

Stogner, Michael

From: pwiv@zianet.com
Sent: Thursday, March 10, 2005 9:58 AM
To: mstogner@state.nm.us
Cc: REzeanyim@halo.zianet.com; mfesmire@state.nm.us
Subject: Primero Operating request for admin approval non standard location



AdApPrimero.doc

Mr. Stogner

Please see the attached document

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

PRIMERO OPERATING, INC
PO Box 1433, Roswell, NM 88202-1433
505.622.1001

March 10, 2005

Mr. Michael Stogner
NMOCD

Re: Primero Operating, Inc.
Request for non-standard location
NENE/4 Sec. 34, T20S, R36E

Dear Mr. Stogner:

Primero Operating, Inc. would like to drill a well to test the Yates/Seven Rivers gas zone in the NENE/4 of section 24, T20S, R36E on a state lease, this zone has a proration unit of 160 acres. We have had a rig available to drill a well in Lea County for approximately 3 months now. In January we staked a location located 660' FNL and 660' FEL of section 34, T20S, R36E. This location turned out to be right on top of a Rice SWD system line and a Duke gas gathering line.

In early February of this year, I asked Jim Bruce to request administrative approval of a non-standard location on my behalf. We need to move the location to the east approximately 270' to a location 660' FNL and 390' FEL in order to clear the gathering lines. Mr Bruce has informed me that he notified offset operators and has had no objection. In fact, the offset operator to the east called me the other day and is excited to see us drill a well as none have been drilled in the area in several decades.

I just visited with the drilling contractor this morning. He informed me that he plans to move the rig out of the area in the next week or ten days. If we do not get the location ready for him to move on within the next week or so there is no telling how long it may be before we can drill this well. As you know, drilling rigs are hard to come by these days.

I would really appreciate it if you could take a look at my case and give a speedy answer. If you have any questions, please do not hesitate to call me at the above number or on my cell phone at 505 626 7660.

Yours truly,

Phelps White
President

Stogner, Michael

From: Stogner, Michael
Sent: Thursday, March 10, 2005 5:01 PM
To: Fesmire, Mark; REzeanyim@halo.zianet.com; Jim Bruce (E-mail)
Cc: Ezeanyim, Richard
Subject: RE: Primero Operating request for admin approval non standard location

Messrs. Bruce, Ezeanyim, and Fesmire

Mr. Bruce left me a voice-mail at 12:15 p.m. this afternoon concerning this application. It is not posted that we even received such an application. I have been tearing my office up looking for it in case it got mislaid or attached to another application received around that time. So far no such luck.

Mr. Bruce will call me when he's back in his office. We will then act on it accordingly.

-----Original Message-----

From: pwiv@zianet.com [mailto:pwiv@zianet.com]
Sent: Thursday, March 10, 2005 9:58 AM
To: mstogner@state.nm.us
Cc: REzeanyim@halo.zianet.com; mfesmire@state.nm.us
Subject: Primero Operating request for admin approval non standard location

Mr. Stogner

Please see the attached document

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

PRIMERO OPERATING, INC
PO Box 1433, Roswell, NM 88202-1433
505.622.1001

March 11, 2005

Mr. Michael Stogner
NMOCD

Re: Primero Operating, Inc.
Request for non-standard location
NENE/4 Sec. 34, T20S, R36E

Dear Mr. Stogner:

I have contacted the operators in the section to the west of my proposed location and visited with them about my proposed non-standard location. The operator of the shallow gas rights in the NW/4 of Section 35, T20S, R36E is McDonnold Operating, Inc. Their well is the Bay Fed #3 well located 660' from the North and West line of section 35.

I visited with Mr. Craig M. McDonnold the president of McDonnald Operating and he is ok with my location as long as I share information with him. I have attached a letter from Mr. McDonnald to help you with your decision on whether or not to allow Primero Operating, Inc. to drill our well in the non-standard location.

If you have any questions, please do not hesitate to call me at the above number or on my cell phone at 505 626 7660. Mr. James Bruce is supposed to have contacted you about this case but if you need more information or there is something else I need to do, please let me know.

Yours truly,



Phelps White
President

FROM : MCDONNOLD

FAX NO. : 4326824823

Mar. 11 2005 02:09PM P1

McDonnold Operating, Inc.

