

DATE IN 3-14-05	SUSPENSE	ENGINEER STOGNER	LOGGED IN 3-16-05	TYPE NSL	PPR NO PSEM050753.3886
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

2005 MAR 14 AM 8 41

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
 Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

JAMES BRUCE
 PO BOX 1056
 SANTA FE NM 87504
 Print or Type Name

James Bruce
 Signature

Attorney for Applicant 2/15/05
 Title

2/15/05
 Date

jamesbruce@aol.com
 e-mail Address

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

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)

jamesbruc@aol.com

February 15, 2005

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Primero Operating, Inc. applies for (1) a 160 acre non-standard gas spacing and proration unit in the Eumont Gas Pool pursuant to Division Order No. R-8170-P, and (2) an unorthodox gas well location under Division Rule 104.F(2). The well and acreage are as follows:

<u>Well:</u>	Monument State Well No. 1 F
<u>Location:</u>	660 feet FNL & 390 feet FWL
<u>Well Unit:</u>	NE $\frac{1}{4}$ S34, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico

The special rules for the Eumont Gas Pool establish 640 acre spacing, with a provision for 160 acre units, and wells to be no closer than 660 feet to the outer boundary of the well unit nor closer than 330 feet to a quarter-quarter section line.

The non-standard unit is based on the fact that there are already Eumont well units on the adjoining acreage in Section 34: (1) the NE $\frac{1}{4}$ NW $\frac{1}{4}$ is dedicated to the Falk State Well No. 1, operated by Ralph C. Bruton; (2) the SE $\frac{1}{4}$ NW $\frac{1}{4}$ is dedicated to the R.R. Bell NCT 1 Well No. 2, operated by Arch Petroleum, Inc.; (3) the SW $\frac{1}{4}$ is operated by Finley Resources, Inc. (NSP-208); and (4) the SE $\frac{1}{4}$ is operated by Finley Resources, Inc. (NSP-1299). Attached as Exhibit A is a land plat. The Eumont pool in this section was apparently developed on a lease basis. As a result, notice of the non-standard unit has not been given to any interest owners in Section 34.

The unorthodox location is based on topographic and geologic reasons. Attached as Exhibit B is a survey plat. Applicant intended to drill at a location 660 feet from the north and east lines of Section 34, but there are nearby pipelines requiring the

well to be moved away from that location.

The well was moved east for geologic reasons. Attached as Exhibit C is a prospect description, with appropriate plats. The primary zone is the Yates formation. Drilling the well in the NE~~1~~/~~4~~NE~~1~~/~~4~~ should allow applicant to encounter good sand development, as shown by the cross-sections (see the P&A'd wells 330 feet FNL & FEL, and 1980 feet FNL & 660 feet FEL of Section 34). In addition, the Yates structure drops off rapidly to the west, so applicant desires to remain in the eastern part of the well unit. Cumulative production of Eumont gas is higher in wells located on the east side of Section 34, and in wells located to the east of Section 34, than to the west of the proposed well. As a result, applicant desires the proposed location.

The offset Eumont operators are:

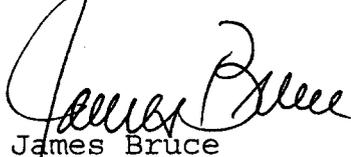
NW~~1~~/~~4~~ §35: Endura Energy, LLC
 P.O. Box 1637
 Hobbs, New Mexico 88241

SW~~1~~/~~4~~SW~~1~~/~~4~~ §26: Warrior, Inc.
 P.O. Box 5970
 Hobbs, New Mexico 88241

