

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

2005 AUG 15 AM 9 31

5. Lease Designation and Serial No.
SF-080385

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 #511

9. API Well No.
30-039-29627

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

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

I Sec 26, 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/2 340.56
DK = S/2 338.87

20. BLM/BIA Bond No.

23. Estimated duration
30 days

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 I, 2818' FSL, 240' FEL

At proposed prod. Zone:

14. Distance in miles and direction from nearest town or post office*

26 Miles Southeast of Blanco

15. Distance from proposed*

location to nearest 240'

property or lease line, ft.

(Also to nearest drlg. Unit line, if any)

16. No of Acres in lease

2645.09

18. Distance from proposed*

location to nearest well 1647'

19. Proposed Depth

7720'

21. Elevation (Show whether DF, KDB, RT, GL, etc.)

6743' Ground Level

22. Approximate date work will start*

4/8/06

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#	2800'	317 Sxs, 610 ft3 - 45% Excess
6-1/4"	4-1/2" I-80	11.6#	7720'	583 Sxs, 1207 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, 32 Min, 41.3 Sec N

Longitude: -107 Deg, 32 Min, 11.5 Sec W

25. Signature

Mike Pippin

Name(Printed/Typed)

Mike Pippin

Date

8/13/2005

Title Agent - Petroleum Engineer

Approved by (Signature)

APM

Name(Printed/Typed)

Office

PFO

Date

11/3/05

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)

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

HOLD C184 FOR NSL in Blanco Mesav de
DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOC

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

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

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

2005 AUG 15 AM 9 31

☐ AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-29027	² Pool Code 72319	³ Pool Name BLANCO MESAVERDE
⁴ Property Code 26629	⁵ Property Name RINCON UNIT	⁶ Well Number 511
⁷ OGHD No. 189071	⁸ Operator Name PURE RESOURCES	⁹ Elevation 6743'

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
1	26	27-N	7-W		2818	SOUTH	240'	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

¹² Dedicated Acres 340.56 E/2	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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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

LOT 4	LOT 3	LOT 2	LOT 1 y
LOT 5	LOT 6	LOT 7 J	LOT 8 QTR. CORNER FD 3 1/4" BC 1955 BLM
LOT 12	LOT 11	LOT 10	LOT 9
LOT 13	LOT 14 QTR. CORNER FD 3 1/4" BC 1955 BLM	LOT 15 S 89-49-00 W 2637.8' (M)	LOT 16 SEC. CORNER FD 3 1/4" BC 1955 BLM

26 240' 2818' 2829.0' (M) N 00-28-33 E

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Mike Pippin
Signature

MIKE PIPPIN
Printed Name

AGENT-PETR. ENGR.
Title

8-13-05
Date

18 SURVEYOR CERTIFICATION

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.

JOHN A. VUKONICH
Date of Survey
Signature and Seal of Professional Surveyor

14831
Certificate Number

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

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

DISTRICT III
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Form C-102
Revised June 10, 2003

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

2005 AUG 15 AM 9 32

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-39-29627		*Pool Code 71599	*Pool Name BASIN DAKOTA
*Property Code 26629	*Property Name RINCON UNIT		*Well Number 511
*GRID No. 189071	*Operator Name PURE RESOURCES		*Elevation 6743'

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
I	26	27-N	7-W		2818	SOUTH	240'	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
¹² Dedicated Acres S/2		¹³ Joint or Infill Y		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

16

LOT 4	LOT 3	LOT 2	LOT 1
LOT 5	LOT 6	LOT 7	LOT 8 QTR. CORNER FD 3 1/4" BC 1955 BLM
LOT 12	LOT 11 X	LOT 10	LOT 9
LOT 13	LOT 14 QTR. CORNER FD 3 1/4" BC 1955 BLM	LOT 15 S 89-49-00 W 2637.8' (M)	LOT 16 SEC. CORNER FD 3 1/4" BC 1955 BLM

26 240' 2818' 2829.0' (M) N 00-28-33 E

17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Signature: Mike Pippin
Printed Name: MIKE PIPPIN
Title: AGENT-PETR. ENGR
Date: 8-13-05

18 SURVEYOR CERTIFICATION
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.
Date of Survey: 8-13-05
Signature and Seal of Professional Surveyor: JOHN A. VUKONICH
Certificate Number: 14831

District I
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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. 30-039-29627
5. Indicate Type of Lease: FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. FEDERAL: SF 080385
7. Lease Name or Unit Agreement Name RINCON UNIT
8. Well Number: #511
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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> 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 I : 2818 feet from the South line and 240 feet from the East line Section 26 Township 27N Range 7W NMPM Rio Arriba County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6743' GL	
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>	
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 <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: Register Drilling Pit <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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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.

