

PRIMERO
OPERATING, INC.

POST OFFICE BOX 1433
ROSWELL, NEW MEXICO 88202
(505) 622-1001 FAX (505) 625-0227

OCT - 6 1998

ms.

October 6, 1998

TO: New Mexico Oil Conservation Division Case No. 11922; Order No. R-10966
and All Working Interest Owners

FROM: Primero Operating, Inc.

RE: Tilley #1 Well; Sec. 26-T16S-R35E, Lea County, New Mexico

In compliance with an order dated March 10, 1998 from the Oil Conservation Division enclosed is an itemized schedule of the actual costs of the above-referenced well pursuant to paragraph 5 of the Order of the Division.

De Ann Hawley

PRIMERO OPERATING INC.

COMP LEASE OPER SUMMARY - ALL

BY JOB / RD PROCESSING DATE

Lease: 20025 TILLEY #1 For Dates 05/98 thru 10/98
 Operator: 75175 PRIMERO OPERATI Location: LEA, NM

	May	June	July	August	September	October	TOTAL	AVERAGE	Y-T-D	I-T-D
PRODUCTION AMTS										
8/8 SALES										
OIL					128		128	21	128	128
GAS					1,618		1,618	270	1,618	1,618
AVERAGE PRICE										
OIL					12.56			12.56	12.56	12.56
GAS					1.94			1.94	1.94	1.94
REVENUE										
OIL					1,608		1,608	268	1,608	1,608
GAS					3,139		3,139	523	3,139	3,139
SEVERANCE TAX										
ROYALTIES					423		423	71	423	423
					166		166	28	166	166
NET REVENUE										
					4,158		4,158	692	4,158	4,158
LEASE OPERATING EXPENSES:										
PRODUCING OVERHEAD					533		533	89	533	533
CONTRACT PUMPING AND				212	212		424	71	424	424
RENTAL PROD. EQUIPME					541		541	90	541	541
SALT WATER DISPOSAL			382		95		477	80	477	477
CHEMICAL TREATING &				189			189	32	189	189
INSURANCE					35		35	6	35	35
LEASE OPERATING COST				541	950		1,491	249	1,491	1,491
TOTAL LOE:			382	942	2,366		3,690	617	3,690	3,690
WORKOVER EXPENSES:										
DIRT & ROAD EXPENSE	354						354	59	354	354
WORKOVER EXPENSE - O	302	3,387					3,689	615	3,689	3,689
TOTAL WORKOVER:	656	3,387					4,043	674	4,043	4,043
TOTAL EXPENSES										
	656	3,387	382	942	2,366		7,733	1,291	7,733	7,733
NET TO WI										
	656-	3,387-	382-	942-	1,792		3,575-	599-	3,575-	3,575-
EQUIVALENT BARRELS										
LIFTING COSTS					398		398	66	398	398
WITH WORKOVER					5.94			9.27	9.27	9.27
					5.94			19.43	19.43	19.43

INVESTMENT
 IDC 186,335
 LEASE/WELL EQUIP 53,322
 PAYOUT 243,232-