

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

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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-079364

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 #414

9. API Well No.

3003927670

10. Field and Pool, or Exploratory

Blanco MV & Basin DK

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

E Sec 31, T-27-N, R-06-W

12. County or Parish,

Rio Arriba

13. State

New Mexico

17. Spacing Unit dedicated to this well

349.93  
North-20 Acres

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#	2710'	405 Sxs, 508 ft3 - 45% Excess
6-1/4"	4-1/2" I-80	11.6#	7660'	610 Sxs, 1262 ft3 - 45% Excess

SEE ATTACHED APD INFORMATION

Latitude: 36 Deg, 31 Min, 53 Sec N  
Longitude: 107 Deg, 31 Min, 02 Sec W

25. Signature	Name(Printed/Typed)	Date
<i>Mike Pippin</i>	Mike Pippin	3/12/2004
Title		
Petroleum Engineer		
Approved by (Signature)	Name(Printed/Typed)	Date
<i>D. Mantione</i>		8-9-04
Title	Office	
AFM	FEO	

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)

HOLD C104 FOR NSL IN Blanco M-Sa Verde

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

NMOCD

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

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

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

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30039-27670		*Pool Code 72319 71599	*Pool Name BLANCO MV & BASIN DK
*Property Code 26629	*Property Name RINCON UNIT		*Well Number 414
*OGED No. 189071	*Operator Name PURE RESOURCES		*Elevation 6625'

<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
E	31	27-N	6-W		2575	NORTH	175	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

<sup>12</sup> Dedicated Acres <del>3.49</del> 3.49 <sup>93</sup> N/2	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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

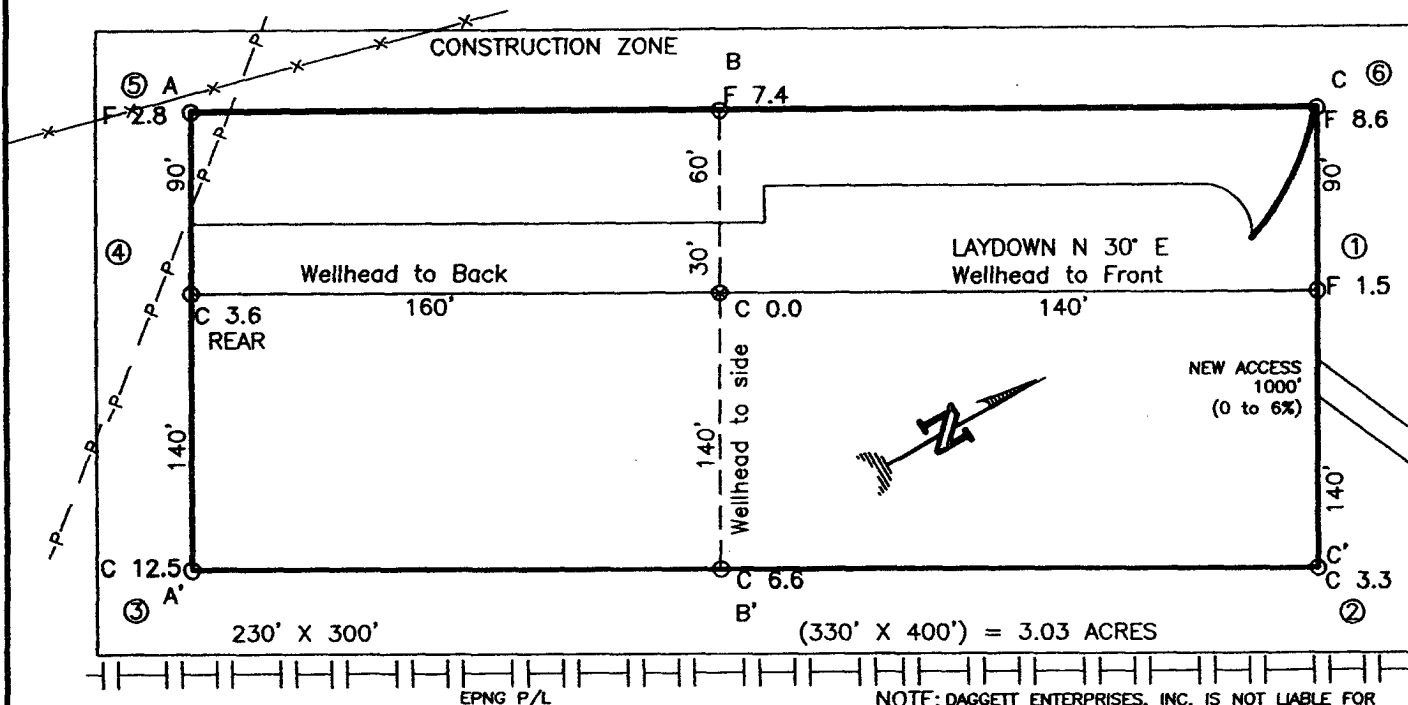
FD 3 1/4" BC. S 85°19'31" E 1955 B.L.M. 2641.59'(M)		FD 3 1/4" BC. 1955 B.L.M.	
LOT 8	LOT 7	LOT 6	LOT 5
LOT 9	LOT 10	LOT 11	LOT 12
LOT 16	LOT 15	LOT 14	LOT 13
LOT 4			

