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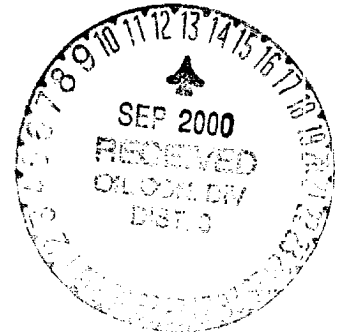
# High Plains Petroleum Corporation

3860 Carlock Dr. Boulder, CO 80303 303-494-4529

September 11, 2000

Oil Conservation Division  
1000 Rio Brazos Rd.  
Aztec, NM 87410

Attention: Mr. Frank Chavez  
Supervisor-District III



PRIORITY MAIL

Re: San Isidro #16-10  
NW/4SE/4 Sec.16, T20N, R3W,  
Sandoval County, New Mexico  
Rio Puerco Manocs Field

Dear Mr. Chavez,

High Plains is experiencing difficulty in getting the previous operator of the above-referenced well, Pride Energy Co., Inc., to sign a C-104 Form changing the operator to High Plains. Therefore, we are hereby requesting that the C-104 be approved without Pride's signature so that we can proceed with the change and attempt to restore production from the well, as I have told the BLM we will do.

At the July 19, 2000 BLM Lease Sale, High Plains acquired Lease No. NMNM105185, which contains the well. A copy of the lease, which has already been issued by the BLM and became effective September first, is attached.

On July 20th, the day after the sale, I personally contacted John Pride, informed him of High Plains' purchase of the lease at the BLM's competitive lease sale and offered to provide gas from the well for injection in the San Isidro Pressure Maintenance Project, which was approved by the OCD in 1991 (Order No. R9489). That offer was made to Pride because Pride had obtained right-of-way to take gas from the 16-10 well to the unit before the lease was canceled. Subsequently, John Pride has indicated that Pride would not buy gas for injection when they don't know for sure if the project will work, even though gas injection has worked very well in the Canada Ujitos Unit.

As soon as High Plains becomes operator, we plan to test the well, check the openhole for fillup and look into drilling a lateral, or laterals, which was successful in restoring San Isidro#15-7 to production. That well, which is just a mile northeast of the 16-10 well in Section 15, T20N, R3W, has produced over 40,000 barrels of oil since a lateral was drilled in 1991. Before the drilling of that lateral, the 15-7 well was shut-in, just like the 16-10 well is now.

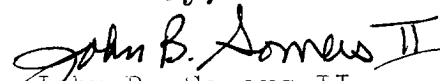
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During the field inspection that was conducted on August 24th, the well was found to have a shut-in tubing pressure of 740 psi, so it is capable of flowing production. As an alternative, High Plains is also looking into Marlin Gas Transport's system for producing wells like this, which are remote from a outlet for the gas. The closest line to this well is about 7 miles away, along St. Highway 44.

According to Mr. Bryan Davis in the BLM's Albuquerque Area Office, the BLM is anxious to have something done with this well, which last produced in 1992, and High Plains is ready to try, if the C-104 can be approved without Pride's signature. Since Pride has owned the well for four years and left it shut-in, even when the BLM warned Pride that its lease would be canceled if it weren't put on production, or plugged, we don't want Pride's lack of cooperation to prevent us from at least attempting to restore production and from being able to recover a lot more oil.

The copy of the C-104 that was sent to the OCD on August 28th, together with 4 additional copies is enclosed so that the change can be approved. If High Plains subsequently receives a signed C-104 Form from Pride, it will be copied to provide the required 5 copies and furnished to the Aztec District Office.

Sincerely,

  
John B. Somers II  
High Plains Petroleum

Attachments - A copy of Lease No. NMNM105185 and a map showing  
the San Isidro#16-10 well and the nearby 15-7 well

Enclosures - 5 copies of Form C-104  
cc: Mr. Bryan Davis  
Rio Puerco Resource Area  
Bureau of Land Management

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**OFFER TO LEASE AND LEASE FOR OIL AND GAS**

Serial No.

NM 10518

The undersigned (reverse) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41), or the

**READ INSTRUCTIONS BEFORE COMPLETING**

HIGH PLAINS PETROLEUM CORP

3860 CARLOCK DR

LOULDER

1. Name  
Street  
City, State, Zip Code

2. This application/offer/lease is for: (Check only One) ☒ PUBLIC DOMAIN LANDS ☐ ACQUIRED LANDS (percent U.S. interest \_\_\_\_\_)

Surface managing agency if other than BLM: \_\_\_\_\_ Unit/Project \_\_\_\_\_  
Legal description of land requested: \_\_\_\_\_ \*Parcel No.: \_\_\_\_\_ \*Sale Date (m/d/y): \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

\*SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.

T. \_\_\_\_\_ R. \_\_\_\_\_ Meridian \_\_\_\_\_ State \_\_\_\_\_ County \_\_\_\_\_

Amount remitted: Filing fee \$ \_\_\_\_\_

Rental fee \$ \_\_\_\_\_

Total acres applied for \_\_\_\_\_

Total \$ \_\_\_\_\_

**DO NOT WRITE BELOW THIS LINE**

3. Land included in lease:

T. 20N SECTION: 16 NE, S2; R. 03W Meridian NMPM State NM County SANDOVAL

Total acres in lease: 480.0000  
Rental retained: \$720.00

Total acres in lease  
XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 43 CFR 3120 and is subject to the provisions of that bid or nomination and those specified on this form.

Type and primary term of lease:

☐ Noncompetitive lease (ten years)

☒ Competitive lease (ten years)

☐ Other \_\_\_\_\_

THE UNITED STATES OF AMERICA

by

*Margo C. Sena*  
(Signing Officer)

LAND LAW EXAMINER, FLUIDS ADJUDICATION TEAM

(Title)

AUG 11 2000

(Date)

EFFECTIVE DATE OF LEASE SEP - 1 2000

RECEIVED AUG 16 2000

**STATE**

