

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Designation and Serial No.
SF-080385

6. If Indian, Allottee or Tribe Name

1a. Type of Work ☒ DRILL ☐ REENTER
1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

7. If Unit or CA, Agreement, Name and No.
RINCON UNIT NMNM 78406D

8. Lease Name and Well No.
RINCON UNIT #516

2. Name of Operator
Pure Resources, LP NM OGRID # 189071

9. API Well No.
30-039-29030

3a. Address c/o Mike Pippin, LLC
3104 N. Sullivan Ave., Farmington, NM 87401
3b. Phone Number (505) 327-4573

10. Field and Pool, or Exploratory
Blanco MV & Basin DK

4. Location of Well (Footage, Sec. T. R., M., or Survey Description)
At surface: Unit Letter D, 215' FNL, 330' FWL
At proposed prod. Zone:

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

Sec 26, T-27-N, R-07-W

14. Distance in miles and direction from nearest town or post office*
28 Miles Southeast of Blanco

12. County or Parish, Rio Arriba
13. State New Mexico

15. Distance from proposed*
location to nearest 215'
property or lease line, ft.
(Also to nearest drlg. Unit line, if any)

16. No of Acres in lease
2645.09

17. Spacing Unit dedicated to this well
MV = W/2 337-38
DK = N/2 339-28

18. Distance from proposed*
location to nearest well 1272'

19. Proposed Depth
7630'

20. BLM/BIA Form No. on file
NOV 2005
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OIL CONS. DIV.
DIST. 8

21. Elevation (Show whether DF, KDB, RT, GL, etc.)
6655' Ground Level

22. Approximate date work will start*
3/10/06

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'	158 Sxs, 220 ft3 - 100% Excess
8-3/4"	7" K-55	20#	2800'	317 Sxs, 610 ft3 - 45% Excess
6-1/4"	4-1/2" I-80	11.6#	7630'	572 Sxs, 1193 ft3 - 45% Excess

The on-site inspection was on 8/2/05 by Roger Herrera
Archy is by DCA
EA is by Nelson

SEE ATTACHED APD INFORMATION

Latitude: 36 Deg, 33 Min, 06 Sec N
Longitude: -107 Deg, 33 Min, 08.9 Sec W

25. Signature *Mike Pippin* Name (Printed/Typed) Mike Pippin Date 8/9/2005
Title Agent - Petroleum Engineer

Approved by (Signature) *[Signature]* Name (Printed/Typed) Office *FFD* Date 11/3/05
Title *AFM*

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 Mesa Verde

NMOCD

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 June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

RECEIVED

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-29630	*Pool Code 72319	*Pool Name BLANCO MESAVERDE
*Property Code 26629	*Property Name RINCON UNIT	*Well Number 516
*OGRID No. 189071	*Operator Name PURE RESOURCES	*Elevation 6655'

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
D	26	27-N	7-W		215	NORTH	330'	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 337.56 W/2			¹³ Joint or Infill Y		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

N 88-35-29 E 2639.6' (M)		QTR. CORNER FD 3 1/4" BC 1955 BLM	
SEC. CORNER FD 3 1/4" BC 1955 BLM	LOT 4	LOT 3	LOT 2
LOT 5	LOT 6	LOT 7	LOT 8
QTR. CORNER FD 3 1/4" BC 1955 BLM	LOT 12	LOT 11	LOT 10
LOT 13	LOT 14	LOT 15	LOT 16

¹⁷ OPERATOR CERTIFICATION

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

Mike Pippin
Signature

MIKE PIPPIN
Printed Name
AGENT-PETR. ENGR.
Title

8-9-05
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.

JOHN A. YUKONICH
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
14831
23
Certificate Number

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-29630	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 26629	⁵ Property Name RINCON UNIT	⁶ Well Number 516
⁷ GRID No. 189071	⁸ Operator Name PURE RESOURCES	⁹ Elevation 6655'

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
D	26	27-N	7-W		215	NORTH	330'	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 339.08 N/2			¹³ Joint or Infill Y		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

330'	215'	N 88-35-29 E 2639.6' (M)	QTR. CORNER FD 3 1/4" BC 1955 BLM	
SEC. CORNER FD 3 1/4" BC 1955 BLM	LOT 4	LAT. 36°33'06.0" N (NAD 83) LONG. 107°33'08.9" W (NAD 83)	LOT 3	LOT 2
S 00-29-43 W 2773.5' (M)	LOT 5	LOT 6	LOT 7	LOT 8
26				
QTR. CORNER FD 3 1/4" BC 1955 BLM	LOT 12	LOT 11	LOT 10	LOT 9
	LOT 13	LOT 14	LOT 15	LOT 16

¹⁷ OPERATOR CERTIFICATION

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

Mike Pippin
Signature

MIKE PIPPIN
Printed Name

AGENT-PETR. ENGR.
Title

8-9-05
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.

