet from the 2507	East/West line EAST	County RIO ARriba
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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 320									
¹³ Joint or Infill S1/2 DK E/2 MV									
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. <u>Mike Pippin</u> Signature <u>MIKE PIPPIN</u> Printed Name <u>AGENT - PETR. ENGR.</u> Title <u>3/5/04</u> Date
RECEIVED MAR 12 PM 3:55 OIL CONSERVATION DIVISION				FD. 3 1/4" BC. 1955 B.L.M.	
20					
* RINCON UT. 255				NO 1'31'24"E 2625.91' (M)	
LAT. = 36°33'12" N. (NAD 83) LONG. = 107°29'25" W.				2507'	
FD. 3 1/4" BC. 1955 B.L.M.	S87°12'07"W 5266.32' (M)			376'	FD. 3 1/4" BC. 1955 B.L.M.
				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. <u>20 APR 14 2004</u> Date of Survey <u>14827</u> Signature and Seal of Professional Surveyor <u>14827</u> Certificate Number	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Pure Resources c/o Mike Pippin LLC (Agent)

3a. Address

c/o: Pippin, 3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)

505-327-4573

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

376' FSL 2507' FEL (O) Sec. 20 T27N R06W

5. Lease Serial No.

NMSF - 079366

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

Rincon Unit NMNM 78406D

8. Well Name and No.

Rincon Unit #405

9. API Well No.

30-039-27668

10. Field and Pool, or Exploratory Area

Blanco MV/ Basin DK

11. County or Parish, State

Rio Arriba County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other CHANGE
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> FORMATION TOPS
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal <input type="checkbox"/> & TOTAL DEPTH

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

As requested by the BLM, the estimated formation tops & total depth on the APD will be changed to the following:

Ojo Alamo	2442'	Greenhorn	7250'
Kirtland	2553'	Graneros	7345'
Fruitland	2799'	Dakota	7470'
7" inter. Csg TD	2897'		
Pictured Cliffs	3115'	TD	7720'
Cliffhouse	4833'		
Menefee	4930'		
Point Lookout	5331'		

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Mike Pippin

Title

Petr. Engr. (Agent)

Signature

Mike Pippin

Date

March 22, 2004

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

[Signature]

Title

AFM

Date

7-16-04

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

FEO

Title 18 U.S.C. Section 1001, makes 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 reverse)

NMOC

PURE RESOURCES LP
RINCON UNIT #405 MV/DK
376' FSL, 2507' FEL
Unit O Sec. 20 T27N R06W
Rio Arriba County, NM

Drilling Program

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

<u>Formation Name</u>	<u>Depth</u>
San Jose	Surface
Ojo Alamo	2298'
Kirtland	2808'
Pictured Cliffs	3183'
Lewis	3278'
Cliffhouse	4888'
Point Lookout	5358'
Mancos	5808'
Gallup	6658'
Greenhorn	7323'
Graneros	7378'
Dakota	7538'
TD	7788

2. **NOTABLE ZONES**

<u>Gas or Oil Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Pictured Cliffs	Ojo Alamo Kirtland	
Cliffhouse		
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 #405 MV/DK
 376' FSL, 2507' FEL
 Unit O Sec. 20 T27N R06W
 Rio Arriba County, NM

3. PRESSURE CONTROL

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 & #6.

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	2868'
6-1/4"	4-1/2"	11.6#	I-80	New	ST&C LT	7788'

Surface casing will be cemented to the surface with ~313 cu. ft. (~225 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 15 minutes.

⁷⁹⁷**Intermediate casing** will be cemented to surface with a single stage. Total cement = ~~568~~ cu. ft.. 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 15 minutes.

