

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

070 Farmington, NM

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Designation and Serial No. SF-079365-A	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Pure Resources, LP		7. If Unit or CA, Agreement, Name and No. RINCON UNIT NMNM 78406D	
3a. Address c/o Mike Pippin, LLC 3104 N. Sullivan Ave., Farmington, NM 87401		8. Lease Name and Well No. RINCON UNIT #401	
3b. Phone Number (505) 327-4571		9. API Well No. 30039 27669	
4. Location of Well (Footage, Sec, T. R., M., or Survey Description) At surface: Unit Letter K, 2588' FSL, 1980' FWL At proposed prod. Zone: Same		10. Field and Pool, or Exploratory Blanco MV & Basin DK	
11. Sec., T., R., M., or Blk. and Survey or Area K Sec 23, T-27-N, R-06-W		12. County or Parish, Rio Arriba	
13. State New Mexico		13. State New Mexico	
14. Distance in miles and direction from nearest town or post office* 13 Miles South of Blanco		17. Spacing Unit dedicated to this well West 320 Acres - MV South - DK	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. Unit line, if any) 660'		16. No. of Acres in lease 840 Acres	
18. Distance from proposed* location to nearest well. 1534'		19. Proposed Depth 7850' KB	
20. BLM/BIA Bond No. on file		21. Elevation (Show whether DF, KDB, RT, GL, etc.) 6587' Ground Level	
22. Approximate date work will start* 7/16/2004		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:

- Well plat certified by a registered surveyor.
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- 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'	225 Sxs, 313 ft3 - 100% Excess
8-3/4"	7" K-55	20#	2897'	405 Sxs, 566 ft3 - 45% Excess
6-1/4"	4-1/2" I-80	11.6#	7850'	610 Sxs, 1262 ft3 - 45% Excess

SEE ATTACHED APD INFORMATION

Latitude: 36 Deg, 33 Min, 36 Sec N
Longitude: 107 Deg, 26 Min, 20 Sec W

25. Signature <i>Mike Pippin</i>	Name (Printed/Typed) Mike Pippin	Date March 12, 2004
Title Petroleum Engineer		
Approved by (Signature) <i>D. Manfio</i>	Name (Printed/Typed) D. Manfio	Date 7-20-04
Title AFM	Office FFO	

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)

ALL OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
GENERAL REQUIREMENTS*.

NMOCD

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
811 South First, Artesia, N.M. 88210

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-27669		*Pool Code 72319 71599		*Pool Name BLANCO MV & BASIN DK	
*Property Code 26629		*Property Name RINCON UNIT			*Well Number 401
*OGRD No. 189071		*Operator Name PURE RESOURCES			*Elevation 6587'

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
K	23	27-N	6-W		2588'	SOUTH	1980'	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 320 W/2 MV SH DK		¹³ Joint or Infill		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

<p>16</p> <p>RINCON UNIT #146M WELL HEAD</p> <p>FD 3 1/4" 1980' B.L.M. BC 1955</p> <p>N 00-59.4' 2589.48'</p> <p>2588'</p> <p>FD 3 1/4" B.L.M. BC 1955</p> <p>S 89-43-25 E 2645.12'</p>		<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Mike Pippin</u> Signature</p> <p><u>MIKE PIPPIN</u> Printed Name</p> <p><u>AGENT - PETR. ENGR.</u> Title</p> <p><u>3/4/04</u> Date</p>	
<p>FD 3 1/4" B.L.M. BC 1955</p> <p>LAT. 36° 33' 36" N LONG. 107° 26' 20" W</p> <p>FD 3 1/4" B.L.M. BC 1955</p> <p>FD 3 1/4" B.L.M. BC 1955</p>		<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p><u>DAVID A. JOHNSON</u> Date of Survey</p> <p><u>14827</u> Signature and Seal of Professional Surveyor</p> <p><u>14827</u> Certificate Number</p>	

PURE RESOURCES LP
RINCON UNIT #401 MV/DK
2588' FSL, 1980' FWL
Unit K Sec. 23 T27N R06W
Rio Arriba County, NM

Drilling Program

1. **ESTIMATED FORMATION TOPS (KB)**

<u>Formation Name</u>	<u>Depth</u>
San Jose	Surface
Ojo Alamo	2437'
Kirtland	2862'
Pictured Cliffs	3262'
Lewis	3372'
Cliffhouse	4932'
Point Lookout	5462'
Mancos	5887'
Gallup	6602'
Greenhorn	7377'
Graneros	7447'
Dakota	7592'
TD	7850'

2. **NOTABLE ZONES**

<u>Gas or Oil Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Pictured Cliffs	Ojo Alamo	
	Kirtland	
Cliffhouse		
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.

