

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

SEP 6 2005

5. Lease Designation and Serial No.

SF-070360

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 #505

9. API Well No.

30-039-29650

10. Field and Pool, or Exploratory

Blanco MV & Basin DK

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

G Sec 15, T-27-N, R-07-W

12. County or Parish

Rio Arriba

13. State

New Mexico

17. Spacing Unit dedicated to this well

MV = E/2 - 320

DK = E/2 - 320

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'	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


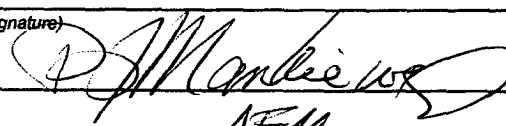
Archy is by DCA

EA is by Nelson

SEE ATTACHED APD INFORMATION

Latitude: 36 Deg, 34 Min, 28.6 Sec N

Longitude: -107 Deg, 33 Min, 35.9 Sec W

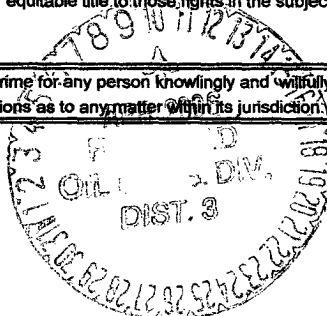
25. Signature	Name (Printed/Typed)	Date
	Mike Pippin	9/1/2005
Title		
Agent - Petroleum Engineer		
Approved by (Signature)	Name (Printed/Typed)	Date
		4/17/06
Title	Office	
AFM	FFC	

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)



NMOC

**DISTRICT II**  
1301 W. Grand Ave., Artesia, N.M. 88210

## OIL CONSERVATION DIVISION

Submit to Appropriate District Office

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

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

State Lease - 4 Copies

Fee Lease - 3 Copies

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

2005 SEP 6 AM 8 57'

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-29650		*Pool Code 72319 71599	070 FARMINGTON *Pool Name BLANCO MV + BASIN DK	
*Property Code 26629 -	*Property Name RINCON UNIT		*Well Number 505	
*OGRID No. 189071 -	*Operator Name PURE RESOURCES		*Elevation 6706'	

## <sup>10</sup> Surface Location

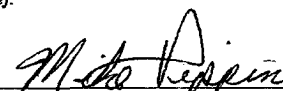

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	15	27-N	7-W		2515	NORTH	1980	EAST	RIO ARriba

<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 320 E/2			<sup>13</sup> Joint or Infill Y		<sup>14</sup> Consolidation Code		<sup>15</sup> 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

18

FD 3 1/4" BC. B.L.M. 1955  S 87-26-41 W 2663.0' (M)	FD 3 1/4" BC. B.L.M. 1955  S 02-26-44 W 2609.0' (M)	<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  <div style="text-align: center;">         Signature        MIKE PIPPIN        Printed Name        AGENT-PETR. ENGR.        Title        9-1-05        Date        APR 2008     </div>
2515' 1980'		<b>18 SURVEYOR CERTIFICATION</b> 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.  <div style="text-align: center;">         Date of Survey        2005        Signature of Registered Professional Surveyor        Certificate Number     </div>
LAT. 36°34'28.6" N (NAD 83) LONG. 107°33'35.9" W (NAD 83)		

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

Form C-103

May 27, 2004

WELL API NO.

30-039-29650

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

6. State Oil & Gas Lease No.

**FEDERAL:** SF 079360

7. Lease Name or Unit Agreement Name  
**RINCON UNIT**

8. Well Number: **#505**

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 G : 2515 feet from the North line and 1980 feet from the East line

Section 15 Township 27N Range 7W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
6706' 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 9/1/05

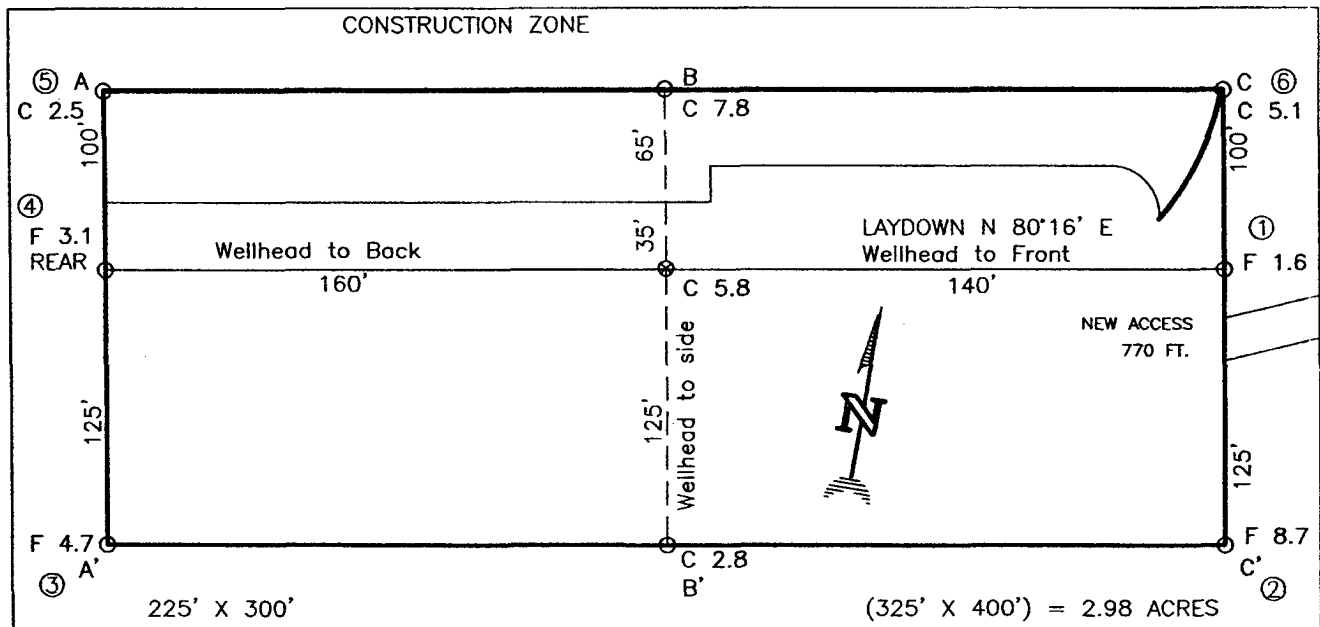
Type or print name Mike Pippin E-mail address: mpippin@ddbroadband.net Telephone No.: 505-327-4573

