

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

2 02

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 P, 475' FEL, 350' FSL
At proposed prod. Zone:

14. Distance in miles and direction from nearest town or post office*
35 Miles Southeast of Blanco

15. Distance from proposed*
location to nearest 350'
property or lease line, ft.
(Also to nearest drlg. Unit line, if any)

18. Distance from proposed*
location to nearest well 1307'

21. Elevation (Show whether DF, KDB, RT, GL, etc.)
6522' Ground Level

16. No of Acres in lease
2558.72

19. Proposed Depth
7700'

22. Approximate date work will start*
12/18/2004

5. Lease Designation and Serial No.
SF-079366

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 #403

9. API Well No.
3003927814

10. Field and Pool, or Exploratory
Blanco MV & Basin DK

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

p Sec 21, T-27-N, R-06-W

12. County or Parish, Rio Arriba
13. State New Mexico

17. Spacing Unit dedicated to this well

South 320 acres DK
E 1/2 320 MV

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#	7700'	582 Sxs, 1206 ft3 - 45% Excess

The on-site inspection was on 6/8/04 by Roger Herrera

Archy is by DCA

EA is by Permits West

SEE ATTACHED APD INFORMATION

Latitude: 36 Deg, 33 Min, 13 Sec N
Longitude: 107 Deg, 27 Min, 56 Sec W

25. Signature *Mike Pippin* Name (Printed/Typed) Mike Pippin Date 6/18/2004
Title Agent - Petroleum Engineer

Approved by (Signature) *[Signature]* Name (Printed/Typed) Office FFD Date 9-17-04
Title AFM

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)

DRILLING 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 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 87506

2004 JUN 21 PM 2 02

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-27814		*Pool Code 72319 71589	*Pool Name BLANCO MU & BASIN DK
*Property Code 26629	*Property Name RINCON UNIT		*Well Number 403
*OGRID No. 189071	*Operator Name PURE RESOURCES		*Elevation 6522'

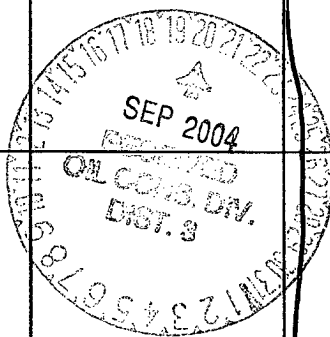

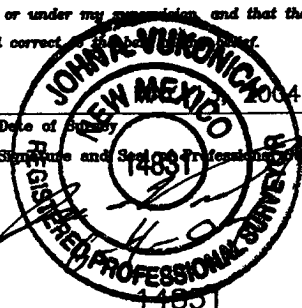
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	21	27-N	6-W		350	SOUTH	475	EAST	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
¹³ Dedicated Acres 320			¹² Joint or Infill I		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

<div style="text-align: center;">  </div>	<div style="text-align: center;"> <p>RINCON UNIT #153 *</p> <p>WELL HEAD</p> </div>	<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <div style="text-align: center;">  </div> <p>Signature</p> <p style="text-align: center; font-size: 1.2em;">MIKE PIPPIN</p> <p>Printed Name</p> <p style="text-align: center; font-size: 1.2em;">AGENT - PETR. ENGR.</p> <p>Title</p> <p style="text-align: center; font-size: 1.2em;">6-18-04</p> <p>Date</p>
<div style="text-align: center;"> <p>21</p> </div>	<div style="text-align: center;"> <p>FD 3 1/4" B.L.M. BC 1955</p> </div>	<p>18 SURVEYOR CERTIFICATION</p> <p><i>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 knowledge and belief.</i></p> <div style="text-align: center;">  </div> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p>
<div style="text-align: center;"> <p>LAT. 36°33'13"N (NAD 83)</p> <p>LONG. 107°27'56"W (NAD 83)</p> </div>	<div style="text-align: center;"> <p>FD 3 1/4" B.L.M. BC 1955</p> </div>	<p>Certificate Number</p>

N 01°12'45" E 2649.53' (M)

475'

350'

S 89°14'24" W 2649.68' (M)

PURE RESOURCES LP
RINCON UNIT #403 MV/DK
475' FEL, 350' FSL
Unit P Sec. 21 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	2241'
Kirtland	2578'
Fruitland	2884'
Pictured Cliffs	3120'
Cliffhouse	4818'
Menefee	4927'
Point Lookout	5356'
Greenhorn	7267'
Graneros	7334'
Dakota	7483'
Intermediate TD (7")	2900'
TD (4-1/2")	7700'

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 #403 MV/DK
475' FEL, 350' FSL
Unit P Sec. 21 T27N R06W
Rio Arriba County, NM

3. PRESSURE CONTROL: (See Page 5 & 6)

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	7700'

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 15 minutes.