505 N. Big Spring, Suite 204 • Midland, Texas 79701
Phone (432) 682-3499 • Fax (432) 682-4823

March 11, 2005

Mr. Phelps White
Primero Operating, Inc.
P. O. Box 1433
Roswell, NM 88202

Via facsimile (505) 625-0227

Re: Non-Standard Spacing

Gentlemen:

McDonnold Operating, Inc. has no objection to Primero Operating, Inc. drilling the Monument State No. 1 at 34-20S-36E, 660' from the north line and 390' from the east line, Lea County, New Mexico.

If you need anything further, or wish to discuss this matter, please do not hesitate to contact me at (432) 682-3499.

Sincerely,



Craig M. McDonnold
President

CMM/tw

TRANSACTION REPORT

P. 01

MAR-11-2005 FRI 02:23 PM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
MAR-11	02:22 PM		1' 13"	2	RECEIVE	OK		

Stogner, Michael

From: JamesBruc@aol.com
Sent: Sunday, March 13, 2005 9:06 AM
To: MSTOGNER@state.nm.us; MFesmire@state.nm.us; REzeanyim@halo.zianet.com
Cc: REzeanyim@state.nm.us
Subject: Re: Primero Operating request for admin approval non standard loc ation

I will fax a copy today to Mike.

Jim Bruce

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

3/14/2005

JAMES BRUCE
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504
Telephone: (505) 982-2043
Fax: (505) 982-2151

FAX COVER SHEET

DELIVER TO: Michael E. Stogner

COMPANY: Oil Conservation Division

CITY: Santa Fe, New Mexico

FAX NUMBER: (505) 476-3462

NUMBER OF PAGES: 11 (Including Cover Sheet)

DATE SENT: 3/13/05

MEMO: Mike: I found the Primero application, but I'll have to hand deliver my copies of the cross-sections.

CONFIDENTIALITY NOTICE

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RECEIVED

MAR 14 2005

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

3-14-2005

9:35 AM

Phelps White
called on this
application

DATE IN	SUSPENSE	ENGINEER	LOCATION IN	TYPE	APP NO.
---------	----------	----------	-------------	------	---------

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 I FVFL 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]

[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 1058

SANTA FE NM 87504

Print or Type Name

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

Signature

Title

Date

e-mail Address

RECEIVED

MAR 14 2005

Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

James Bruce Attorney for Applicant 2/15/05
James Bruce *@aol.com*

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2843 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruce@aol.com

RECEIVED

February 15, 2005

MAR 14 2005

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

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 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
<u>Location:</u>	660 feet FNL & 390 feet FWL
<u>Well Unit:</u>	NE¼ 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 NE¼NW¼ is dedicated to the Falk State Well No. 1, operated by Ralph C. Bruton; (2) the SE¼NW¼ is dedicated to the R.R. Bell NCT 1 Well No. 2, operated by Arch Petroleum, Inc.; (3) the SW¼ is operated by Finley Resources, Inc. (NSP-208); and (4) the SE¼ 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~~~~NE~~ 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:

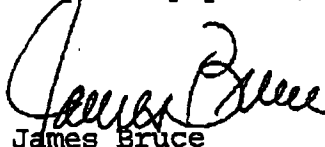
NW¼ §35: Endura Energy, LLC
 P.O. Box 1637
 Hobbs, New Mexico 88241

SW¼SW¼ §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.

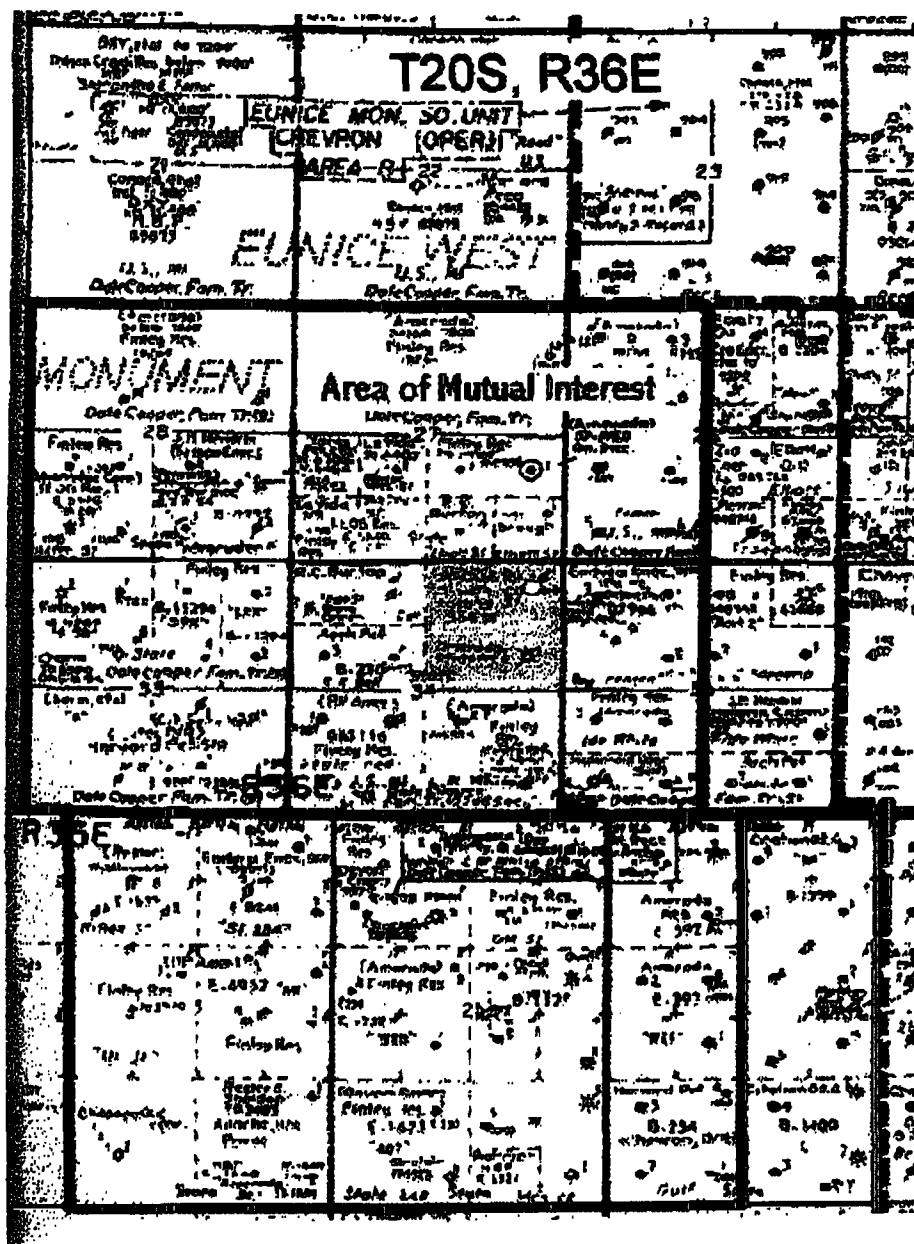
Please call me if you need anything further regarding this matter.

Very truly yours,



James Bruce

Attorney for Primero Operating, Inc.