⁶⁸⁴Lead cement will be ~~~457~~ cu. ft. (~325 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 = 1262 cu. ft.. Volumes are calculated at 45% excess. If necessary, a CBL will be run during completion operations to

PURE RESOURCES LP

RINCON UNIT #405 MV/DK

376' FSL, 2507' FEL

Unit O Sec. 20 T27N R06W

Rio Arriba County, NM

insure cement coverage inside the 7" intermediate casing. Casing will be pressure tested to 6000 psi 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 gpg, 11.9 ppg for a yield of 2.37 cu. ft. per sx.

Tail cement will be ~1061 cu. ft. (~525 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 gpg, 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'-2868'	FW gel/Polymer	8.3-8.6	30-35	<20cc's	9.5
2868'-7788'	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.

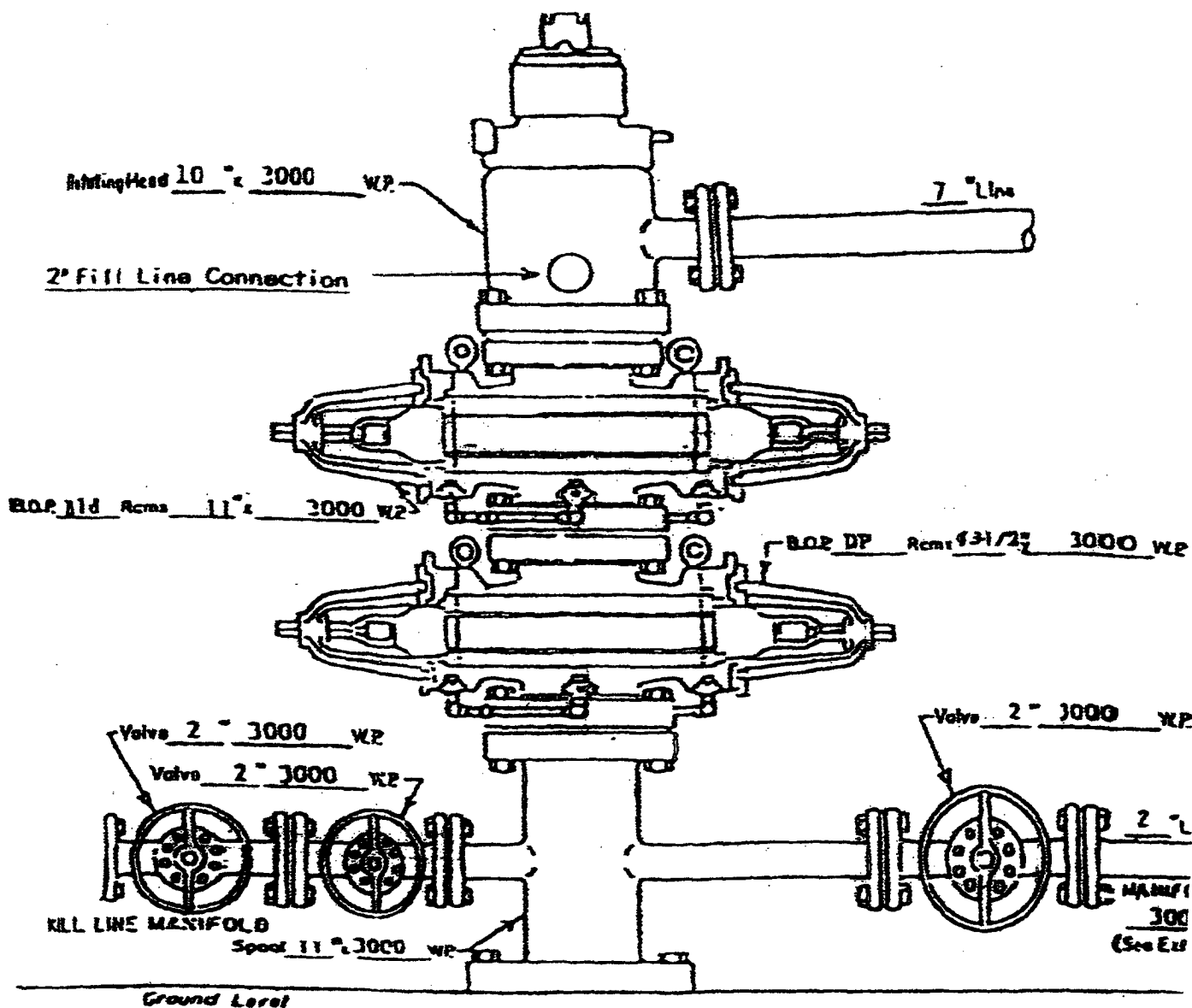
7. DOWN HOLE CONDITIONS

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

8. OTHER INFORMATION

The anticipated spud date is July 24, 2004. 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.