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3. PRESSURE CONTROL

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 & #6.

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	2897'
6-1/4"	4-1/2"	11.6#	I-80	New	ST&C LT	7850'

Surface casing will be cemented to the surface with ~313 cu. ft. (~225 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 15 minutes.

⁷⁹¹ **Intermediate casing** will be cemented to surface with a single stage. Total cement = ~~568~~ cu. ft.. 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 15 minutes.

⁴⁵⁴

Lead cement will be ~~457~~ cu. ft. (~325 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 = 1262 cu. ft.. Volumes are calculated at 45% excess. If necessary, a CBL will be run during completion operations to

**PURE RESOURCES LP
RINCON UNIT #401 MV/DK
2588' FSL, 1980' FWL
Unit K Sec. 23 T27N R06W
Rio Arriba County, NM**

insure cement coverage inside the 7" intermediate casing. Casing will be pressure tested to 6000 psi 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 ~1061 cu. ft. (~525 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'-2897'	FW gel/Polymer	8.3-8.6	30-35	<20cc's	9.5
2897'-7850'	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.

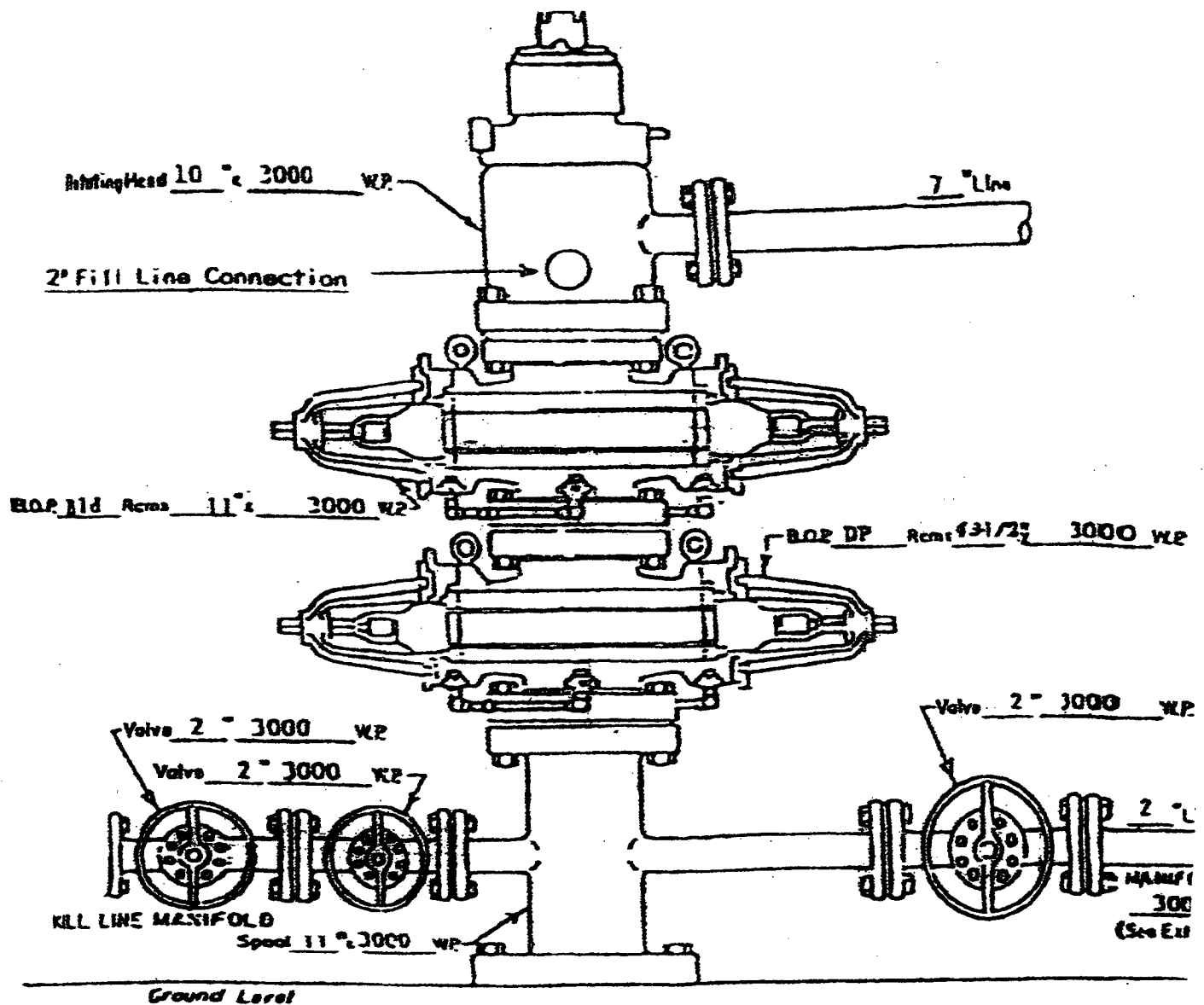
7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ~2700 psi.

