

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

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 #515

9. API Well No.

30-039-29688

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

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

Sec 27, T-27-N, R-07-W

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, 965' FSL, 1290' FEL

At proposed prod. Zone:

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

27 Miles Southeast of Blanco

15. Distance from proposed*

location to nearest 965'

property or lease line, ft.

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

16. No of Acres in lease

2645.09

18. Distance from proposed*

location to nearest well 301'

19. Proposed Depth

7700'

12. County or Parish,

Rio Arriba

13. State

New Mexico

17. Spacing Unit dedicated to this well

MV = E/2 - 320 acres

DK = E/2 - 320 acres

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

6777'

22. Approximate date work will start*

8/24/06

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#	2800'	317 Sxs, 610 ft3 - 45% Excess
6-1/4"	4-1/2" I-80	11.6#	7700'	581 Sxs, 1204 ft3 - 45% Excess

The on-site inspection was on 10/3/05 by Roger Herrera

Archy is by DCA

EA is by Nelson

SEE ATTACHED APP INFORMATION

Latitude: 36 Deg, 32 Min, 22.6 Sec N
Longitude: -107 Deg, 33 Min, 29.1 Sec W

25. Signature

Mike Pippin

Name(Printed/Typed)

Mike Pippin

Date

11/1/2005

Title Agent - Petroleum Engineer

Approved by (Signature)

[Signature]

Name(Printed/Typed)

Office

FFD

Date

4/17/06

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

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOC

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

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

2005 NOV 3 07 10 54

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-29688		*Pool Code 72319 & 71599		*Pool Name BLANCO MV & BASIN DK	
*Property Code 26629 ✓		*Property Name RINCON UNIT			*Well Number 515
*OGRID No. 189071 ✓		*Operator Name PURE RESOURCES LP			*Elevation 6777

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	27	27-N	7-W		965	SOUTH	1290	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 320 E/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

<div style="text-align: center;">16</div>	<div style="text-align: center;">17</div>	<h3 style="text-align: center;">OPERATOR CERTIFICATION</h3> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div style="text-align: right; margin-top: 20px;"> Signature </div> <div style="text-align: right; margin-top: 10px;"> <u>MIKE PIPPIN</u> Printed Name </div> <div style="text-align: right; margin-top: 10px;"> <u>AGENT-PETR. ENGR.</u> Title </div> <div style="text-align: right; margin-top: 10px;"> <u>11-1-05</u> Date </div>
<div style="text-align: center;">27</div> <div style="text-align: center; margin-top: 50px;"> </div> <div style="text-align: center; margin-top: 20px;"> LAT. 36° 32' 22.6" N. (NAD 83) LONG. 107° 33' 29.1" W. (NAD 83) </div> <div style="text-align: center; margin-top: 20px;"> QTR. CORNER FD 3 1/4" BC 1955 BLM </div>	<div style="text-align: center;">18</div>	<h3 style="text-align: center;">SURVEYOR CERTIFICATION</h3> <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> <div style="text-align: right; margin-top: 20px;"> <u>JOHN A. VUKONICH</u> Signature and Seal of Professional Surveyor </div> <div style="text-align: right; margin-top: 10px;"> <u>14831</u> Certificate Number </div>
<div style="text-align: center;">27</div> <div style="text-align: center; margin-top: 50px;"> </div> <div style="text-align: center; margin-top: 20px;"> LAT. 36° 32' 22.6" N. (NAD 83) LONG. 107° 33' 29.1" W. (NAD 83) </div> <div style="text-align: center; margin-top: 20px;"> QTR. CORNER FD 3 1/4" BC 1955 BLM </div>	<div style="text-align: center;">27</div> <div style="text-align: center; margin-top: 50px;"> </div> <div style="text-align: center; margin-top: 20px;"> LAT. 36° 32' 22.6" N. (NAD 83) LONG. 107° 33' 29.1" W. (NAD 83) </div> <div style="text-align: center; margin-top: 20px;"> QTR. CORNER FD 3 1/4" BC 1955 BLM </div>	<div style="text-align: center;">27</div> <div style="text-align: center; margin-top: 50px;"> </div> <div style="text-align: center; margin-top: 20px;"> LAT. 36° 32' 22.6" N. (NAD 83) LONG. 107° 33' 29.1" W. (NAD 83) </div> <div style="text-align: center; margin-top: 20px;"> QTR. CORNER FD 3 1/4" BC 1955 BLM </div>

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

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

WELL API NO.