RINCON UNIT WELLS
RINCON FIELD
RIO ARriba COUNTY, NEW MEXICO

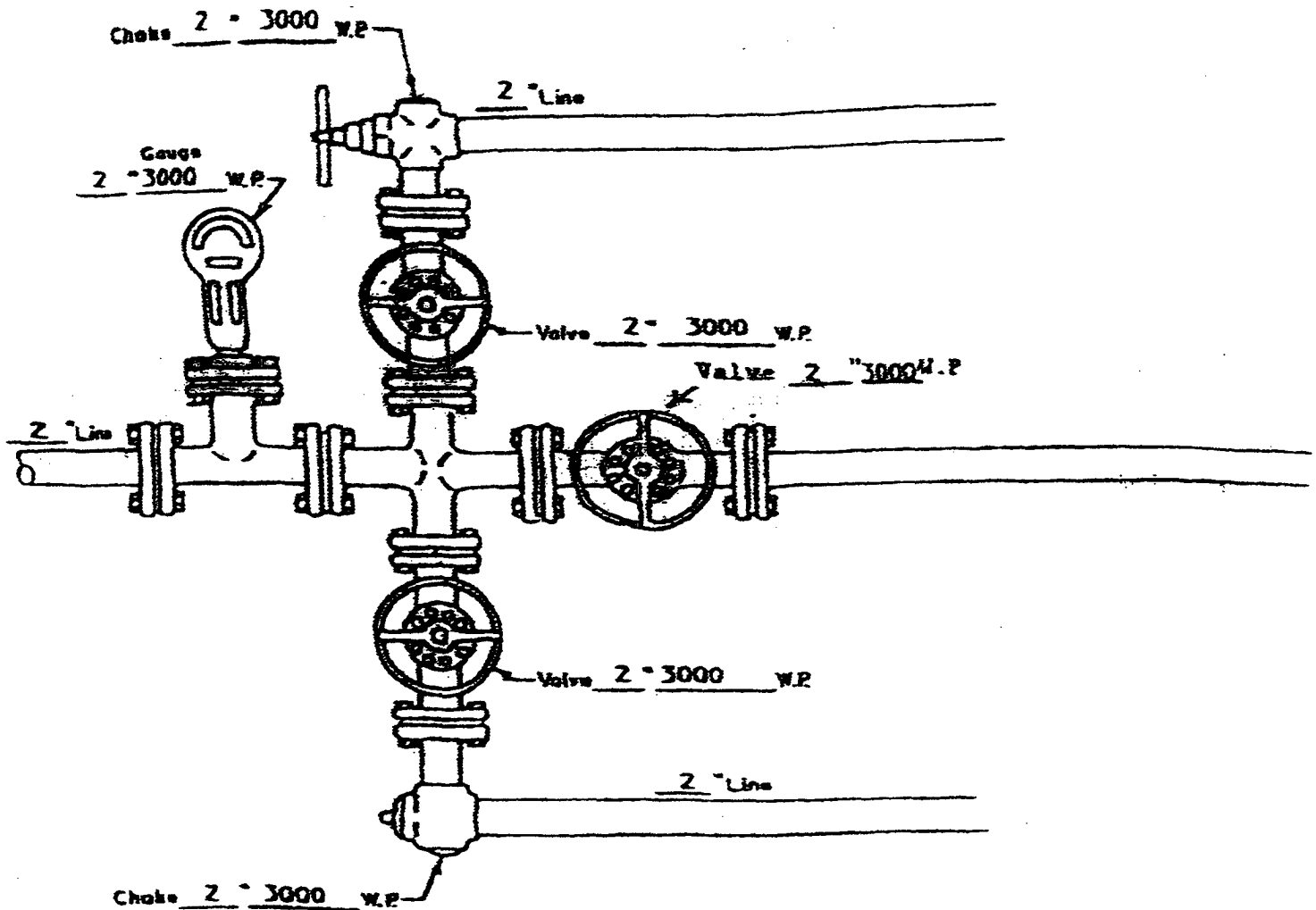


WELL HEAD B.O.P.
3000 #W.P.

☐ Manual
☒ Hydraulic

NOTE: Although 3000 psi BOP equipment will be used, equipment determination and line