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 03 DATE APR 10 2006

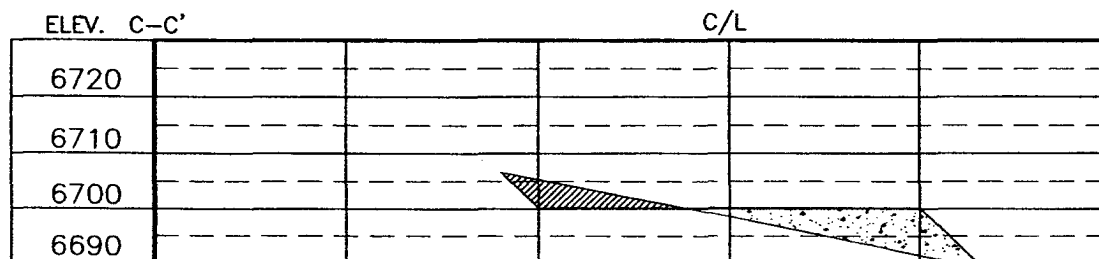
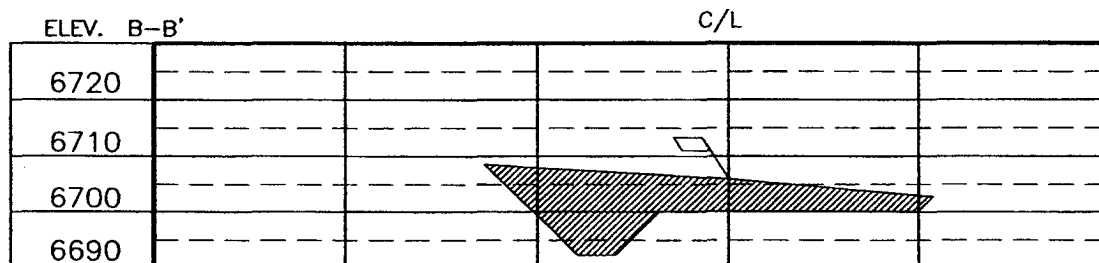
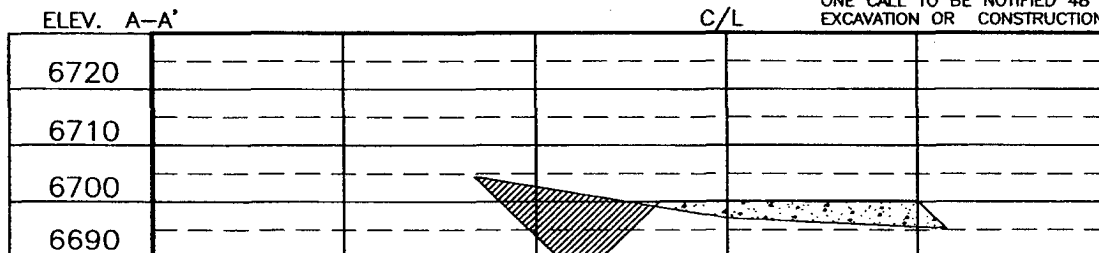
Conditions of Approval (if any):

PURE RESOURCES  
 RINCON UNIT No. 505, 2515 FNL 1980 FEL  
 SECTION 15, T27N, R7W, N.M.P.M., RIO ARRIBA COUNTY, N. M.  
 GROUND ELEVATION: 6706, DATE: JUNE 15, 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:

**Daggett Enterprises, Inc.**  
 Surveying and Oil Field Services  
 P. O. Box 15068 • Farmington, NM 87401  
 Phone (505) 326-1772 • Fax (505) 326-6019  
 NEW MEXICO L.S. No. 14831  
 DRAWN BY: B.L.  
 ROW#: PR107

**PURE RESOURCES LP**  
**RINCON UNIT #505 MV/DK**  
2515' FNL, 1980' FEL  
Unit G Sec. 15 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	2418'
Kirtland	2582'
Fruitland	2954'
Pictured Cliffs	3232'
Cliffhouse	4933'
Menefee	5013'
Point Lookout	5495'
Greenhorn	7405'
Graneros	7467'
Dakota	7593'
Intermediate TD (7")	2900'
TD (4-1/2")	7800'

2. **NOTABLE ZONES**

<u>Gas or Oil Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Fruitland		Fruitland
Pictured Cliffs	Ojo Alamo	
	Kirtland	
Cliffhouse		
Menefee		
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 #505 MV/DK**  
 2515' FNL, 1980' FEL  
 Unit G Sec. 15 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 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 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% 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 = 1221 cu. ft. (590 sx). Volumes

**PURE RESOURCES LP**  
**RINCON UNIT #505 MV/DK**  
2515' FNL, 1980' FEL  
Unit G Sec. 15 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 15, 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