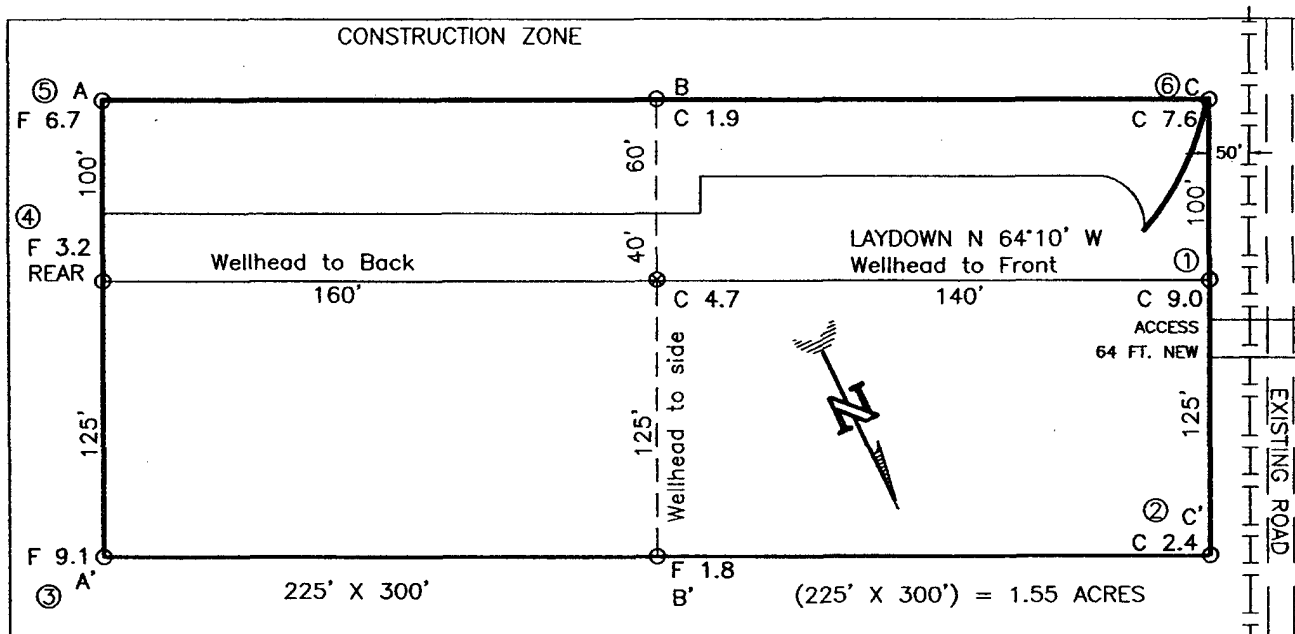
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Mike Pippin TITLE Agent, Petroleum Engineer DATE 8/13/05
Type or print name Mike Pippin E-mail address: mpippin@ddbroadband.net Telephone No.: 505-327-4573

