

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

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

ms.
CASE NO. 12766

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by PRIMERO OPERATING, INC., as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Primero Operating, Inc.
400 N. Pennsylvania
Roswell, NM 8201
c/o Ben Donegan
(505) 884-2780

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF THE CASE

(1) Primero Operating Inc. ("Primero") is the proposed operator of a voluntary exploratory unit to be called the "Cat Head Mesa Unit."

(2) The proposed area for which application is made for unitized operations is known as the "Cat Head Mesa Unit Area" and consists of state, federal and fee oil & gas leases located in Socorro County, New Mexico and comprises 37,339.04 acres, more or less.

(3) Primero proposes to re-enter the former Manzano Oil Corporation Cat Head Mesa Well No. 1 located in the NE/4SW/4 of Section 8 Township 4 South, Range 8 East to test the Atoka formation at a depth of approximately 4,220 feet unless commercial production in paying quantities is encountered at a lesser depth as the required initial test well for this unit.

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- (4) There is a reasonable geologic basis for the proposed unit boundary.
- (5) Approval of this unit will provide for the unified development and operation of an entire potential geologic prospect and will afford the most efficient and economical means for the exploration, drilling and production.
- (6) The proposed operator with approval of this voluntary unit will have effective and efficient control of this potential reservoir which should afford the opportunity to maximize recovery, prevent waste and protect correlative rights.
- (7) The proposed unitization and adoption of the methods of operation embodied in the Unit Operating Agreement will benefit the working interest owners and royalty owners of the oil and gas rights within the Unit Area.
- (8) Applicant has filed to obtain preliminary approval from the Commissioner of Public Lands of New Mexico and the Bureau of Land Management and anticipates having agency approval prior to hearing. Notice of this case has been sent to the State Land Office and the Bureau of Land Management.
- (9) The working interest owners in the unit have agreed to this unit and have a sufficient percentage so that the unit operations will be orderly and efficient and therefore will avoid waste and protect correlative rights.

PROPOSED EVIDENCE

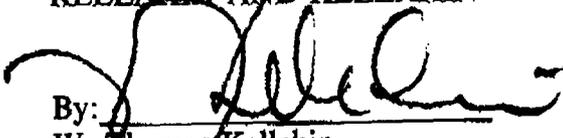
APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Ben Donegan (land)	15 min.	@ 4 exhibits
Greg Hare	15 Min	@ 3 exhibits

PROCEDURAL MATTERS

None anticipated

KELLAHIN AND KELLAHIN

By: 
 W. Thomas Kellahin
 P.O. Box 2265
 Santa Fe, New Mexico 87504
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