Intermediate casing will be cemented to surface with a single stage. Total cement = 632 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.

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 = 1206 cu. ft.. Volumes are

PURE RESOURCES LP
RINCON UNIT #403 MV/DK
475' FEL, 350' FSL
Unit P Sec. 21 T27N R06W
Rio Arriba County, NM

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 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 ~1005 cu. ft. (~497 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'-7700'	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.

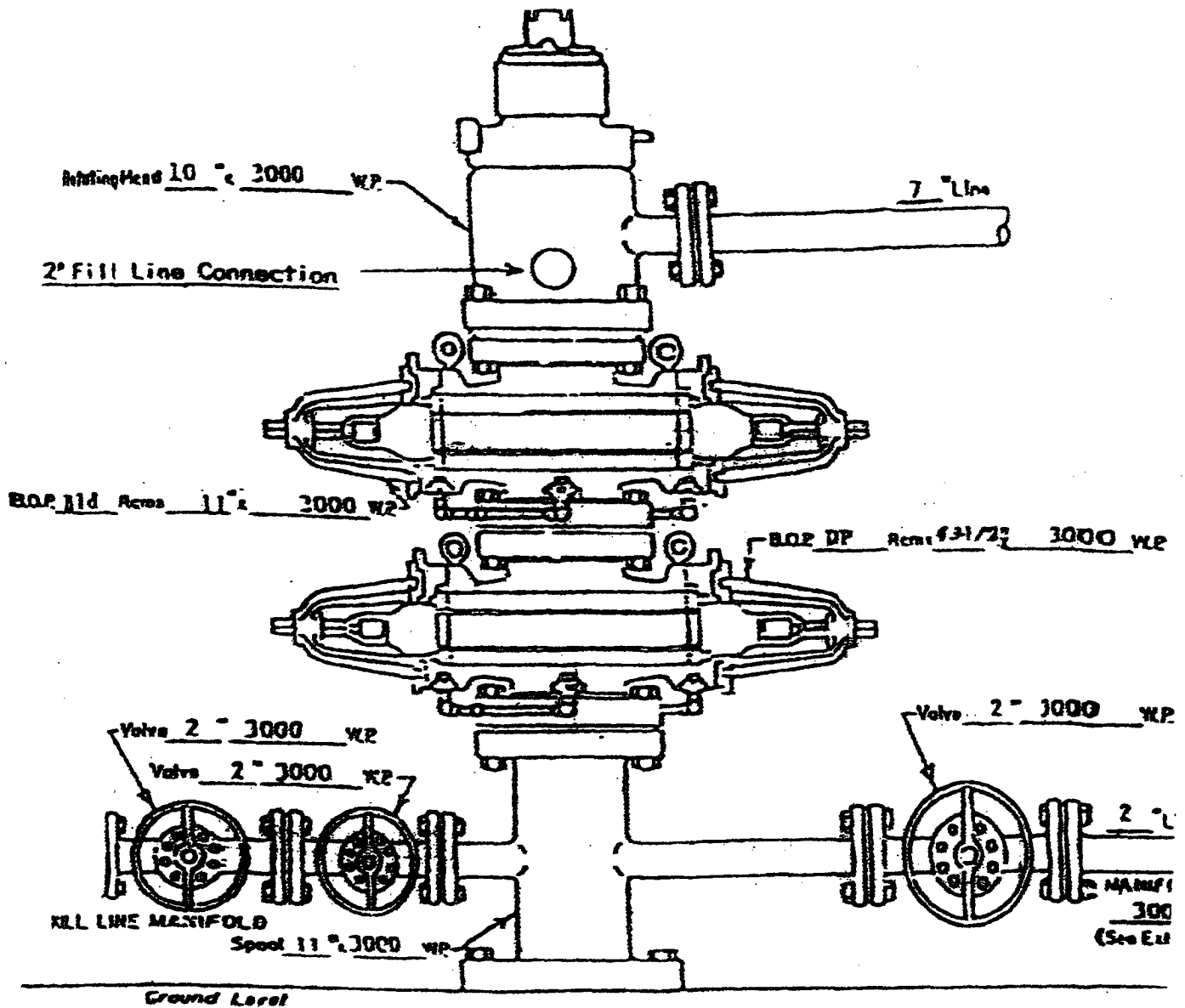
7. DOWN HOLE CONDITIONS

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

8. OTHER INFORMATION

The anticipated spud date is December 18, 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.

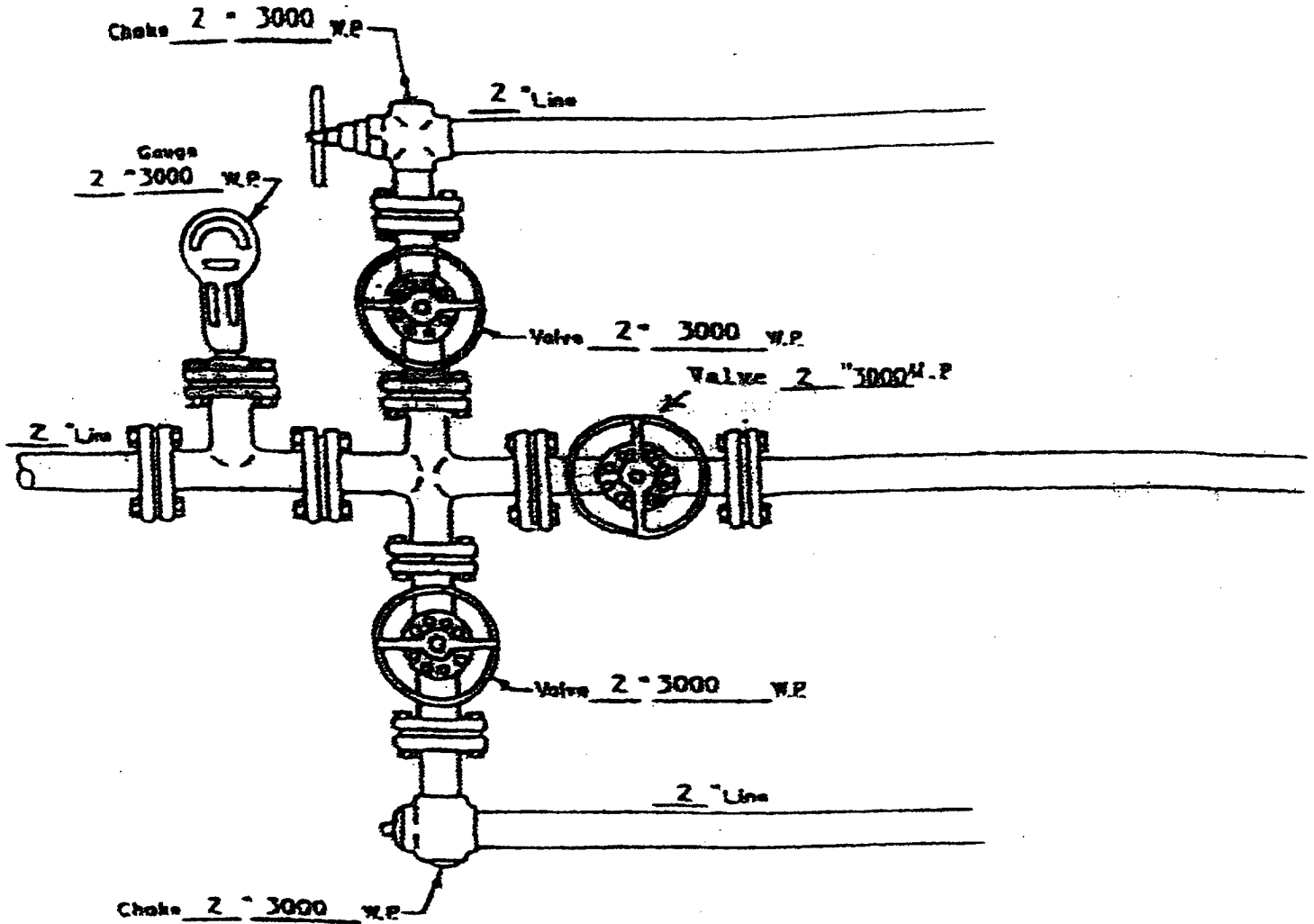
☐ Manual
☒ Hydraulic

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.

PAGE #5

ATTACHMENT NO. 1

RINCON UNIT WELLS
RINCON FIELD
RIO ARRIBA COUNTY, NEW MEXICO



MANIFOLD
3000 #W.P.

☒ Manual
☐ Hydraulic

Submit 3 Copies To Appropriate District
Office
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

Form C-103
March 4, 2004

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

WELL API NO.
5. Indicate Type of Lease: <u>FEDERAL</u> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. <u>FEDERAL: SF-079366</u>
7. Lease Name or Unit Agreement Name RINCON UNIT
8. Well Number #403
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 P: 475 feet from the East line and 350 feet from the South line

Section 26 Township 27N Range 6W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6522' GL

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)

Pit Location: UL P Sect 26 Twp 27N Rng 6W Pit type: Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000'

Distance from nearest surface water <1000' Below-grade Tank Location UL Sect Twp Rng ;

feet from the line and feet from the line

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 COMPLETION ☐

OTHER: Drilling Pit Registration ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND 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 6/21/04

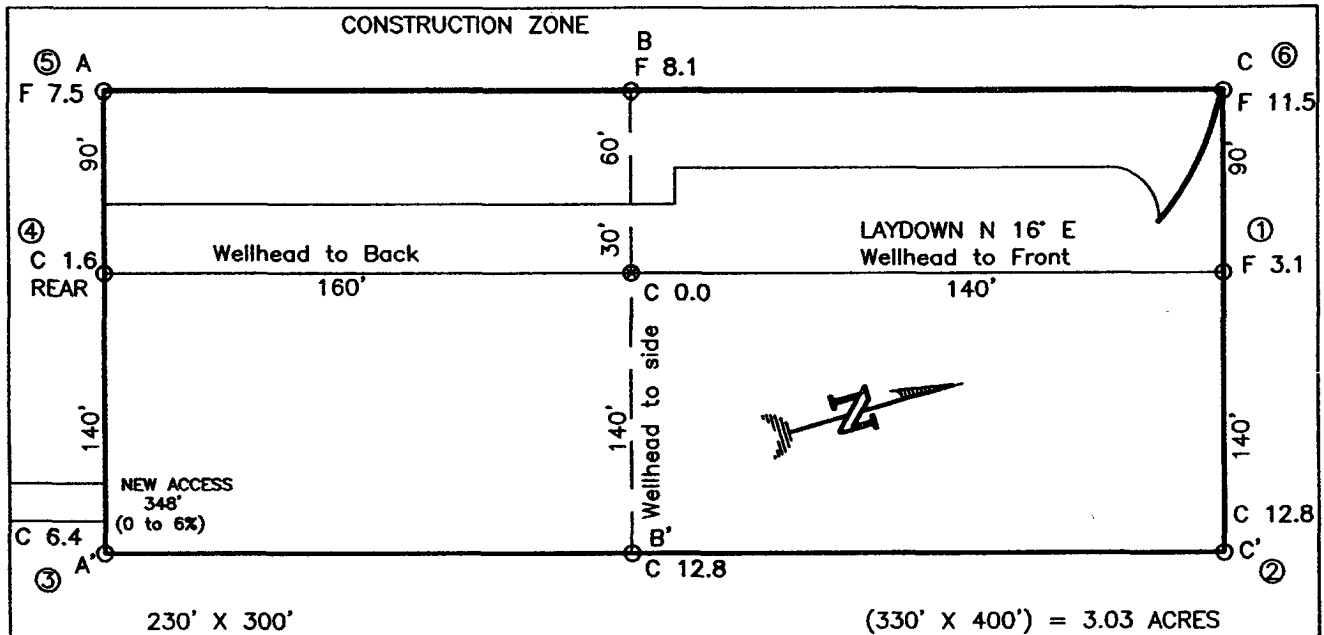
Type or print name Mike Pippin E-mail address: mpippin@ddbroadband.net Telephone No. (505)327-4573