30-039-29688

5. Indicate Type of Lease: **FEDERAL**
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
FEDERAL: SF 080385

7. Lease Name or Unit Agreement Name
RINCON UNIT

8. Well Number: **#515**

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** : **965** feet from the **South** line and **1290** feet from the **East** line

Section **27**

Township **27N** Range **7W** NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6777' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type **Drilling** Depth to Groundwater **>100'** Distance from nearest fresh water well **>1000'** Distance from nearest surface water **>200'**

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 ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Register Drilling Pit ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/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 11/1/05

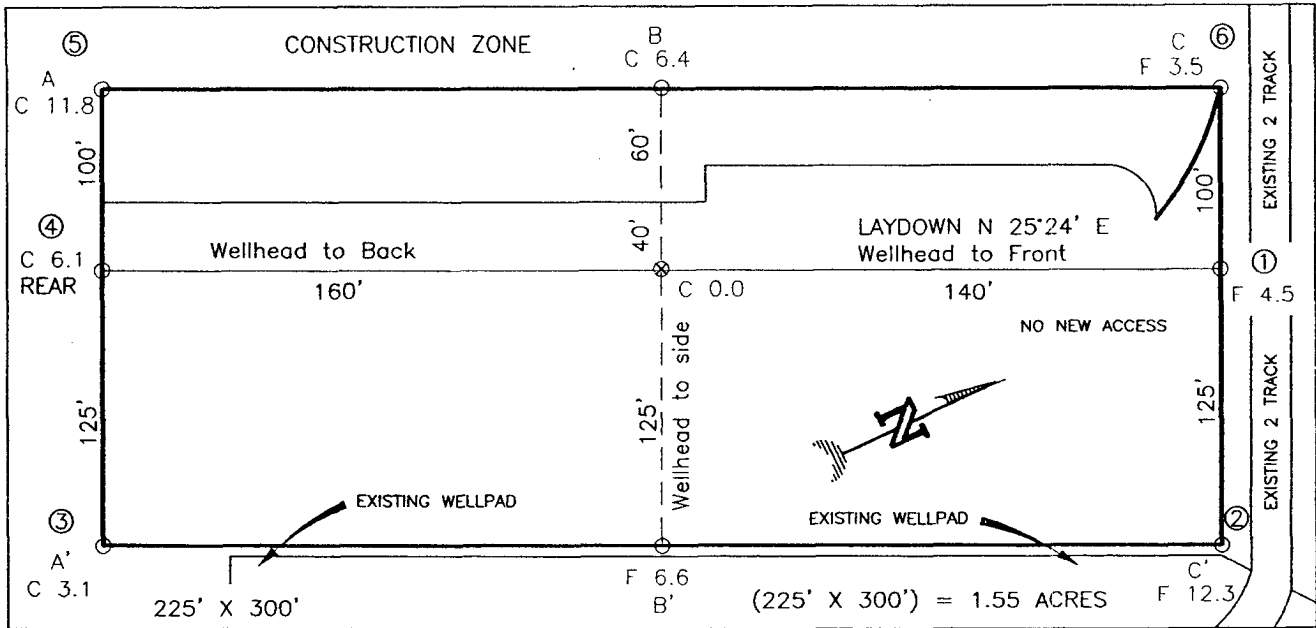
Type or print name Mike Pippin E-mail address: mpippin@ddbroadband.net Telephone No.: 505-327-4573