JOHN A. VUKOBICH
Date
Signature
14831
23
REGISTERED PROFESSIONAL SURVEYOR
Certificate Number

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

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

WELL API NO.

30-039-29630

5. Indicate Type of Lease: **FEDERAL**
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
FEDERAL: SF 080385

7. Lease Name or Unit Agreement Name
RINCON UNIT

8. Well Number: **#516**

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 D : 215 feet from the North line and 330 feet from the West line

Section 26 Township 27N Range 7W NMPM Rio Arriba County

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

6655' GL

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'-1000'

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 8/905

Type or print name Mike Pippin E-mail address: mpippin@ddbroadband.net Telephone No.: 505-327-4573

For State Use Only

APPROVED BY: [Signature]

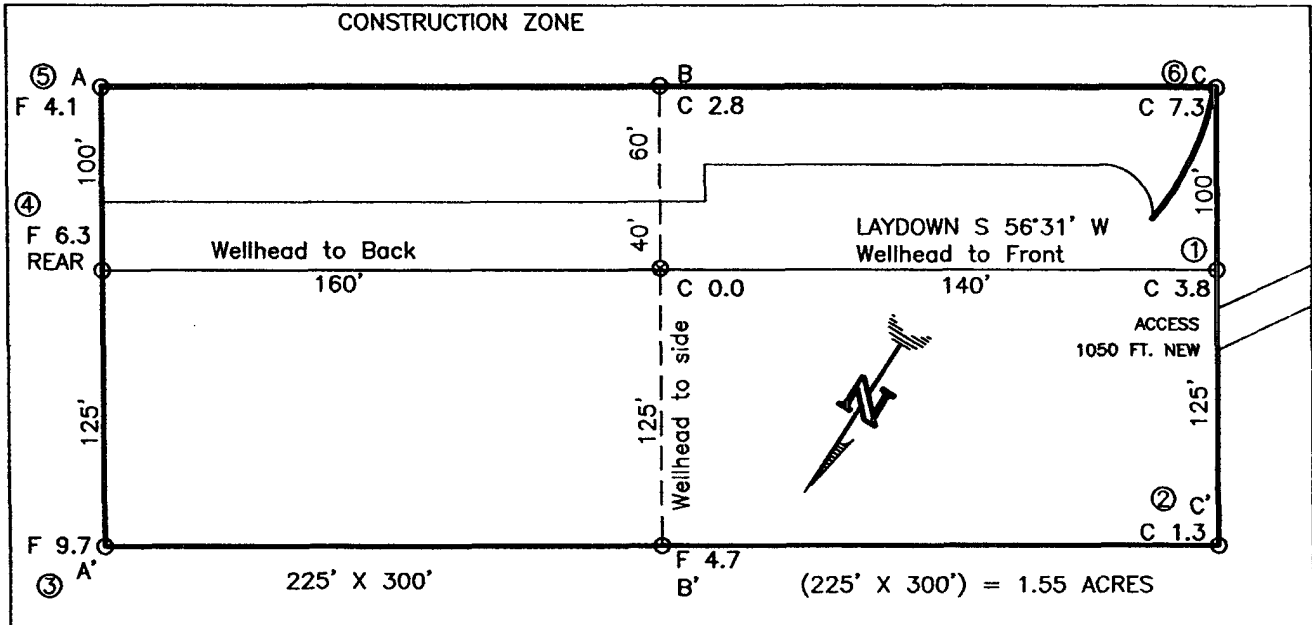
Conditions of Approval (if any):

TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4

DATE

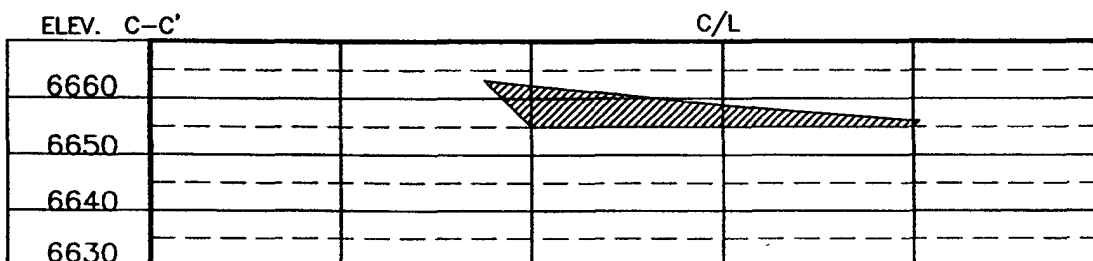
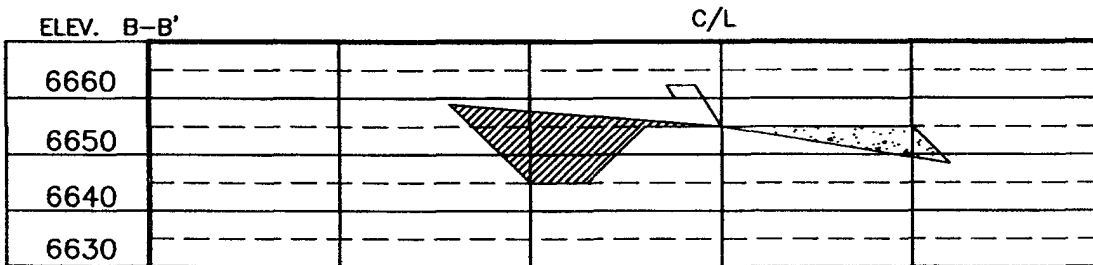
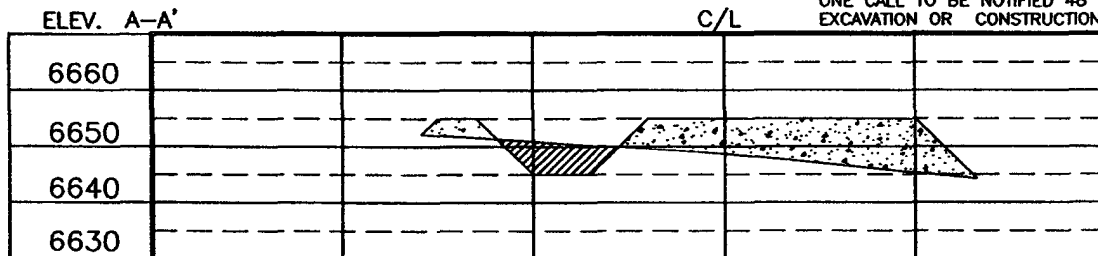
NOV 07 2005

PURE RESOURCES
 RINCON UNIT No. 516, 215 FNL 330 FWL
 SECTION 26, T27N, R7W, N.M.P.M., RIO ARriba COUNTY, N. M.
 GROUND ELEVATION: 6655, DATE: MAY 12, 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.

PAGE #11

REVISION:	DATE:	REVISED BY:

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15088 • Farmington, NM 87401
 Phone (505) 326-1772 • Fax (505) 326-6019
 NEW MEXICO L.S. No. 14831

DATE: 06/22/05
 DRAWN BY: A.G.
 ROWE: PR118

PURE RESOURCES LP
RINCON UNIT #516 MV/DK
215' FNL, 330' FWL
Unit D Sec. 26 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	2283'
Kirtland	2411'
Fruitland	2598'
Pictured Cliffs	3036'
Cliffhouse	4744'
Menefee	4778'
Point Lookout	5281'
Greenhorn	7200'
Graneros	7259'
Dakota	7376'
Intermediate TD (7")	2800'
TD (4-1/2")	7630'

2. **NOTABLE ZONES**

Gas or Oil Zones

Fruitland
Pictured Cliffs

Cliffhouse

Menefee

Point Lookout

Dakota

Water Zones

Ojo Alamo
Kirtland

Coal Zone

Fruitland

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 #516 MV/DK
215' FNL, 330' FWL
Unit D Sec. 26 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	2800'
6-1/4"	4-1/2"	11.6#	I-80	New	ST&C	7630'

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 = 610 cu. ft. (317 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 ~499 cu. ft. (~236 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 = 1193 cu. ft. (572 sx). Volumes

PURE RESOURCES LP
RINCON UNIT #516 MV/DK
215' FNL, 330' FWL
Unit D Sec. 26 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 ~983 cu. ft. (~486 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'-2800'	FW gel/Polymer	8.3-8.6	30-35	<20cc's	9.5
2800'-7630'	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 March 10, 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