sizing are based on the requirements for 2000 psi BOP equipment due to the known drilling and reservoir conditions.

RINCON UNIT WELLS
RINCON FIELD
RIO ARriba COUNTY, NEW MEXICO

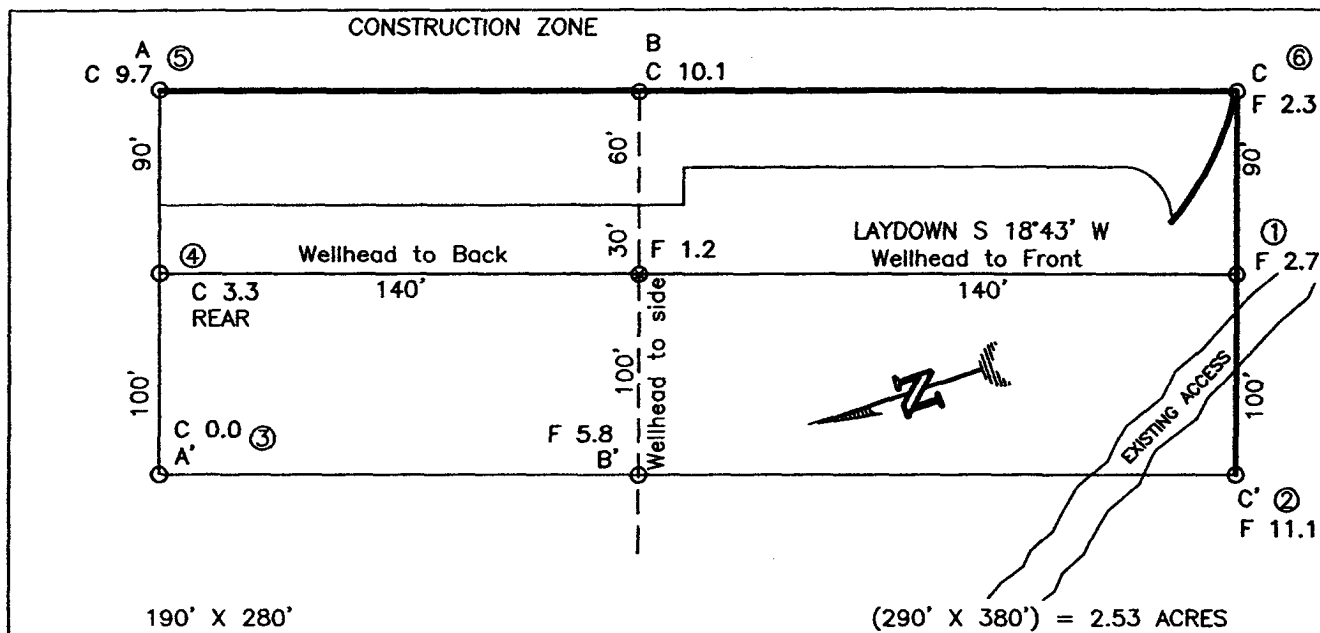


MANIFOLD
3000 #W.P.

