

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, June 03, 2013 9:16 AM
To: 'jamesbruc@aol.com'
Subject: RE: Primero Operating - Grover #1 - NSP and NSL Application

Case 15062

Good morning, Jim

It seems to me it encroaches toward the NE/4 of Section 5-6S-33E. The south, not the north, has to be the "end line" because the unit can't cross the section line. It encroaches because it is less than 1980 from the south line.

However, as noted in my email, Rule 2(c) of the rules for associated pools requires notice to all offsets. Therefore, I am going to require notice to all offsets. You have already notified everyone on Section 32, but notice is needed to offsets in Section 32 and in Section 4 and 5 of 6S-33E.

Thanks
David

From: jamesbruc@aol.com [mailto:jamesbruc@aol.com]
Sent: Friday, May 31, 2013 9:12 AM
To: Brooks, David K., EMNRD
Subject: Re: Primero Operating - Grover #1 - NSP and NSL Application

David: Under the Division's general rules for associated pools (R-5353), gas wells must be located no closer than 1980 feet to the end line nor closer than 660 feet to the side boundary of a well unit. So, unless the revised OCD regulations on well locations trump this order, the location is too close to the NE/4 of Section 32.

Let me know. Thanks.

Jim

-----Original Message-----

From: Brooks, David K., EMNRD, EMNRD <david.brooks@state.nm.us>
To: jamesbruc <jamesbruc@aol.com>
Sent: Tue, May 28, 2013 12:11 pm
Subject: Primero Operating - Grover #1 - NSP and NSL Application

Good morning, Jim

I have looked at this application. The NSP portion seems to be in order and ready to write.

It would seem, however, that the necessary notices may not have been given for the NSL portion. This depends on the interpretation of Rules 1 and 2 of the General Rules for Associated Pools as adopted by Order R-5353. I cannot find any subsequent order amending these rules, although it is difficult to be certain given the extremely large number of orders in the R-5353 series.

If the provisions of Rule 2(b) for a 160-acre unit were applied, this well would be at a standard location. However, Rule 2(b) specifies that the setbacks therein provided are for a "Standard Proration Unit." Application of the location rule for a 320-acre unit is problematic because it cannot be determined in which direction the location encroaches. Thus, under the statewide exception rule, notice would be required to owners in the offsetting spacing units in Section 33 and in Sections 4 and 5 of 6S-33E. However, Rule 2(c) contains a special NSL notice provision that requires notice to all offsets. Statewide Rule 2.9 provides that orders trump rules. There has been some difference of opinion around here as to whether orders trump subsequently adopted statewide rules. However, that would seem likely to have been the intent as to special pool orders, if not other orders.

I will proceed to write the NSP order, and await your response before taking further action on the NSL application.

Sincerely

David

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, May 29, 2013 1:45 PM
To: jamesbruc@aol.com
Cc: Kautz, Paul, EMNRD; Mull, Donna, EMNRD; llrwb@austin.rr.com
Subject: Primero Operating - Grover No. 1

Good Afternoon, Jim

The NSP for this well was granted on May 28 by Order NSP-1967.

As discussed by email I am holding the NSL application pending further advice from you.

Sincerely

David

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, September 24, 2013 10:56 AM
To: jamesbruc@aol.com
Subject: Primero Operating Inc. - Grover #1
Attachments: RE: Primero Operating - Grover #1 - NSP and NSL Application

Good morning, Jim

The status of this matter needs to be investigated. According to RBDMS, the NSL application is still open.

I have backed off of my view (expressed in email dated May 28), that Rule 2(b) of the rules for associated pools trumps 19.15.15.13. This issue has arisen in several other applications, and upon examining these rules I am persuaded that each can be viewed as a separate provision conferring authority on the Director to administratively approve NSLs. Viewed thus, the two provisions do not conflict, and 19.15.2.9 is not implicated. An NSL application can be made under either rule.

Please advise what you want to do with this. If I do not hear by next Monday, I will cancel the application w/o prejudice.

