

**BEFORE THE
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

2006 OCT 19 PM 4 26

**IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:**

CASE NO. 2613797

**APPLICATION OF READ & STEVENS, INC. FOR
COMPULSORY POOLING, CHAVES COUNTY,
NEW MEXICO.**

ENTRY OF APPEARANCE

COMES NOW HOLLAND & HART, LLP and hereby enters its appearance in the
above referenced case on behalf of Pure Energy Group.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry
OCEAN MUNDS-DRY
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

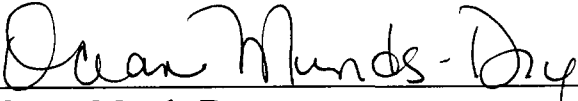
ATTORNEYS FOR PURE ENERGY GROUP

CERTIFICATE OF SERVICE

I certify that on October 19, 2006, I served a copy of the foregoing document to the following by

- ☐ U.S. Mail, postage prepaid
- ☐ Hand Delivery
- ☒ Fax
- ☐ Electronic Service by LexisNexis File & Serve

James Bruce, Esq.
Post Office Box 1056
Santa Fe, NM 87504-1056
(505) 982-2151 facsimile



Ocean Munds-Dry

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PURE ENERGY GROUP

VIA FACSIMILE and EXPRESS MAIL - RETURN RECEIPT REQUESTED

October 13, 2006

Read & Stevens, Inc.
Oil Producers
Attn: Robert H. Watson
400 Penn Plaza
400 N. Penn, Suite 1000
Roswell, New Mexico 88202

RE: Manry-Elliot #2 (Previously Marley 22 #1)
Section 22: E/2-T11S-R31E
Chaves County, New Mexico

Dear Bob,

As you know, Pure has elected to participate in the Manry-Elliot #2, which was previously named the Marley 22 #1. In our latest phone conversation on 10/10/06, you advised me to wait on executing the AFE Pure has in hand for the Marley 22 #1 and wait for a "revised" AFE that Pure would receive in about one week. My understanding is that the revised AFE would include a legal location. This information will help Pure finalize our geologic evaluation. However, in light of the notice of compulsory pooling received from James Bruce (OCD Case NO 13797), I felt it necessary to notify all involved parties of our intention to participate in the Read & Stevens Manry-Elliot #2. Upon receiving the "revised" AFE, I will execute same on Pure's behalf and return. I would also ask for Read and Stevens to send me a Joint Operating Agreement that among other items, will describe the unit and acreage to be dedicated to the unit for determining our working interest and our budgeting purposes. Pure looks forward to being a part of this endeavor with Read & Stevens and should any questions arise, please feel free to call me at (210) 226-6700.

Best Regards,

Pure Energy Group

Larry Risley
Larry Risley
COO Pure Energy

Enclosures

CC ✓ Mark Fesmire
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

James Bruce
Attorney At Law
369 Montezuma, No. 213
Santa Fe, New Mexico 87501

AFE: 201

PROPERTY: 010173 MARLEY 22 #1
 LOCATION: SECTION 22: E/2-T11S-R31E
 OPERATOR: READ & STEVENS, INC.

FIELD: MISS/MORR/ATOKA
 ST/COUNTY: NM/CHAVES

SUB-CATEGORY		ESTIMATE COST
INTANGIBLE DRILLING		
FUEL		96,000.00
LOCATION PREP & DAMAGE		50,000.00
MOB/DEMOB		50,000.00
DRILL RATE DAYWORK		742,000.00
BITS & REAMERS		60,000.00
MUD & CHEMICALS		120,000.00
WATER		30,000.00
EQUIPMENT RENTALS		35,000.00
ELECTRIC LOGS		75,000.00
CORING & TESTING		12,500.00
MUD LOGGING		29,000.00
HAULING & FREIGHT		10,000.00
SUPERVISION		35,000.00
CEMENT & SERVICES		50,000.00
CONTRACT SERVICE		35,000.00
DRILLING OVERHEAD		10,000.00
SUB-TOTAL INTANGIBLE DRILLING		\$1,439,500.00
TANGIBLE DRILLING		
SURFACE CASING		20,000.00
PROTECTIVE CASING		90,000.00
WELLHEAD		12,000.00
SURFACE EQUIPMENT		10,000.00
OTHER TANGIBLES		3,000.00
SUB-TOTAL TANGIBLE DRILLING		\$135,000.00
TOTAL ALL DRILLING		\$1,574,500.00
INTANGIBLE COMPLETION		
LOCATION PREPARATION & DAMAGES		2,500.00
MUD & CHEMICALS		2,000.00
WATER		5,000.00
EQUIPMENT RENTALS		45,000.00
ELECTRIC LOGS		15,000.00
HAULING & FREIGHT		2,000.00
SUPERVISION		7,500.00
CEMENT & SERVICES		55,000.00
PERFORATION		12,000.00
ACIDIZING		10,000.00
COMPLETION UNIT		30,000.00
CONTRACT SERVICE		55,000.00
DRILLING OVERHEAD		5,000.00
FRACTURING SERVICE		120,000.00
SUB-TOTAL INTANGIBLE COMPLETION		\$366,000.00
TANGIBLE COMPLETION		
PRODUCTION CASING		195,000.00
TUBING		35,000.00
WELLHEAD		5,000.00
SUB-SURFACE EQUIPMENT		10,000.00
SURFACE WELL EQUIPMENT		5,000.00
FLOWLINE		5,000.00
TANKAGE		25,000.00
SEPARATOR		25,000.00
SUB-TOTAL TANGIBLE COMPLETION		\$305,000.00
TOTAL ALL COMPLETION		\$671,000.00
TOTAL AFE		\$2,245,500.00

W.I. OWNER

By:

Date: