

PRIMERO
OPERATING, INC.

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

August 7, 2001

Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

OIL CONSERVATION DIV.
01 AUG -9 PM 12:34

MS

Re: Case # 12618, Order # R-11565, compulsory pooling order relative to our Jennings Com #1 well, located SWSW, Sec. 5, T8S-R30E, NMPM, Chaves County, New Mexico
API # 30-005-00478

Gentlemen:

In compliance with the above order please be advised that Primero Operating, Inc. commenced its re-entry operation of the above well on May 23, 2001 and completed same as a commercial producer of gas from the San Andres formation on June 11, 2001. The well has been plugged back to 3,152' subsurface and is completed in the West Cato San Andres Gas Pool from perforations at 3,050' to 3,191' and 3,168' to 3,300'. The well is presently producing about 550 MCF/PD. Pursuant to the above order we were never able to locate the heirs of Marie G. Ervin who apparently owned 2.5 net mineral acres under the SE/4SW/4, Sec. 5 so her interest is subject to the above order and will be treated as a 1/8th royalty interest until the prescribed penalty under the order has paid out. Primero has expended \$141, 595.96 on this re-entry to date and we enclose a schedule of the expenditures in this regard.

The funds attributable to this interest shall be deposited to Morgan Stanley account # 185 010470 061 at their offices located here in Chaves County, NM. We shall continue to endeavor to locate the heirs of Marie G. Ervin and to obtain a lease of this interest and if we do, we shall notify the NMOCD accordingly. Thank you and if you desire further information please contact this office.

Yours truly,

F. Andrew Grooms

F. Andrew Grooms, Vice-President
Primero Operating, Inc.

/encl.

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-005-00478

5. Indicate Type of Lease

FEE ☐

State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:

GAS ☐ OIL ☐

b. Type of Completion:

☐☐Re-Entry ☐☐☐

7. Lease Name or Unit Agreement Name

Jennings Com

2. Name of Operator

Primero Operating, Inc.

8. Well No. 1

3. Address of Operator

PO Box 1433, Roswell, NM 88202-1433

8. Pool name or Wildcat

West Cato, San Andres Gas

4. Well Location

Unit Letter M 660 Feet From The South Line and 660 Feet From The West Line

Section 5 Township 8S Range 30E NMPM Chaves County

10. Date Spudded

5/23/01

11. Date T.D. Reached

5/23/01

12. Date Compl. (Ready to Prod.)

6/11/01

13. Elevations (DF& RKB, RT, GR, etc.)

4036.8 GL

14. Elev. Casinghead

4038

15. Total Depth

3499

16. Plug Back T.D.

3152

17. If Multiple Compl. How Many

Zones?

18. Intervals

Drilled By

Rotary Tools

Cable Tools

19. Producing Interval(s) of this completion - Top, Bottom, Name

3050' to 3136', San Andres

20. Was Directional Survey Made

No

21. Type Electric and Other Logs Run

Three Detecto LDT, CNL, GR, High Resolution Lateralog Array

21. Was Well Cored

No

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB. FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13 5/8	60	300	16	300 sx	
9 5/8	40	2901	11	1300 sx	
4 1/2	10.6	3506	8 3/4	300 sx	

24. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2 3/8	3129	none

26. Perforation record (interval, size, and number)

Producing Perforations: 3050-56, 3118-22, 3124-36

Plugged Back Perforations: 3168-72, 3188-91, 3236-42, 3248-58, 2398-3300

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED

3168-3300 2500 gallons 20%

3050-3191 2500 gallons 20%

28. PRODUCTION

Date First Production	Production Method (Flowing, gas lift, pumping - Size and type pump)	Well Status (Prod. or Shut-in)
5/11/01	Flowing	Producing

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl	Gas - Oil Ratio
5/7/01	3	3/4		0	156.4	0	

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl	Gas - MCF	Water - Bbl	Oil Gravity - API - (Corr.)
72	160		0	1251	0	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Vented during test

Test Witnessed By

Phelps White

30. List Attachments

Three Detecto LDT, CNL, GR, High Resolution Lateralog Array

31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief

Signature

Printed

Name

Phelps White

Title

President

Date 6/11/01

PRIMERO OPERATING INC.

B I L L A B L E D E T A I L L I S T I N G B Y L E A S E

FOR THE PERIOD ALL DATES

FIRST LEASE THIS PAGE 20040 JENNINGS COM #1

POST DATE	INVOICE DATE	REFERENCE	VENDOR	DESCRIPTION	SOURCE	DOC #	INVOICE AMOUNT	BILLABLE AMOUNT	BILLABLE DDI
20040 JENNINGS COM #1									
150-000 RECORD & FILE FEES									
07/16/01	07/16/01	RECORDING	19608	PROOF OF DEATH & HEIRSHIP SMIT	AP	100701	94.00	94.00	1.00000000
TOTAL RECORD & FILE FEES							94.00 *	94.00 *	
250-000 STIMULATION									
07/16/01	05/30/01	916992	13278	STIMULATION	AP	100687	8,505.32	8,505.32	1.00000000
TOTAL STIMULATION							8,505.32 *	8,505.32 *	
260-000 WELDING									
07/16/01	05/21/01	1716	12416	WELDING	AP	100686	739.35	739.35	1.00000000
TOTAL WELDING							739.35 *	739.35 *	
LEASE 20040 TOTAL							9,338.67 **	9,338.67 **	

To be billed on next JIB

TOTAL Cost to DATE

\$ 141,595.96

PRIMERO OPERATING INC.