8. OTHER INFORMATION

The anticipated spud date is July 16, 2004. 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.

RINCON UNIT WELLS
RINCON FIELD
RIO ARriba COUNTY, NEW MEXICO

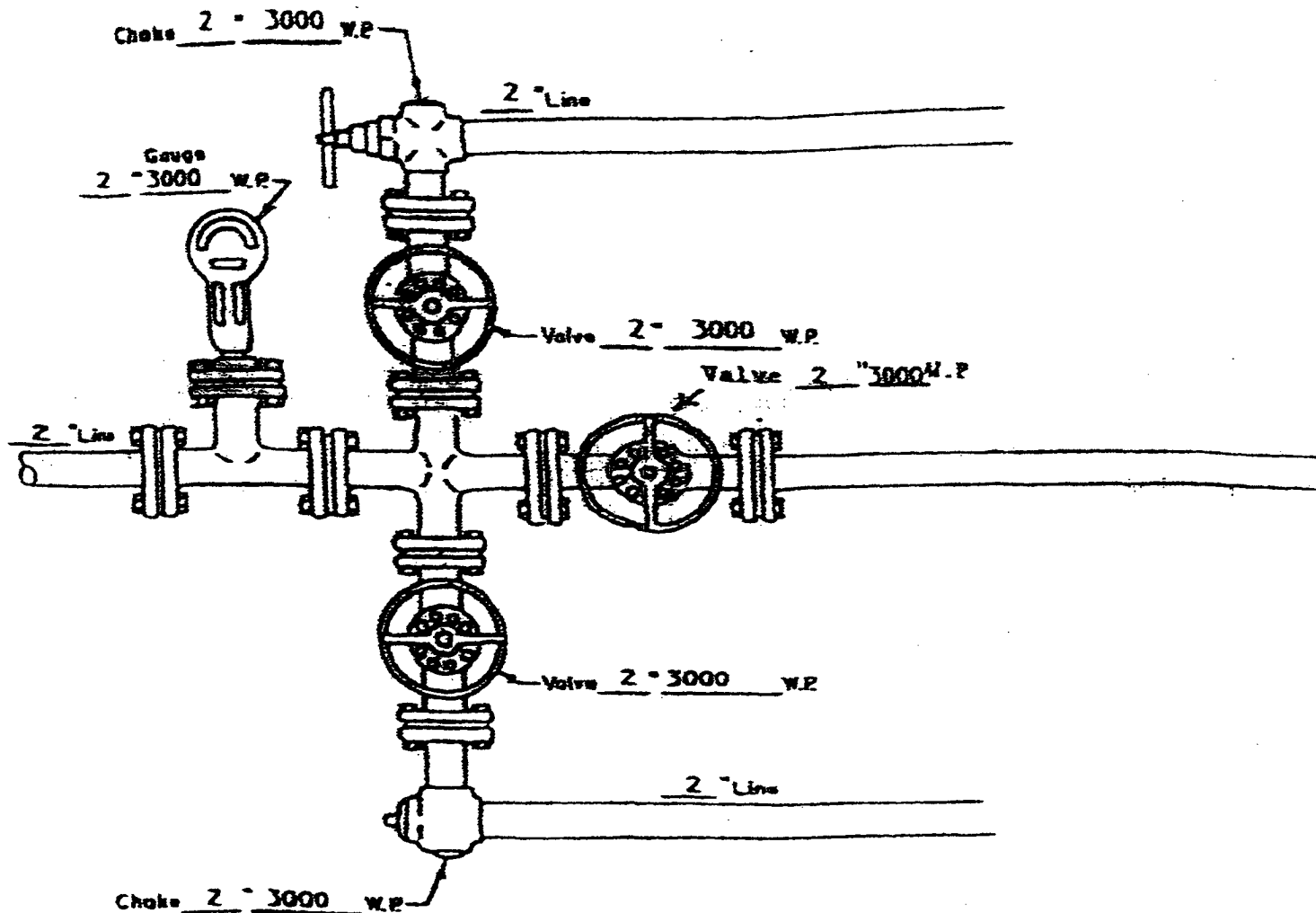


WELL HEAD B.O.P.
3000 #W.P.

☐ Manual
☒ Hydraulic