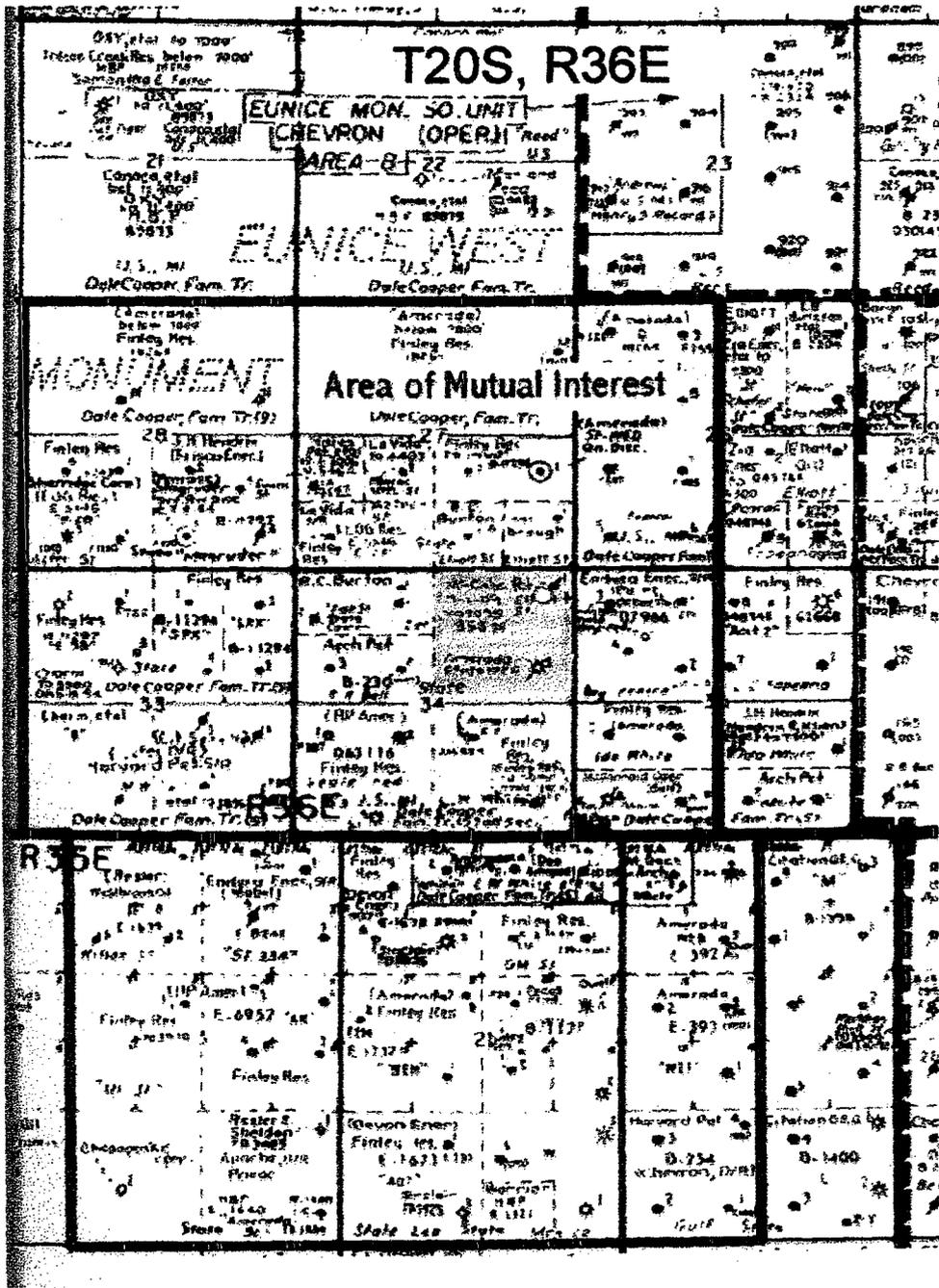
A copy of the notice letter mailed to the offsets is attached as Exhibit D.

Please call me if you need anything further regarding this matter.

Very truly yours,


James Bruce

Attorney for Primero Operating, Inc.



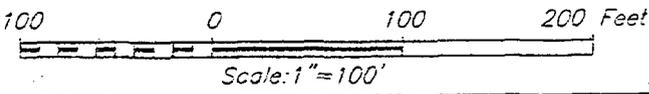
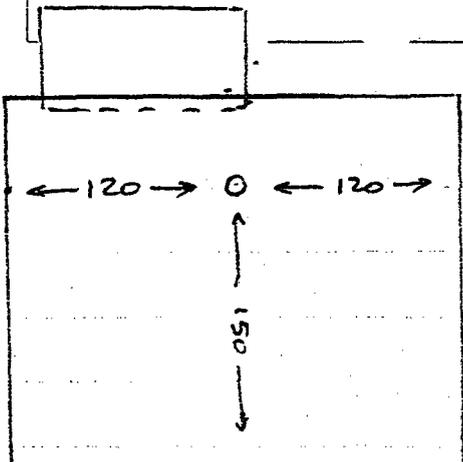
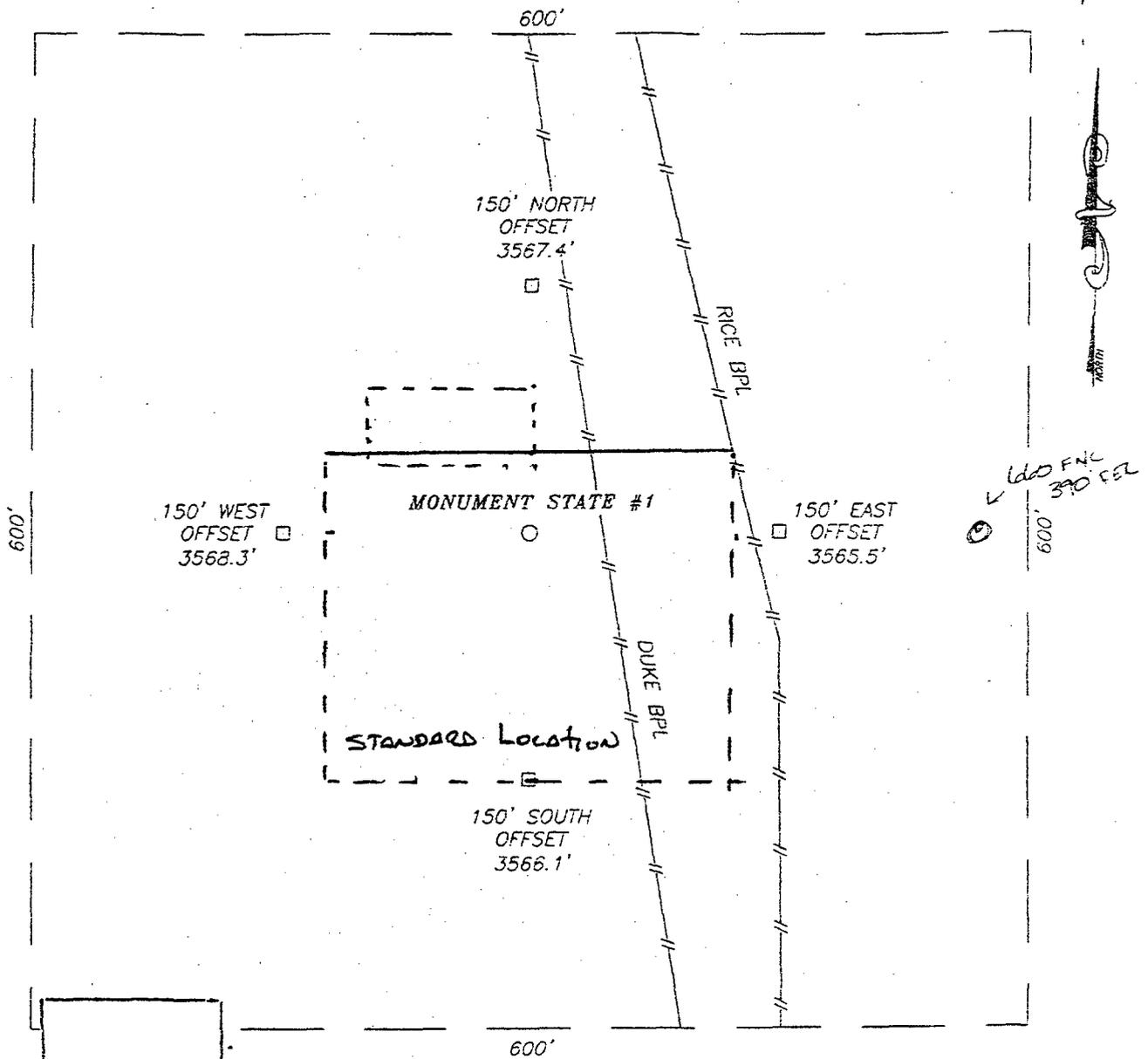
PRIMERO OPERATING, INC.