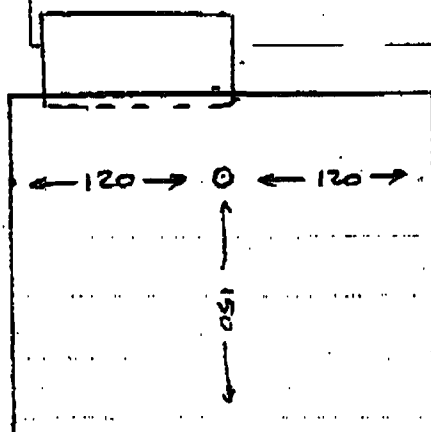
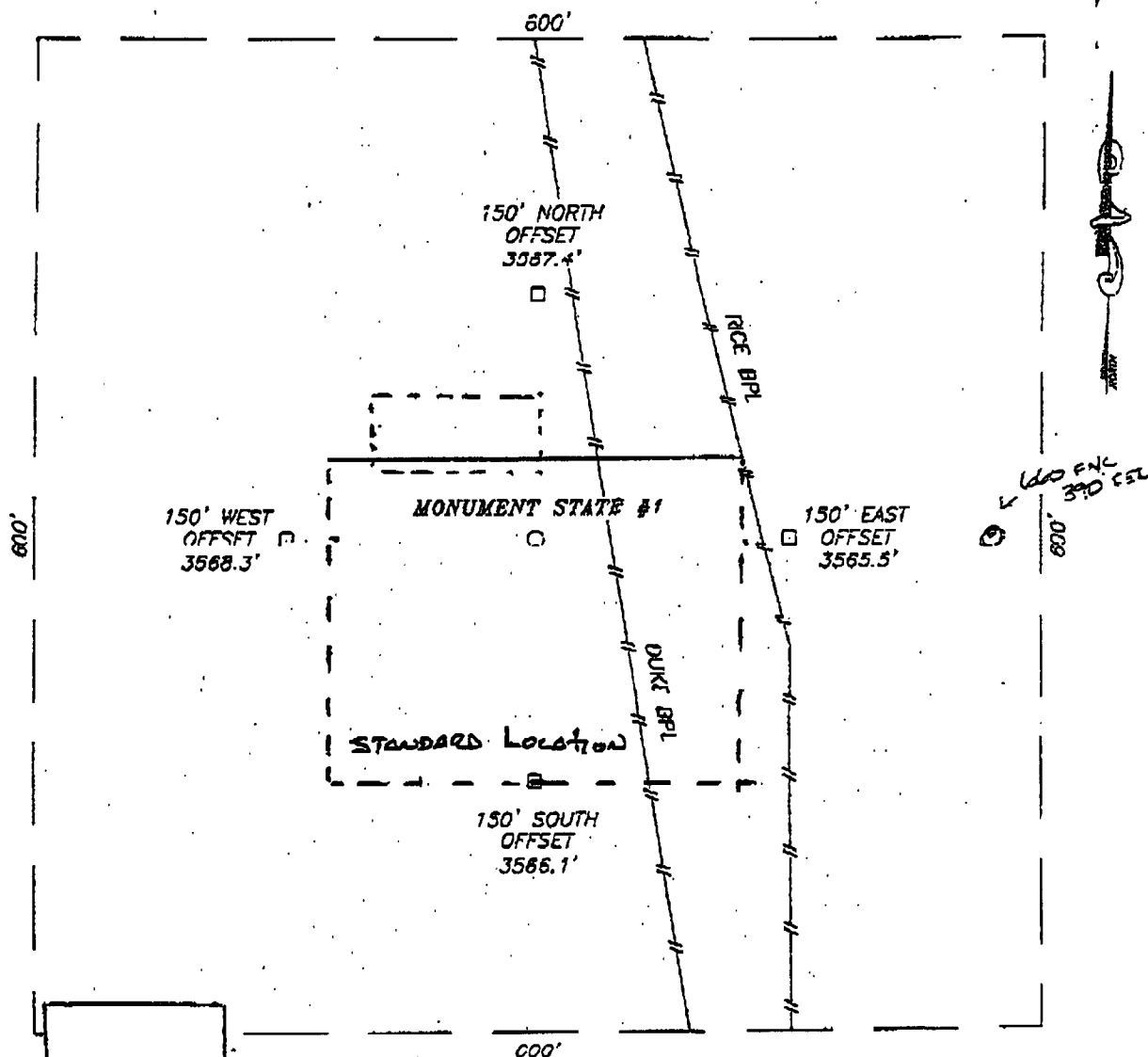
PRIMERO OPERATING, INC.

MONUMENT PROSPECT

Acreage Plat and AMI



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



100 0 100 200 Feet
Scale: 1" = 100'

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. Rev 1:N/A
Date: 1/31/05	Disc: CD#3 05110138 Scale: 1" = 100'



PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
MOORE, N.M. 88401
(505) 583-3117

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 Amradora 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 Amradora 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. Elliott #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