Sincerely

David

Brooks, David K., EMNRD

From: jamesbruc@aol.com
Sent: Monday, September 30, 2013 7:20 AM
To: Brooks, David K., EMNRD
Subject: Primero Operating/Grover Well No. 1/NSP & NSL

David: I will get you info today. Meant to do it Thursday, but got tied up on a few things.

Jim

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruce@aol.com

RECEIVED OCD

2013 OCT -2 P 1: 50

Case 15062

September 30, 2013

Via fax and U.S. Mail

David Brooks
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

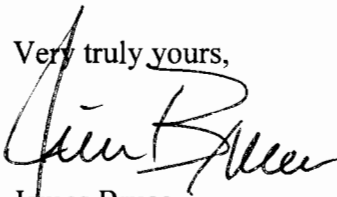
Re: Primero Operating, Inc.
Grover Well No. 1

Dear David:

The above well involved a joint NSP/NSL application. The first two pages of the application are attached (Attachment 1). You had approved the NSP, but after the application was approved an objection was received (Attachment 2). The objecting parties have now waived their objection (Attachment 3). Therefore, the NSP approval should remain in effect.

You had also requested additional notice for the NSL. I had previously notified all offset interest owners in Section 32. I have now notified all offset interest owners in Section 33, as well as Sections 5 and 6, Township 6 South, Range 34 East, NMPM (Attachment 4). (The townships "jog" here, so that is why it is 6S-34E).

Very truly yours,



James Bruce

JAMES BRUCE
ATTORNEY AT LAW

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jamesbruc@aol.com

May 7, 2013

Jami Bailey
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Ms. Bailey:

Pursuant to Division Rules 19.15.15.11 and NMAC 19.15.15.13, Primero Operating Inc. applies for approval of a non-standard gas spacing and proration unit and an unorthodox gas well location in the Pennsylvanian formation for the following well:

<u>Well:</u>	Grover Well No. 1
<u>Location:</u>	1930 feet FSL & 660 FEL
<u>Current well unit:</u>	NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township 5 South, Range 33 East, N.M.P.M., Roosevelt County, New Mexico
<u>Proposed well unit:</u>	SE $\frac{1}{4}$ of Section 32

The well was originally drilled to test the South Peterson-Fussleman Pool, but was plugged back and completed in the South Peterson-Pennsylvanian (Associated) Pool. Under Division Order No. R-5353-I, the South Peterson-Pennsylvanian (Associated) Pool is an associated pool under which spacing is 40 acres for an oil well (with statewide setbacks) and 320 acres for a gas well. Under the Division's general rules for associated pools, gas wells must be located no closer than 1980 feet to the end line nor closer than 660 feet to the side boundary of a well unit.

The reasons for the non-standard unit request are as follows:

1. The well, when originally completed, was an oil well with no gas production, and 40 acres was dedicated to the well. See Exhibit A, the write-up of John C. Maxey, applicant's engineering consultant. However, the well has started producing gas such that it has, or will soon, exceed a GOR of 30,000:1, which will make it a gas well under the Division's general rules for associated pools.

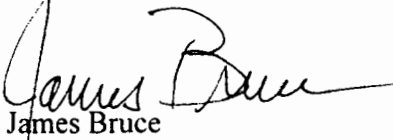
2. The proposed gas well unit, the SE¼ of Section 32, is comprised of a single fee tract, with common ownership (royalty, working, and overriding royalty interests). In addition, the working interest owners in the SE¼ of Section 32 paid the entire costs of drilling the well, and the equities in the well should not be changed.

3. The well is not prolific, so the offsetting quarter sections will not be adversely affected by the non-standard unit or unorthodox location.

The NE¼ or the SW¼ of Section 32 will be excluded from a 320 acre gas well unit. Attached as **Exhibit B** is a listing of all mineral interest and leasehold owners in those two quarter sections. The well is unorthodox as to the NE¼ of Section 32. Notice of this application has been given to the offset interest owners, and a copy of the notice letter is attached as **Exhibit C**.

