

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**CASE NO. 12766
ORDER NO. R-11698**

**APPLICATION OF PRIMERO OPERATING, INC. FOR APPROVAL OF A UNIT
AGREEMENT, SOCORRO COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing on November 15, 2001 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of November, 2001, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Primero Operating, Inc., seeks approval of its Cat Head Mesa Unit Agreement for all oil and gas in all formations underlying an area comprising 37,339.04 acres, more or less, of state, federal, and fee lands in Socorro County, New Mexico, as further described in the attached Exhibit "A."

(3) No interested party appeared at the hearing or otherwise objected to the proposed unit agreement.

(4) The operator should submit to the Division Director for approval all subsequent: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area.

(5) Approval of the proposed unit agreement will promote the prevention of waste and protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Cat Head Mesa Unit Agreement executed by Primero Operating, Inc. is hereby approved for all oil and gas in all formations underlying an area comprising 37,339.04 acres, more or less, of state, federal, and fee lands in Socorro County, New Mexico, as further described in the attached Exhibit "A."

(2) The plan contained in the unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

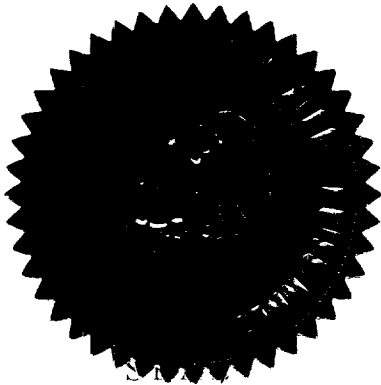
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days of the effective date thereof; in the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, copies of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon the approval of the unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the appropriate agency of the United States Department of the Interior. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director

EXHIBIT "A"
CASE NO. 12766
ORDER NO. R-11698
PRIMERO OPERATING, INC.
CAT HEAD MESA UNIT AREA
SOCORRO COUNTY, NEW MEXICO

TOWNSHIP 3 SOUTH, RANGE 8 EAST, NMPM

Section 35:	S/2
Section 36:	S/2

TOWNSHIP 3 SOUTH, RANGE 9 EAST, NMPM

Section 31:	All
Section 32:	S/2
Section 33:	S/2

TOWNSHIP 4 SOUTH, RANGE 8 EAST, NMPM

Sections 1 through 3:	All
Sections 10 through 14:	All
Section 15:	E/2
Section 23:	E/2
Sections 24 and 25:	All
Section 36:	E/2

TOWNSHIP 4 SOUTH, RANGE 9 EAST, NMPM

Sections 2 through 11:	All
Section 12:	W/2
Sections 13 through 36:	All

TOWNSHIP 5 SOUTH, RANGE 8 EAST, NMPM

Section 1:	Lots 1 and 2, S/2 NE/4, and SE/4
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TOWNSHIP 5 SOUTH, RANGE 9 EAST, NMPM

Sections 2 through 10:	All
Section 11:	N/2.

<i>Federal lands:</i>	<i>26,499.79 acres</i>	<i>70.97%</i>
<i>State lands:</i>	<i>6,532.38 acres</i>	<i>17.50%</i>
<i>Fee lands</i>	<i>4,306.87 acres</i>	<i>11.53%</i>
<i>Total</i>	<i>37,339.04 acres</i>	