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APPROVED BY [Signature] TITLE Oil & Gas Inspector
Conditions of approval, if any:

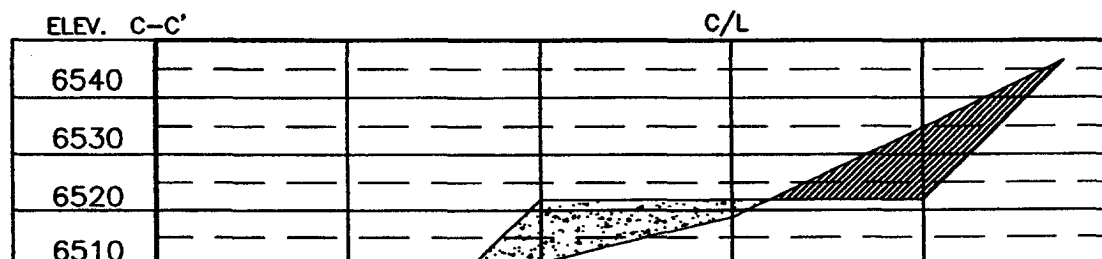
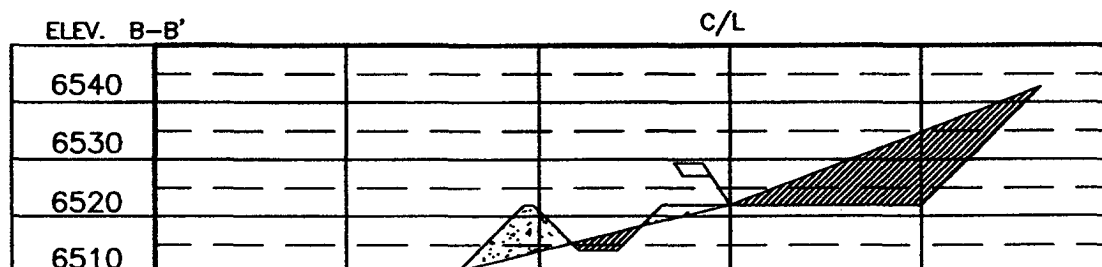
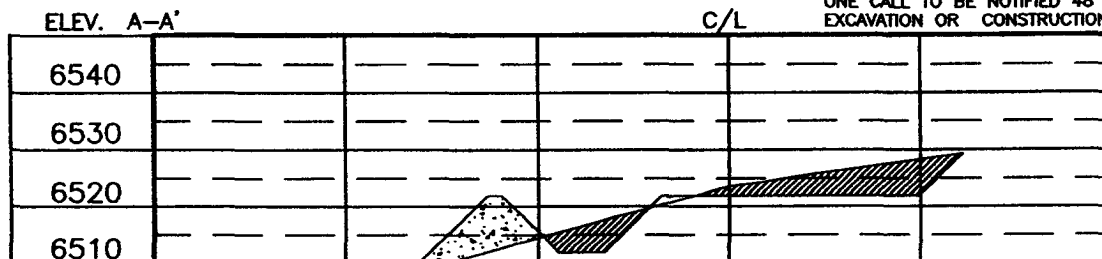
SEP 20 2004
DATE

PURE RESOURCES
 RINCON UNIT No. 403, 350 FSL 475 FEL
 SECTION 21, T27N, R6W, N.M.P.M., RIO ARriba COUNTY, N. M.
 GROUND ELEVATION: 6522, DATE: MAY 13, 2004



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 #12

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15088 • Farmington, NM 87401
 Phone (505) 328-1772 • Fax (505) 328-6019
 NEW MEXICO L.S. No. 14831
 CUDILE PROB6C/FB



DATE: 5/27/04
 DRAWN BY: B.L.
 ROW#: PROB6