RECEIVED  
7/12/04 12:35:52  
670 Farmington, NM

17 OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  
Signature: Mike Pippin  
Printed Name: MIKE PIPPIN  
Title: AGENT-PETR. ENGR.  
Date: 3/5/04

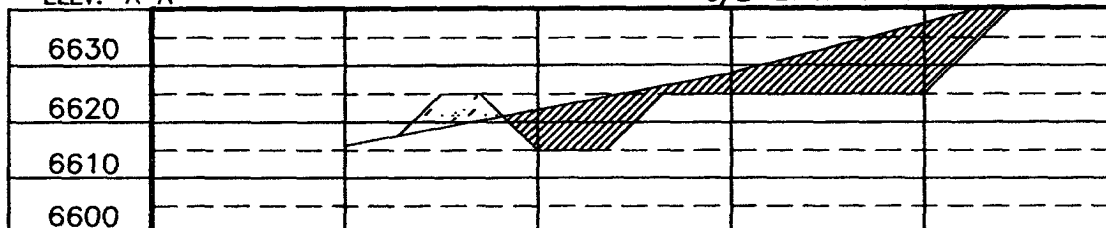
18 SURVEYOR CERTIFICATION  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  
Date of Survey: 2-  
Signature and Seal of Professional Surveyor: D. DEBRA A. JOHNSON  
Certificate Number: 14827

PURE RESOURCES  
 RINCON UNIT No. 414, 2575 FNL 175 FWL  
 SECTION 31, T27N, R6W, N.M.P.M., RIO ARRIBA COUNTY, N. M.  
 GROUND ELEVATION: 6625, DATE: JULY 12, 2002

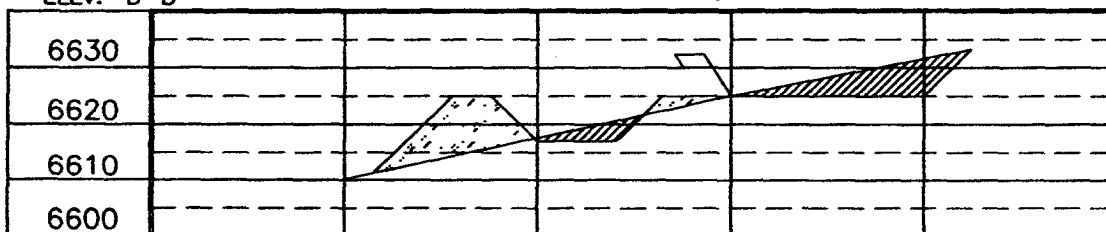


NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

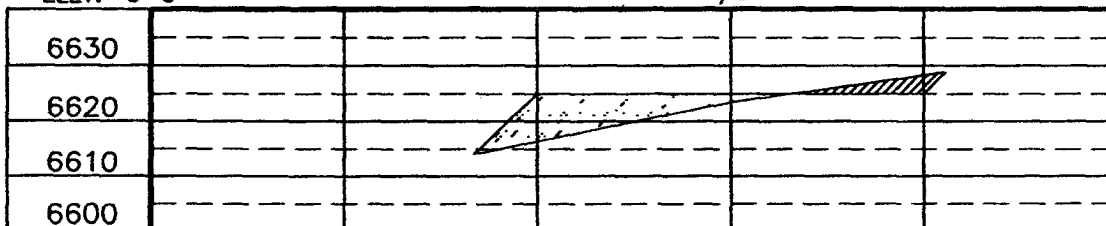
ELEV. A-A'



ELEV. B-B'



ELEV. C-C'



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: A.G. ROW#: PR061 CADFILE: PR061CF8 DATE: 8/19/02

PAGE #12

Daggett Enterprises, Inc.  
 Surveying and Oil Field Services  
 P. O. Box 15068 Farmington, NM 87401  
 Phone (505) 326-1772 Fax (505) 326-6019

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

**PURE RESOURCES LP**  
**RINCON UNIT #414 MV/DK**  
2575' FNL, 175' FWL  
Unit E Sec. 31 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	2100'
Kirtland	2620'
Pictured Cliffs	3010'
Lewis	3110'
Cliffhouse	4725'
Point Lookout	5270'
Mancos	5640'
Gallup	6640'
Greenhorn	7190'
Graneros	7240'
Dakota	7410'
TD	7660'