B I L L A B L E D E T A I L L I S T I N G B Y L E A S E

FOR THE PERIOD ALL DATES

FIRST LEASE THIS PAGE 20040 JENNINGS COM #1

POST DATE	INVOICE DATE	REFERENCE	VENDOR	DESCRIPTION	SOURCE	DOC #	INVOICE AMOUNT	BILLABLE AMOUNT	BILLABLE DDI
REPORT TOTALS							9,338.67 ***	9,338.67 ***	

PRIMERO OPERATING INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 20040 thru 20040 For Accounting Dates ALL For Accounts ALL
Current Lease: 20040 JENNINGS COM #1 Current Account:

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
20040		JENNINGS COM #1							
120-000		LEASE BONUS							
06/2001	05/2001	83305	SMITH, KENNETH	05/21/2001	LSE BONUS		LEASE BONUS K. SMITH		500.00
06/2001	05/2001	83303	SMITH, JAN	05/21/2001	LSE BONUS		LEASE BONUS TO J. MAXWELL		500.00
		120-000	LEASE BONUS				CURRENT PERIOD		1,000.00 *
130-000		LEGAL							
05/2001	05/2001	58200	JENNINGS & JONE	05/02/2001	TO 5238		LEGAL		2,929.75
		130-000	LEGAL				CURRENT PERIOD		2,929.75 *
140-000		ABSTRACTS							
05/2001	04/2001	59806	LAWYERS TITLE I	04/17/2001	MISC		MISCELLANEOUS-LAWYERS TITLE		60.00
		140-000	ABSTRACTS				CURRENT PERIOD		60.00 *
150-000		RECORD & FILE FEES							
07/2001	06/2001	19608	CHAVES COUNTY C	06/18/2001	RECORDING		RECORD OGL		10.00
		150-000	RECORD & FILE FEES				CURRENT PERIOD		10.00 *
160-000		GEOLOGIST/LANDMAN							
06/2001	05/2001	59806	LAWYERS TITLE I	04/17/2001	BOOK USE		RECORD SEARCHING		25.00
		160-000	GEOLOGIST/LANDMAN				CURRENT PERIOD		25.00 *
							CURRENT PERIOD		4,024.75 *
INTANGIBLE COMPLETION COSTS									
208-000		CSG. CREWS; PRODUCTION CASING							
06/2001	06/2001	13278	BJ SERVICES COM	05/26/2001	916656		CSG. CREWS; PRODUCTION CASING		8,671.99
		208-000	CSG. CREWS; PRODUCTION CASING				CURRENT PERIOD		8,671.99 *
210-000		COMPLETION UNIT							
07/2001	06/2001	58540	KEY ENERGY SERV	06/08/2001	411034859		COMPLETION UNIT		31,466.16
		210-000	COMPLETION UNIT				CURRENT PERIOD		31,466.16 *
230-000		PRODUCTION EQUIPMENT RENTAL							
06/2001	06/2001	88421	T & C TANK RENT	05/21/2001	NMA0501356		PRODUCTION EQUIPMENT RENTAL		501.26
		230-000	PRODUCTION EQUIPMENT RENTAL				CURRENT PERIOD		501.26 *
240-000		TOOL RENTALS - COMPLETION							
06/2001	05/2001	88421	T & C TANK RENT	05/19/2001	NMA0501142		TOOL RENTALS - COMPLETION		975.62
07/2001	06/2001	94481	WEATHERFORD U.S	06/05/2001	0495103		TOOL RENTALS - COMPLETION		4,472.94
07/2001	06/2001	94481	WEATHERFORD U.S	06/05/2001	0494566		TOOL RENTALS - COMPLETION		1,448.41
		240-000	TOOL RENTALS - COMPLETION				CURRENT PERIOD		6,896.97 *
250-000		STIMULATION							
07/2001	06/2001	13278	BJ SERVICES COM	06/04/2001	918574		STIMULATION		8,843.54
		250-000	STIMULATION				CURRENT PERIOD		8,843.54 *

PRIMERO OPERATING INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 20040 thru 20040 For Accounting Dates ALL For Accounts ALL
Current Lease: 20040 JENNINGS COM #1 Current Account: 355-000 VALVES, FITTINGS & CONNECTIONS

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
07/2001	07/2001	24196	COGBURN PIPE &		06/28/2001	9057	VALVES, FITTINGS & CONNECTIONS		1,062.65
		355-000	VALVES, FITTINGS & CONNECTIONS				CURRENT PERIOD		1,062.65 *