NOTE: Although 3000 psi BOP equipment will be used, equipment determination and line sizing are based on the requirements for 2000 psi BOP equipment due to the known drilling and reservoir conditions.

RINCON UNIT WELLS
RINCON FIELD
RIO ARriba COUNTY, NEW MEXICO

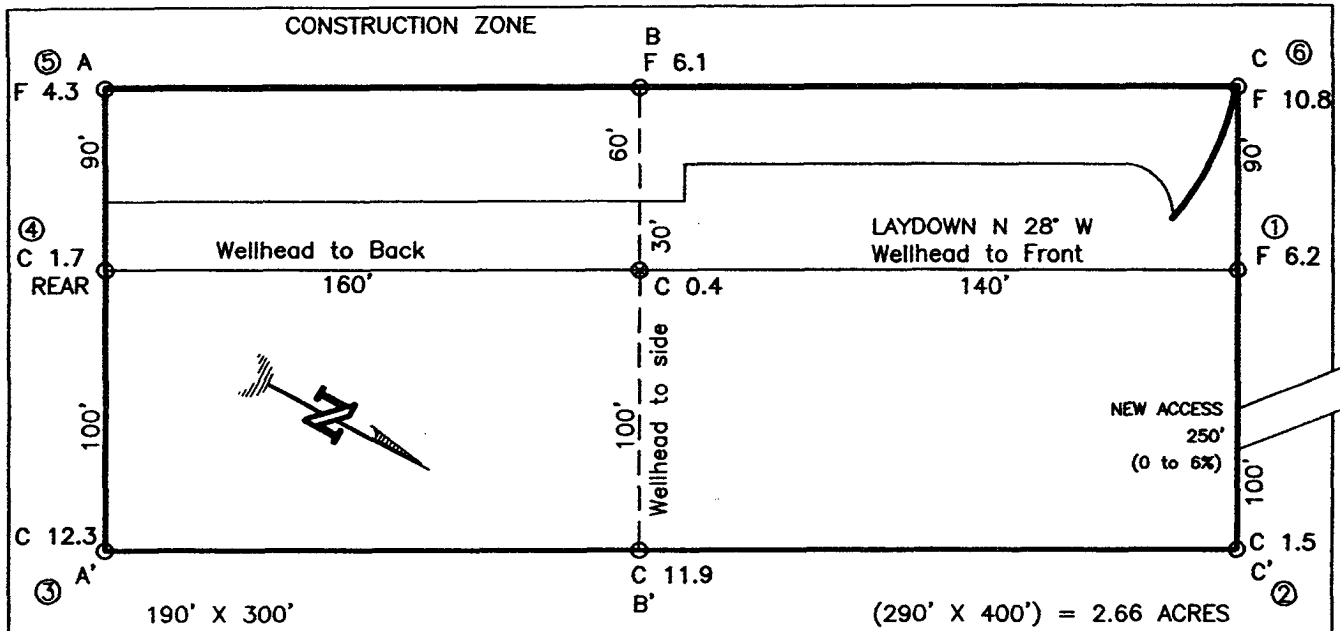


MANIFOLD
3000 #W.P.