2. **NOTABLE ZONES**

Gas or Oil Zones

Pictured Cliffs

Cliffhouse

Point Lookout

Dakota

Water Zones

Ojo Alamo

Kirtland

Coal Zone

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 #414 MV/DK**  
 2575' FNL, 175' FWL  
 Unit E Sec. 31 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	2710'
6-1/4"	4-1/2"	11.6#	I-80	New	ST&C	7660'

**Surface casing** will be cemented to the surface with ~313 cu. ft. (~225 sx) Type III cmt or equivalent (1.39 ft<sup>3</sup>/sx yield, 14.6 ppg, & 6.7 gps) with 2% CaCl<sub>2</sub> 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.

<sup>191</sup>~~568~~ **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.

<sup>WBL</sup>

Lead cement will be ~~457~~ cu. ft. (~325 sx) Premium Lite w/2% CaCl<sub>2</sub>, 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% CaCl<sub>2</sub>, 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 #414 MV/DK**  
2575' FNL, 175' FWL  
Unit E Sec. 31 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 gps, 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 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'-2710'	FW gel/Polymer	8.3-8.6	30-35	<20cc's	9.5
2710'-7660'	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.

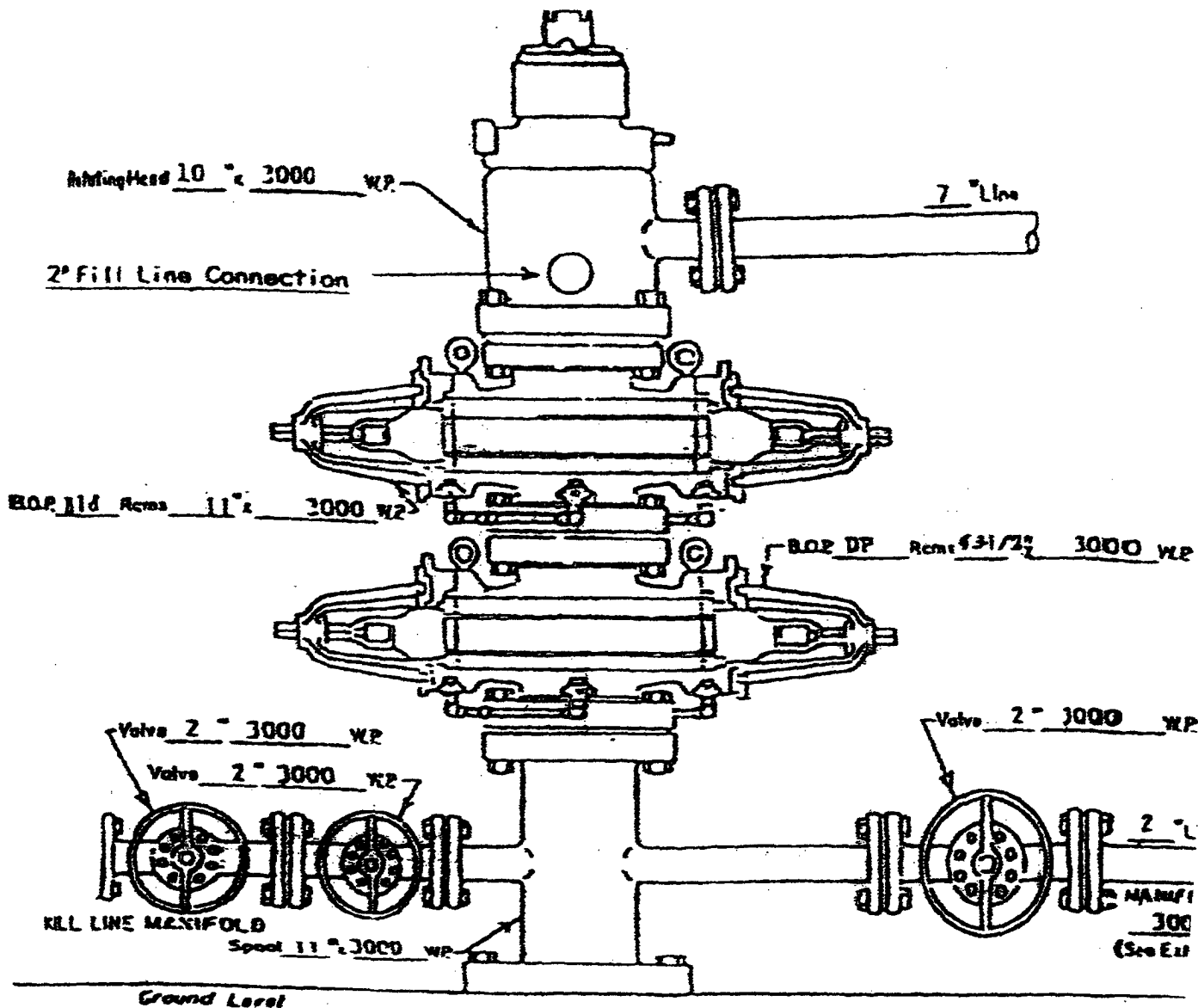
7. DOWN HOLE CONDITIONS

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

8. OTHER INFORMATION

The anticipated spud date is August 1, 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

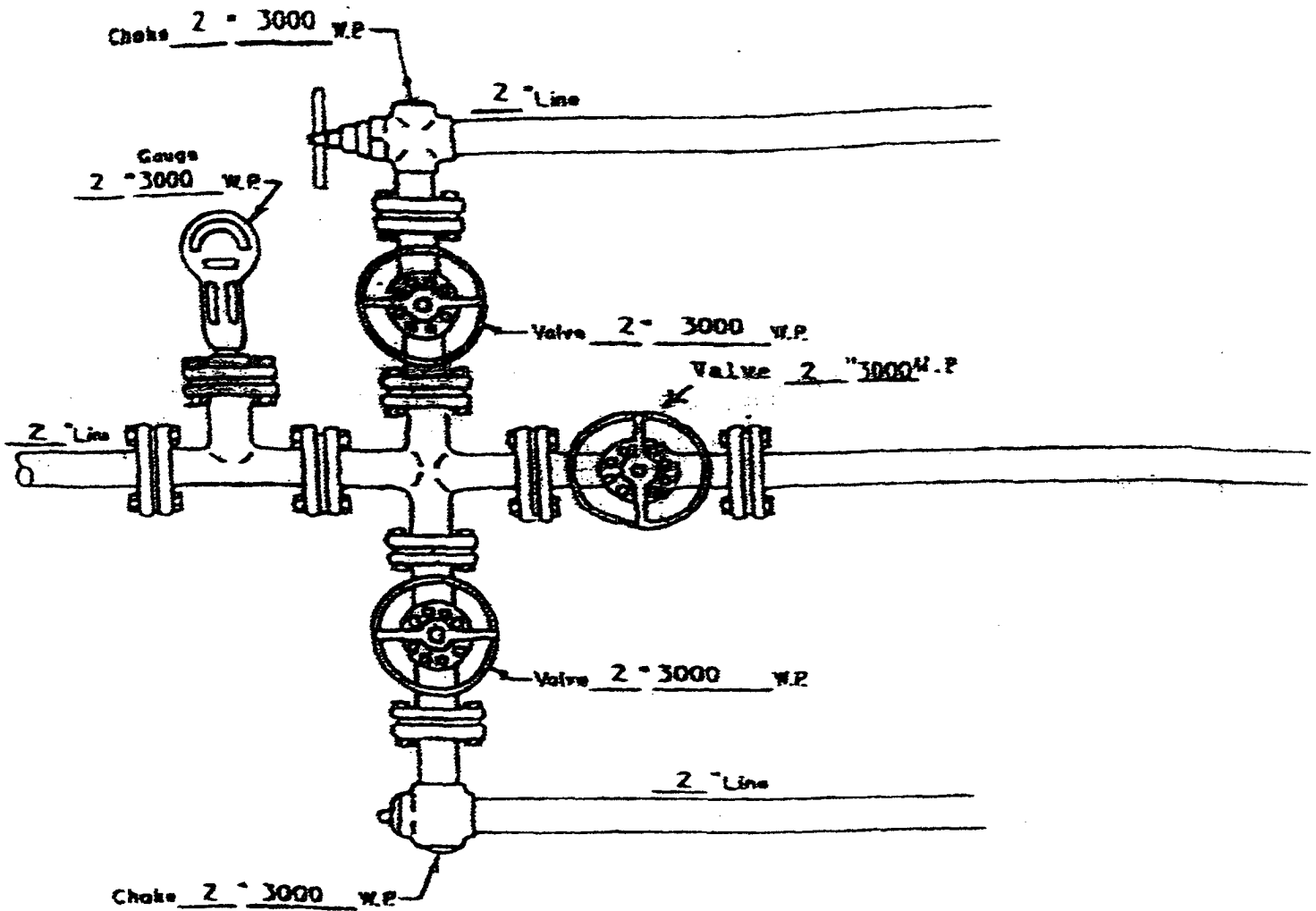


WELL HEAD B.O.P.  
3000 #W.P.

☐ 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