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. IV DATE APR 19 2006

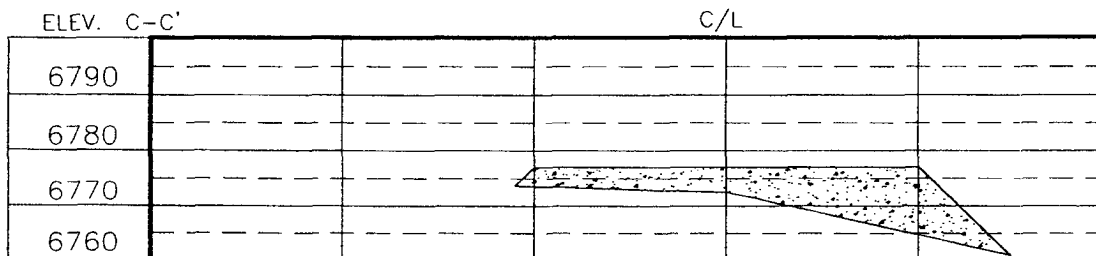
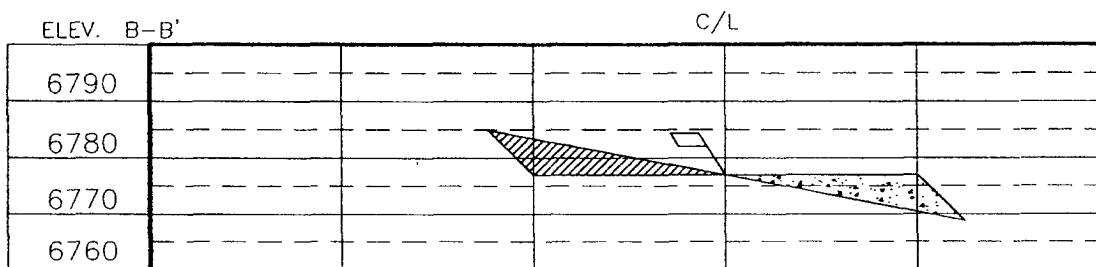
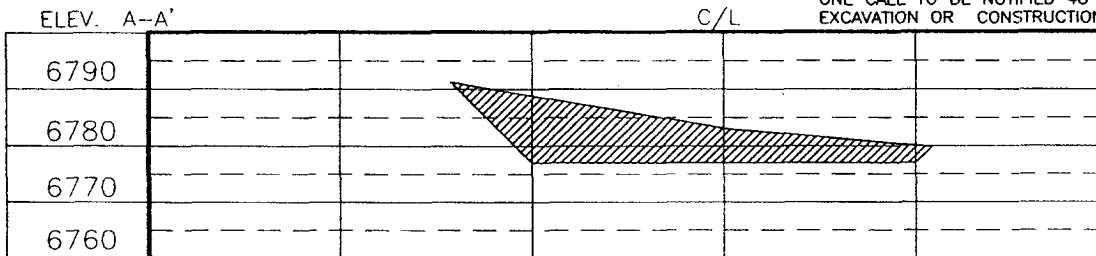
Conditions of Approval (if any):

PURE RESOURCES
 RINCON UNIT No. 515, 965 FSL 1290 FEL
 SECTION 27, T27N, R7W, N.M.P.M., RIO ARriba COUNTY, N. M.
 GROUND ELEVATION: 6777, DATE: AUGUST 19, 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:	REVISED BY:
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 CADFILE: PR117_CFB DATE: 09/15/05 DRAWN BY: G.V. ROW#: PR117		

PURE RESOURCES LP
RINCON UNIT #515 MV/DK
965' FSL, 1290' FEL
Unit P Sec. 27 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	2360'
Kirtland	2461'
Fruitland	2858'
Pictured Cliffs	3125'
Cliffhouse	4787'
Menefee	4807'
Point Lookout	5365'
Greenhorn	7325'
Graneros	7395'
Dakota	7497'
Intermediate TD (7")	2800'
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 #515 MV/DK
965' FSL, 1290' FEL
Unit P Sec. 27 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	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 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. (~237 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 = 1204 cu. ft. (581 sx). Volumes

PURE RESOURCES LP
RINCON UNIT #515 MV/DK
965' FSL, 1290' FEL
Unit P Sec. 27 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 ~1003 cu. ft. (~496 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'-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 August 24, 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.

PURE RESOURCES, LP
RINCON UNIT WELLS
RINCON FIELD
RIO ARriba COUNTY, NEW MEXICO

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

