

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-079298-A

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

2. Name of Operator

Pure Resources, LP

NM OGRID # 189071

3a. Address c/o Mike Pippin, LLC

3104 N. Sullivan Ave., Farmington, NM 87401

3b. Phone Number

(505) 327-4573

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

At surface: Unit Letter M, 200' FSL, 290' FWL

At proposed prod. Zone:

14. Distance in miles and direction from nearest town or post office*

22 Miles Southeast of Blanco

15. Distance from proposed*

location to nearest 200'

property or lease line, ft.

(Also to nearest drlg. Unit line, if any)

16. No of Acres in lease

2645.09

18. Distance from proposed*

location to nearest well 1376'

19. Proposed Depth

7700'

21. Elevation (Show whether DF, KDB, RT, GL, etc.)

6642'

22. Approximate date work will start*

7/25/06

12. County or Parish,

Rio Arriba

13. State

New Mexico

17. Spacing Unit dedicated to this well

MV = W/2 - 309.06

DK = W/2 - 309.06

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 to 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#	2900'	327 Sxs, 632 ft3 - 45% Excess
6-1/4"	4-1/2" I-80	11.6#	7800'	590 Sxs, 1221 ft3 - 45% Excess

The on-site inspection was on 8/1/05 by Roger Herrera

Archy is by DCA

EA is by Nelson

SEE ATTACHED APD INFORMATION

Latitude: 36 Deg, 34 Min, 5.0 Sec N
Longitude: -107 Deg, 33 Min, 9.3 Sec W

25. Signature

Mike Pippin

Name(Printed/Typed)

Mike Pippin

Date

9/2/2005

Title

Agent - Petroleum Engineer

Approved by (Signature)

D. Mankiewicz

Name(Printed/Typed)

Office

PFO

Date

11/3/05

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 Mesaverte

DOWN

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

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

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

2005 SEP 7 PM 3 45

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-29647		*Pool Code 72319 & 71599	*Pool Name OTO FARMINGTON NM BLANCO MV & BASIN DK	
*Property Code 26629	*Property Name RINCON UNIT			*Well Number 506
*OGRID No. 189071	*Operator Name PURE RESOURCES			*Elevation 6642'

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
M	14	27-N	7-W		200	SOUTH	290	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
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¹² Dedicated Acres 309.06 W/2	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ 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

16

QTR. CORNER
FD 3 1/4" BC
1955 BLM

LOT 8

LOT 7

LOT 6

LOT 5

LOT 9

LOT 10

LOT 11

LOT 12

QTR. CORNER
FD 3 1/4" BC
1955 BLM

QTR. CORNER
FD 3 1/4" BC
1955 BLM

SEC. CORNER
FD 1 1/2" AC
LS 8894 2000

N 02-26-29 E
2610.2' (M)

N 87-16-37 E
2467.7' (M)

290'
200'

14

B

mB

mB

17 OPERATOR CERTIFICATION

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

Mike Leppin
Signature

MIKE PIPPIN

Printed Name
AGENT-PETR. ENGR.
Title

Date 9-2-05

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: April 21, 1964
 Signature and Seal of Professional Surveyor: [Signature]
 State of NEW MEXICO

Professional Surveyor Seal for M. N. 00000000, Registered Professional Surveyor, Certificate Number 14831.

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

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

May 27, 2004

WELL API NO.

30-039-29647

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

6. State Oil & Gas Lease No.
FEDERAL: SF 079298-A

7. Lease Name or Unit Agreement Name
RINCON UNIT

8. Well Number: #506

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 M : 200 feet from the South line and 290 feet from the West line

Section 14 Township 27N Range 7W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6642' 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 >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 9/2/05

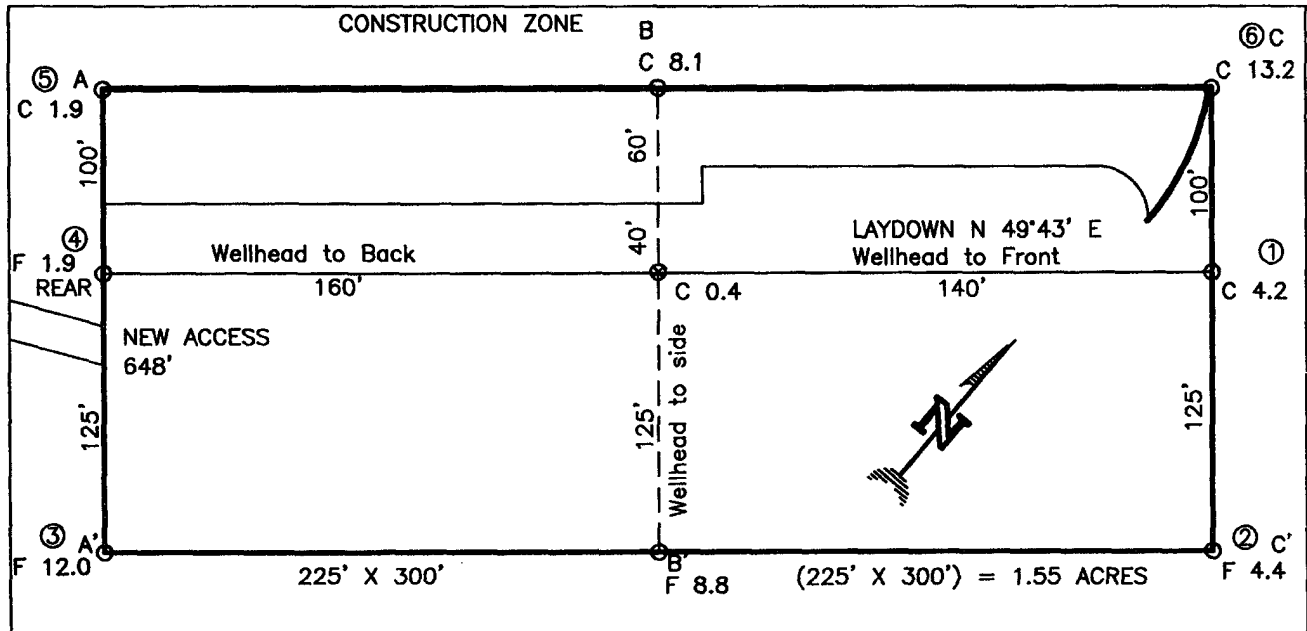
Type or print name Mike Pippin E-mail address: mpippin@ddbroadband.net Telephone No.: 505-327-4573