- ☒ Manual
- ☐ Hydraulic

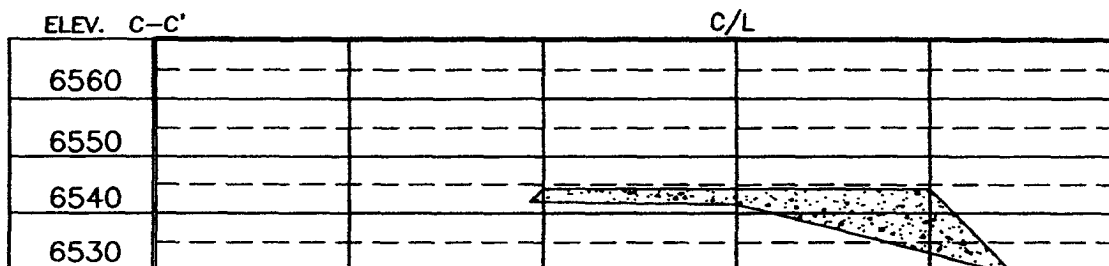
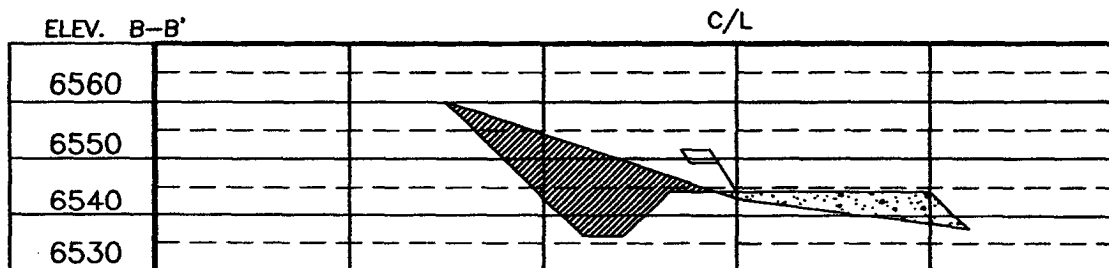
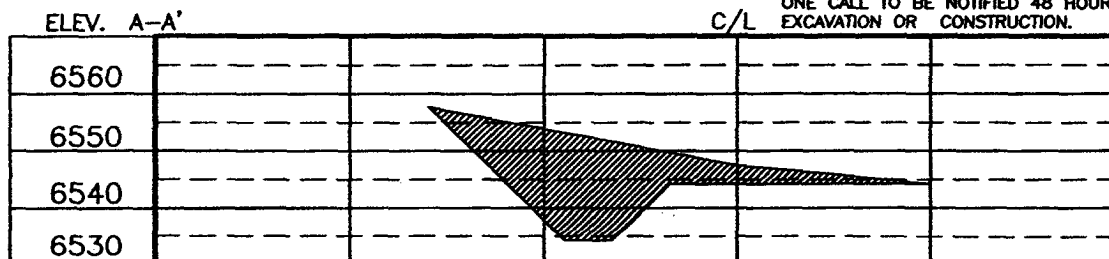
ATTACHMENT NO. 2

PURE RESOURCES
 RINCON UNIT No. 405, 376 FSL 2507 FEL
 SECTION 20, T27N, R6W, N.M.P.M., RIO ARRIBA COUNTY, N. M.
 GROUND ELEVATION: 6543, DATE: AUGUST 28, 2003



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.

DRAWN BY: B.L. ROW#: PR071 CADFILE: PR071CF8 DATE: 9/03/03

PAGE #12

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15088 Farmington, NM 87401
 Phone (505) 326-1772 Fax (505) 326-6019

REvised: CHANGE NAME BY: B.L. DATE: 02/24/04