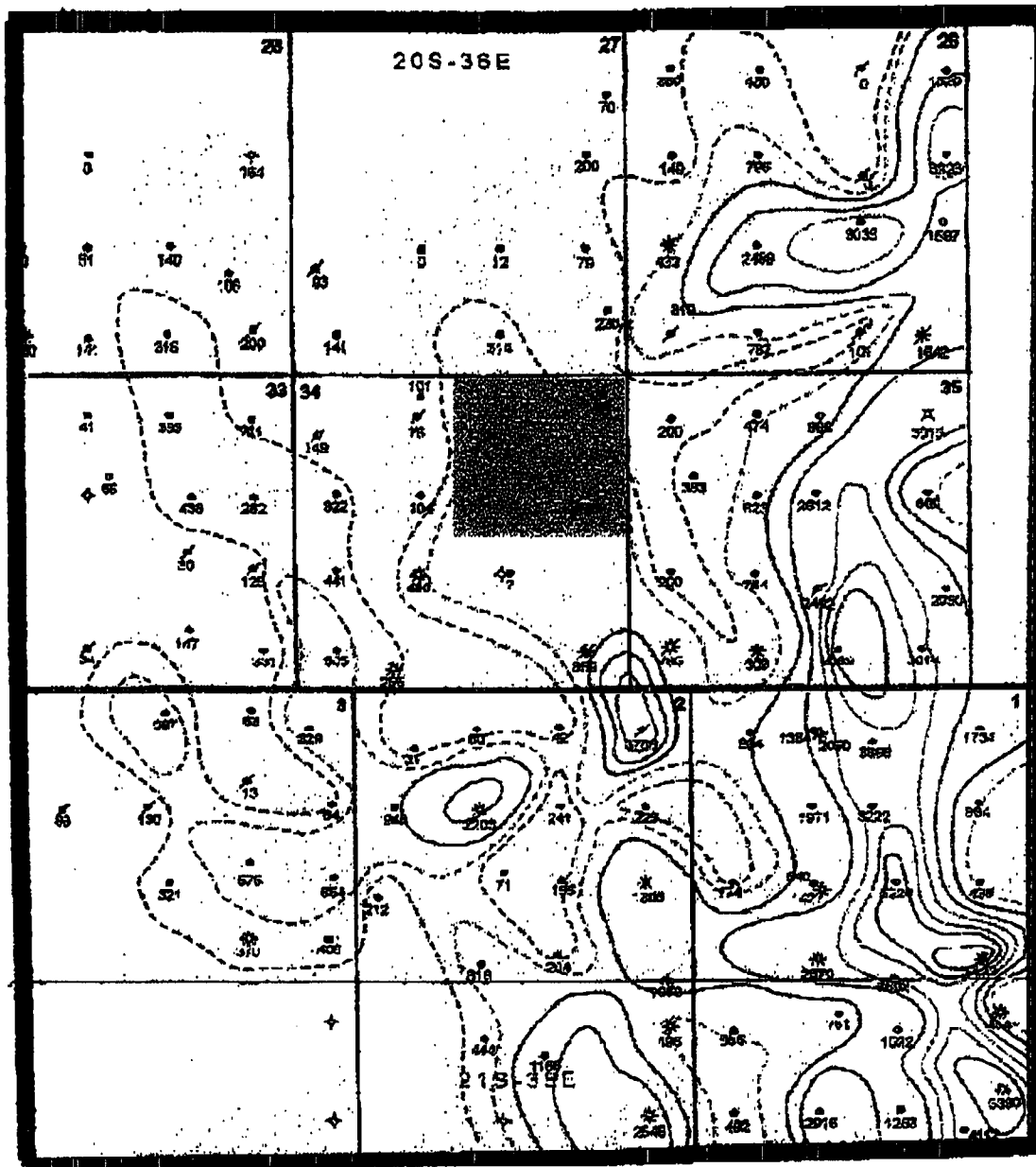
The objective of this prospect is to twin the Elliott #1 well at a legal location of 660' FN&EL of the section. The new well will be completed in the Basal Yates sand. Based on cross section A - A', we expect to encounter the basal Yates sand approximately 60' high to that in the State WEG #1 well.

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 Anrwell 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 Amradora 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

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)

jamesbruce@zoi.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.



JAMES BRUCE
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504
Telephone: (505) 982-2043
Fax: (505) 982-2151

FAX COVER SHEET

DELIVER TO: Michael E. Stogner

COMPANY: Oil Conservation Division

CITY: Santa Fe, New Mexico

FAX NUMBER: (505) 476-3462

NUMBER OF PAGES: 2 (Including Cover Sheet)

DATE SENT: 3/14/05

MEMO: Mike: Regarding the Primero application: Endura Energy (notified of the application) informed Primero that it sold its Eumont rights in the NW¼ S35-20S-36E to McDonnold Operating. McDonnold Operating has waived objection, per the attached letter.

CONFIDENTIALITY NOTICE

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3-14-2005

Met w/

Jim Bruce

this morning

@ 10:30 AM

PRIMERO

03/14/05 03:18pm P. 001

McDonnold Operating, Inc.

505 N. Big Spring, Suite 204 • Midland, Texas 79701
Phone (432) 682-3499 • Fax (432) 682-4823

March 11, 2005

Mr. Phelps White
Primero Operating, Inc.
P. O. Box 1433
Roswell, NM 88202

Via facsimile (505) 625-0227

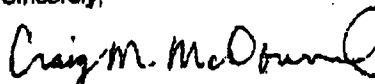
Re: Non-Standard Spacing

Gentlemen:

McDonnold Operating, Inc. has no objection to Primero Operating, Inc. drilling the Monument State No. 1 at 34-20S-36E, 660' from the north line and 390' from the east line, Lea County, New Mexico.

If you need anything further, or wish to discuss this matter, please do not hesitate to contact me at (432) 682-3499.

Sincerely,



Craig M. McDonnold
President

CMM/tw

TRANSACTION REPORT

P. 01

MAR-14-2005 MON 11:35 AM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
MAR-14	11:34 AM	9822151	40"	2	RECEIVE	OK		