MONUMENT PROSPECT

Acreage Plat and AMI



SECTION 34, TOWNSHIP 20 SOUTH, RANGE 36 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



PRIMERO OPERATING

MONUMENT STATE #1 WELL
LOCATED 660 FEET FROM THE NORTH LINE
AND 660 FEET FROM THE EAST LINE OF SECTION 34,
TOWNSHIP 20 SOUTH, RANGE 36 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 1/28/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.0138	Dr By: J.R.
Date: 1/31/05	Disk: CD#5
05110138	Scale: 1"=100'

PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBBS, N.M. 88240
(505) 253-3117

MONUMENT PROSPECT

INTRODUCTION

The Monument prospect is located approximately 14 miles southwest of Hobbs New Mexico. Geologically, it is located on the western edge of the central basin platform. The prospect is located amongst many wells which have produced from the Eumont Yates/Seven Rivers/Queen oil and gas field which was discovered in 1929.

There are two wells on the prospect acreage which have been plugged and abandoned, The Amara WEG State #1 located 1980' FNL & 660' FEL and the L.E. Elliott E.M. Elliott #1 well located 330' FN & EL of section 34.

The WEG State #1 well was drilled by Amara Oil Company in July 1954. The Seven Rivers and Yates formations were perforated and fracked with oil and 9,300 lbs of sand. The well reported an IP of 1,500 mcf/d and subsequently produced approximately 720 MMCF of gas. In 1974 the well was re-completed in the Queen formation by Millard Deck. The well was plugged and abandoned by Erwin Oil and Gas in 2002.

The E.M. Elliot #1 well was drilled by L.E. Elliott and completed in November 1955. The Queen formation in this well was completed and the well reported an IP of 48 BOPD of oil. The well was plugged by Elliott Production Company in July 1971. There is no record of the well being produced from the Yates formation.

PROSPECT OBJECTIVE

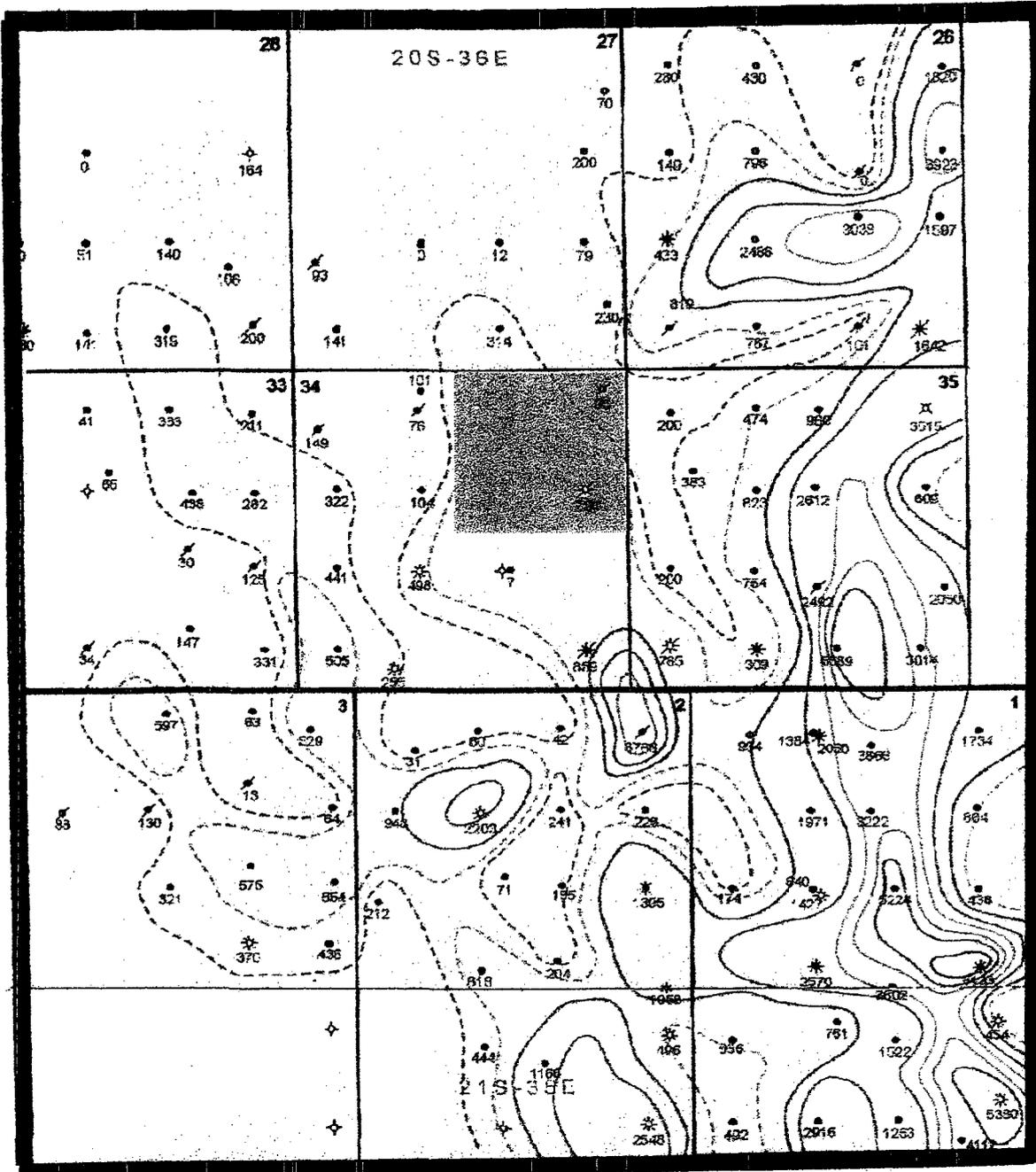
The objective of this prospect is to twin the Elliott #1 well at a legal location of 660' FN&EL of the section. The new well will be completed in the Basal Yates sand. Based on cross section A - A', we expect to encounter the basal Yates sand approximately 60' high to that in the State WEG #1 well.

