

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



May 28, 2013

Primero Operating Inc.
c/o Mr. James Bruce, Attorney

ADMINISTRATIVE NON-STANDARD PRORATION UNIT ORDER

Administrative Order NSP-1967
Administrative Application Reference No. pPRG1313330403

Primero Operating Inc.
OGRID 18100

Subject Pool: South Peterson; Pennsylvanian Associated Pool (Pool Code 50360)

Subject Unit: SE/4 of Section 32
Township 5 South, Range 33 East, Roosevelt County, New Mexico

Subject Well: Grover Well No. 1
API No. 30-041-20945
1930 FSL & 660 FEL of Section 32

Reference is made to your application received on May 8, 2013.

You have requested an exception pursuant to Rule 19.15.15.11.B(2) NMAC, to approve a non-standard gas spacing and proration unit comprising 160 acres, described above as the Subject Unit. The Special Rules applicable to the Subject Pool provide that a standard gas spacing unit shall consist of 320 acres. The Subject Well was completed as an oil well, but is apparently now producing as a gas well.

Your application has been duly filed under the provisions of said Rule 19.15.15.11.B and Rule 19.15.4.12.A(3) NMAC.

We understand that the proposed non-standard gas unit is requested in order to avoid a change of ownership of production from the Subject Well.

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It is also understood that you have given due notice of this application to all persons to whom notice is required by Rule 19.15.4.12.A(3) NMAC.

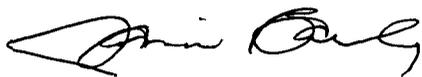
Pursuant to the authority conferred by Rule 19.15.15.11.B(2), the Subject Unit is hereby approved.

The Subject Unit shall be dedicated to the Subject Well if and when the Subject Well produces as a gas well.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is written in a cursive, flowing style.

Jami Bailey
Director