399-000 LEASE & WELL EQUIPMENT - OTHER

07/2001	07/2001	18850	CARDINAL HARDWA		06/14/2001	8640	LEASE & WELL EQUIPMENT - OTHER		218.14
		399-000	LEASE & WELL EQUIPMENT - OTHER				CURRENT PERIOD		218.14 *

			LEASE & WELL EQUIPMENT				CURRENT PERIOD		26,378.26 *
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INTANGIBLE DRILLING COSTS

405-000 DIRTWORK, CONDUCTOR, RATHOLE

06/2001	06/2001	61800	M. E. W. ENTERP		05/17/2001	12574	DIRTWORK, CONDUCTOR, RATHOLE		1,120.38
07/2001	06/2001	61800	M. E. W. ENTERP		05/21/2001	12596	DIRTWORK, CONDUCTOR, RATHOLE		404.70
		405-000	DIRTWORK, CONDUCTOR, RATHOLE				CURRENT PERIOD		1,525.08 *

425-000 ELECTRIC LOGS

06/2001	06/2001	81455	SCHLUMBERGER WE		05/30/2001	9090651813	ELECTRIC LOGS		7,093.28
		425-000	ELECTRIC LOGS				CURRENT PERIOD		7,093.28 *

431-000 INSURANCE

06/2001	06/2001	75175	PRIMERO OPERATI		05/22/2001	JENNINGS	INSURANCE		1,500.00
		431-000	INSURANCE				CURRENT PERIOD		1,500.00 *

440-000 SUPERVISION & EXP.; DRILLING

07/2001	06/2001	75175	PRIMERO OPERATI		05/31/2001		CELLULAR CHARGES-JENNINGS		83.03
		440-000	SUPERVISION & EXP.; DRILLING				CURRENT PERIOD		83.03 *

445-000 BITS & REAMERS

07/2001	06/2001	28085	DAVIS TOOL COMP		06/24/2001	02-27112	BITS & REAMERS		2,013.13
		445-000	BITS & REAMERS				CURRENT PERIOD		2,013.13 *

455-000 DRILLING OVERHEAD

06/2001	06/2001	75175	PRIMERO OPERATI		05/22/2001	JENNINGS	DRILLING OVERHEAD		2,407.97
		455-000	DRILLING OVERHEAD				CURRENT PERIOD		2,407.97 *

460-000 TOOL RENTALS - DRILLING

07/2001	06/2001	28085	DAVIS TOOL COMP		06/24/2001	02-27112	TOOL RENTALS - DRILLING		9,908.67
		460-000	TOOL RENTALS - DRILLING				CURRENT PERIOD		9,908.67 *

499-000 INTANGIBLE DEVEL. COSTS-OTHER

04/2001	04/2001	75175	PRIMERO OPERATI		03/21/2001	FORCE POOL	EXPENSES FORCE POOL HEARING SF		896.64
05/2001	04/2001	16100	JAMES BRUCE		04/01/2001	2001.19	HEARING		389.09
06/2001	06/2001	94475	WEATHERFORD GEM		05/28/2001	3614047	INTANGIBLE DEVEL. COSTS-OTHER		464.45
		499-000	INTANGIBLE DEVEL. COSTS-OTHER				CURRENT PERIOD		1,750.18 *

			INTANGIBLE DRILLING COSTS				CURRENT PERIOD		26,281.34 *
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LEASE OPERATING COSTS

PRIMERO OPERATING INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 20040 thru 20040 For Accounting Dates ALL For Accounts ALL
Current Lease: 20040 JENNINGS COM #1 Current Account: 510-000 PRODUCING OVERHEAD

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
510-000			PRODUCING OVERHEAD						
07/2001	07/2001	75175	PRIMERO OPERATI		07/01/2001	OH	ADMINISTRATIVE OVERHEAD		330.15
			510-000	PRODUCING OVERHEAD			CURRENT PERIOD		330.15 *
573-000			ROUSTABOUT - CONTRACT						
07/2001	07/2001	66400	SAM H. NORVELL,		06/14/2001	269291	ROUSTABOUT - CONTRACT		848.00
			573-000	ROUSTABOUT - CONTRACT			CURRENT PERIOD		848.00 *
599-000			LEASE OPERATING COSTS - OTHER						
07/2001	07/2001	75175	PRIMERO OPERATI		07/01/2001	IN	INSURANCE AND BONDING		83.00
			599-000	LEASE OPERATING COSTS - OTHER			CURRENT PERIOD		83.00 *
			LEASE OPERATING COSTS				CURRENT PERIOD		1,261.15 *
			LEASE TOTALS:				CURRENT REVENUE		.00 *
							CURRENT EXPENSES		132,257.29 *
							CURRENT NET		132,257.29-*
			REPORT TOTALS:				CURRENT REVENUE		.00 *
							CURRENT EXPENSES		132,257.29 *
							CURRENT NET		132,257.29-*