☒ Manual
☐ Hydraulic

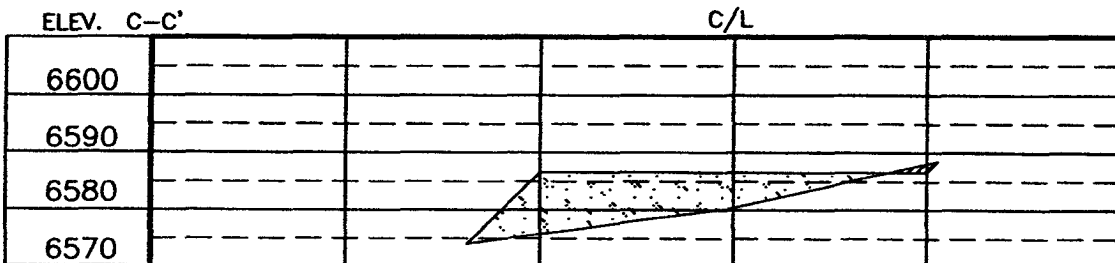
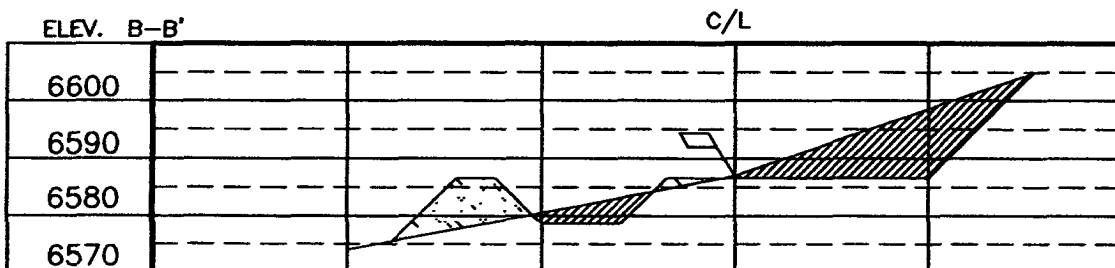
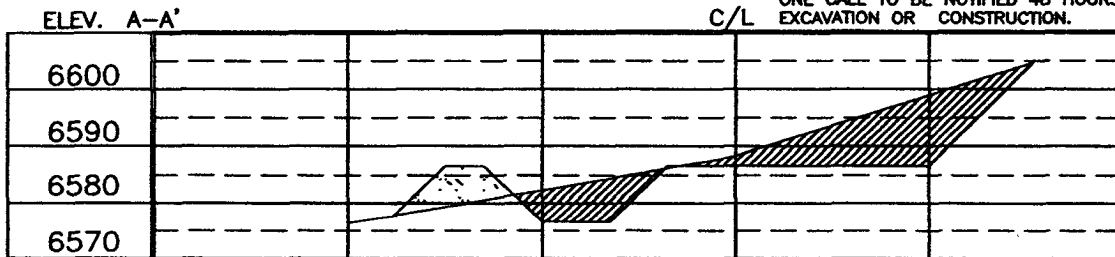
ATTACHMENT NO. 2

PURE RESOURCES
 RINCON UNIT No.401, 2588' FSL 1980' FWL
 SECTION 23, T27N, R6W, N.M.P.M., RIO ARRIBA COUNTY, N. M.
 GROUND ELEVATION: 6587', DATE: JULY 31, 2003



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.

DRAWN BY: AG

ROW#: PR073

CADFILE: PR073CF8

DATE: 8/26/03

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15068 Farmington, NM 87401
 Phone (505) 326-1772 Fax (505) 326-6019

DATE: 02/24/04
 BY: B.L.
 REVISED: CHANGE NAME