Again looking at cross section A - A', the sand development in the Elliott well appears to be of better quality than that of the WEG well and in fact the sand is very comparable to the Morris Antweil L.W. White #1 well located 660' FN&E of section 2, T21S, R35E. The L.W. White well produced 3.7 BCF of gas from a basal Yates sand that compares favorably to the Elliott #1 well.

Looking at cross section B - B', it is apparent that the Basal Yates sand pinches out to the East (up-dip). Just NW of the Elliott well lies the Amara Pet. Federal D #5 well which shows somewhat poorer quality sand than seen in the Elliott well. The Fed. D #5 well produced 819,000 mcf of gas out of the Basal Yates sand.



A structure map as well as a cumulative gas production map are included in this package for your information. The Gas production map may be somewhat misleading in that it includes gas volumes from the Queen, Yates and Seven Rivers formations. The gas production on the Eastern side of the map is predominately Queen production. The Queen grades to oil production down dip to the West. The Yates gas (target formation) trends in the middle portion of the map with the Western part of the map predominately Seven Rivers gas.



PRIMERO
 OPERATING, INC.
 PRIMERO OPERATING, INC.
 POST OFFICE BOX 1433
 ROSWELL, NEW MEXICO 88202

**ISOPACH MAP
 CUMULATIVE GAS PRODUCTION
 YATES, SEVEN RIVERS, QUEEN**

1"=2000' 7/2004

CONTOURS	
-----	25 BCF
-----	5 BCF
-----	1 BCF
-----	2 BCF
-----	3 BCF
-----	4 BCF
-----	5 BCF
-----	6 BCF

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jamesbruc@aol.com

February 15, 2005

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Endura Energy, LLC
P.O. Box 1637
Hobbs, New Mexico 88241

Warrior, Inc.
P.O. Box 5970
Hobbs, New Mexico 88241

Ladies and gentlemen:

Enclosed is a copy of an application for an unorthodox location, etc., filed by Primero Operating, Inc. with the New Mexico Oil Conservation Division, regarding a well in the NE¼ of Section 34, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico. You are an offset operator. If you object to the well's location you must notify the Division in writing no later than Thursday, March 7, 2005 (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.