Please contact me if you need any further information on this application.

Very truly yours,


James Bruce

Attorney for Primero Operating Inc.

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2013 MAY 28 P 2: 21

George Williams
9215 Homestead
Lubbock , Texas 79424

May 23, 2013

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

To: State of New Mexico
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Sir or Madam:

Re: Application for Non-Standard Location

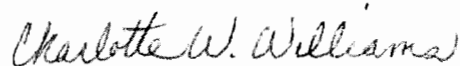
I and my husband , as offset interest owners , object to approval of a non-standard gas spacing and proration unit and an unorthodox gas well location in the SE¼ of Section 32 , Township 5 South, Range 33 East, N.M.P.M.; Roosevelt County, New Mexico. Application has been made by Primero Operating Inc.

Thank you for your attention to this matter.

George W. Williams



Charlotte W. Williams



Attachment

2

George Williams
9215 Homestead
Lubbock, Texas 79424

~~XXXXXX~~
Aug 15, 2013

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

To: State of New Mexico
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Sir or Madam:

Re: Application for Non-Standard Location

I and my husband, as offset interest owners, hereby withdraw our objection to the following: a non-standard gas spacing and proration unit and unorthodox gas well location in the SE¼ of Section 32, Township 5 South, Range 33 East, N.M.P.M.; Roosevelt County, New Mexico. Application has been made by Primero Operating Inc.

This concession is made pursuant to conversations with Ken Hammonds, and mutually agreed upon compensation reached in those conversations.

Thank you for your attention to this matter.

George W. Williams



Charlotte W. Williams



Attachment 3

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

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SANTA FE, NEW MEXICO 87501

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(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

September 30, 2013

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit 1

Ladies and gentlemen:

Primero Operating Inc. has filed an application with the New Mexico Oil Conservation Division seeking approval of an unorthodox gas well location, *etc.*, in the SE¼ of Section 32, Township 5 South, Range 33 East, N.M.P.M., Roosevelt County, New Mexico. A copy of the application is enclosed. You are an offset interest owner. If you object to the application, you must notify the Division in writing within 20 days (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,



James Bruce

Attorney for Primero Operating Inc.

Attachment 4

EXHIBIT 1

Grover Family, LP
P.O. Box 3686
Midland, TX 79702

Albert G. Boyce, Jr., SSP
3151 Nile Avenue
Manteca, CA 95337

William Quincy Boyce, III, SSP
2686 Crestview Drive
Woodland, Utah 84036

Michelle Tannehill Boyce
Mayfield, SSP
4055 Highway 61
Carrollton Villa Rica Highway
Villa Rica, GA 30180 (1996)

Albert G. Boyce, Jr., as Trustee
of The Albert G. Boyce Trust
3151 Nile Avenue
Manteca, CA 95337

Mitchell Royalty, a Limited
Partnership
Route 2
Box 10-A
Haskell, OK 74436

Happy Hill Northern
Holdings, L.L.C.
Star Route 66
Box 891
Okanogan, Washington 98840

William J. Boyce, SSP
P.O. Box 871
Manteca, CA 95336 (1997)

O.D. Lambirth, Trustee of the
O.D. and Mildred P. Lambirth
Trust - Trust "B" - U/T/A dated
September 27, 1989, as
amended
16803 E. Palomino Blvd.
Fountain Hills, AZ 85268

Nancy Chappell-Tobin, SSP
1038 SW 20th Street
Loveland, CO

80537

Spur Holdings, L.L.C.
16803 E. Palomino Blvd.
Fountain Hills, AZ 85268

John Tannehill, SSP
P.O. Box 819
Paso Robles, CA 93447

Lisle Tannehill, SSP
2611 Garden Road
Suite A-180
Monterey, CA 93940

Priam Energy, Inc.
P.O. Box 190
Glenpool, OK 74033

Yates Brothers
P.O. Box 1394
Artesia, New Mexico 88211