For State Use Only

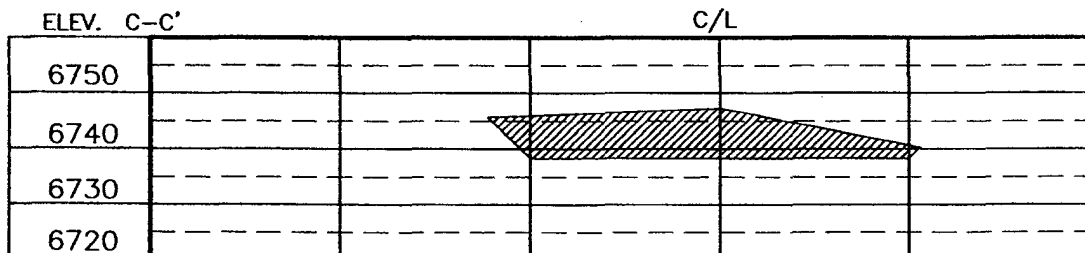
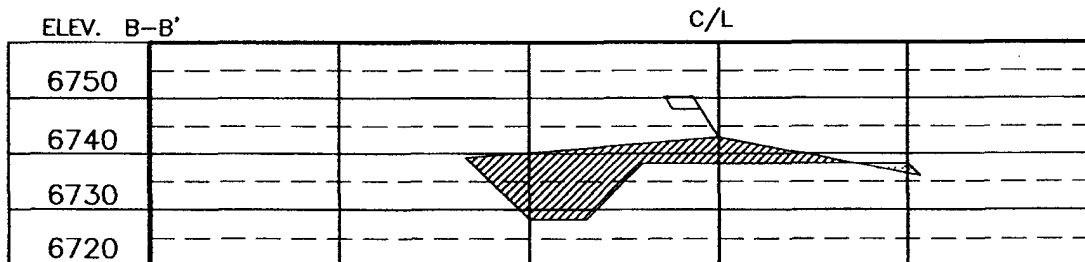
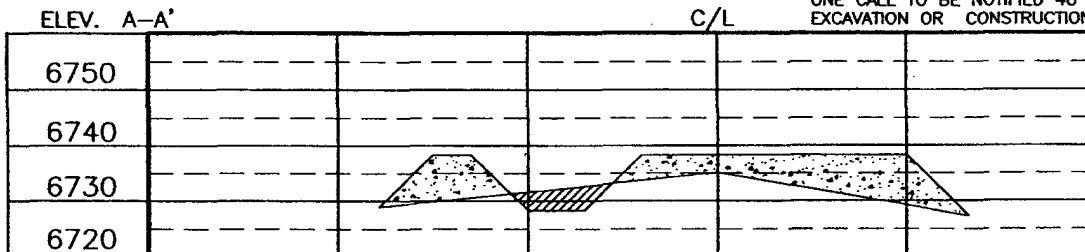
APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE NOV 07 2005
Conditions of Approval (if any):

PURE RESOURCES
 RINCON UNIT No. 511, 2818 FSL 240 FEL
 SECTION 26, T27N, R7W, N.M.P.M., RIO ARriba COUNTY, N. M.
 GROUND ELEVATION: 6743, DATE: MAY 11, 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:
CORRECT FOOTAGE	08/11/05	B.L.	08/21/05

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
 COURTESY: PR113CFB
 DRAWN BY: A.G.
 ROW#: PR113

PURE RESOURCES LP
RINCON UNIT #511 MV/DK
2818' FSL, 240' FEL
Unit I Sec. 26 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	2371'
Kirtland	2499'
Fruitland	2686'
Pictured Cliffs	3124'
Cliffhouse	4832'
Menefee	4866'
Point Lookout	5369'
Greenhorn	7288'
Graneros	7347'
Dakota	7464'
Intermediate TD (7")	2800'
TD (4-1/2")	7720'

2. **NOTABLE ZONES**

Gas or Oil Zones

Fruitland
Pictured Cliffs

Cliffhouse
Menefee
Point Lookout
Dakota

Water Zones

Ojo Alamo
Kirtland

Coal Zone

Fruitland

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 #511 MV/DK
 2818' FSL, 240' FEL
 Unit I Sec. 26 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	2800'
6-1/4"	4-1/2"	11.6#	I-80	New	ST&C	7720'

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 30 minutes.

Intermediate casing will be cemented to surface with a single stage. Total cement = 610 cu. ft. (317 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 ~499 cu. ft. (~236 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 = 1207 cu. ft. (583 sx). Volumes

PURE RESOURCES LP
RINCON UNIT #511 MV/DK
2818' FSL, 240' FEL
Unit I Sec. 26 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 ~1006 cu. ft. (~498 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'-2800'	FW gel/Polymer	8.3-8.6	30-35	<20cc's	9.5
2800'-7720'	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 April 8, 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.

San Juan Basin
3M BOPE - Class 2 BOPE
Minimum of 3000 psi Working Pressure