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE NOV 07 2005

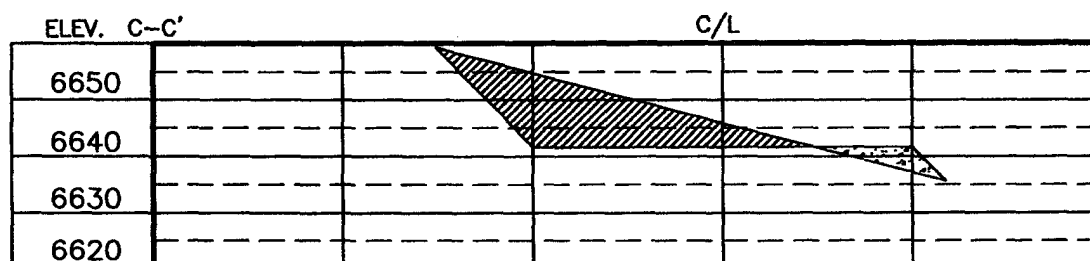
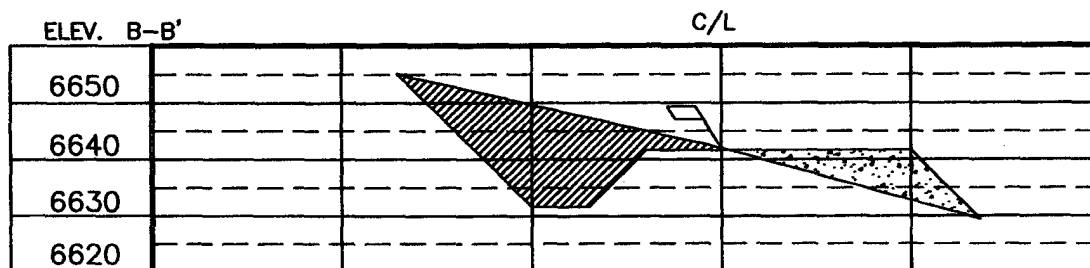
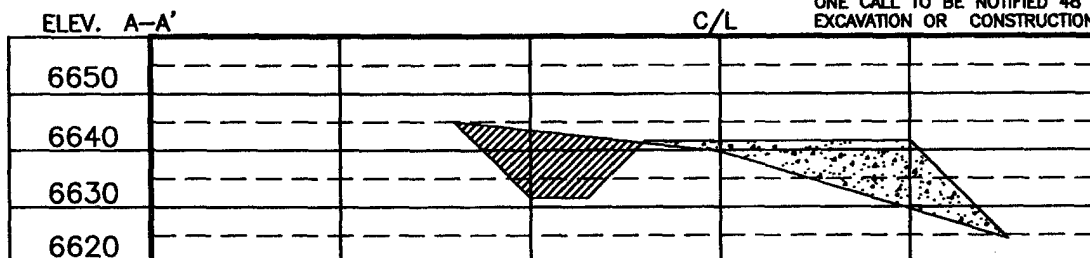
Conditions of Approval (if any):

PURE RESOURCES
 RINCON UNIT No. 506, 200 FSL 290 FWL
 SECTION 14, T27N, R7W, N.M.P.M., RIO ARRIBA COUNTY, N. M.
 GROUND ELEVATION: 6642, DATE: JUNE 21, 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	REVISION BY	DATE	REVISION BY
REVISION	06/16/06	AG		
<p>Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15088 • Farmington, NM 87401 Phone (505) 328-1772 • Fax (505) 328-8019 NEW MEXICO L.S. No. 14831</p>				
			DRAWN BY: AG CHECKED: PR108 DATE: 07/15/05	

PURE RESOURCES LP
RINCON UNIT #506 MV/DK
200' FSL, 290' FWL
Unit M Sec. 14 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	2419'
Kirtland	2514'
Fruitland	2934'
Pictured Cliffs	3194'
Cliffhouse	4877'
Menefee	4974'
Point Lookout	5429'
Greenhorn	7354'
Graneros	7444'
Dakota	7586'
Intermediate TD (7")	2900'
TD (4-1/2")	7800'

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 #506 MV/DK
 200' FSL, 290' FWL
 Unit M Sec. 14 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 #506 MV/DK

200' FSL, 290' FWL

Unit M Sec. 14 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 July 25, 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

