

|                    |          |             |           |          |                            |
|--------------------|----------|-------------|-----------|----------|----------------------------|
| 6-20-11<br>DATE IN | SUSPENSE | ENGINEER DB | LOGGED IN | TYPE NSL | PTG-W<br>APP NO 1117233206 |
|--------------------|----------|-------------|-----------|----------|----------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Primero 18160  
 Diva #1

**ADMINISTRATIVE APPLICATION CHECKLIST**

30-025-40141

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

6403

**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  
 XX 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.

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

Phelps White

President

6/20/11

Print or Type Name

Signature

Title

Date

pwiv@zianet.com  
 e-mail Address

3836 14940

2 ea / state

***Primero Operating, Inc.***

PO Box 1433, Roswell, New Mexico 88202-1433  
575-622-1001

June 20, 2011

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

Attention: Division Director

Re: Unorthodox Well Location  
Diva #1  
2460' FNL and 660' FEL  
Section 18, 14S, R33E  
Lea County, NM

To Whom it may Concern

Pursuant to Division Rule 19.15.15.13, Primero Operating, Inc. is seeking administrative approval of an unorthodox oil well location in the Baum Upper Penn Pool for its Diva #1 well which is to be drilled at an unorthodox oil well location 2460' FNL and 660' FEL, Unit H Section 18, 14S, R33E, Lea County, NM. The SE/4NE4 of section 18 is to be dedicated to the well forming a standard 160-acre spacing and proration unit for oil wells. Oil wells are required to be drilled no closer than 330' to the outer boundary of the spacing unit.

The Diva #1 well is proposed to be drilled to a depth of 10,300' to test the Bough "C" formation which is anticipated to produce oil. There are wells which have produced from the Bough "B" north of the proposed location but they have subsequently depleted and are plugged. Our reason for the unorthodox location is to be farther away from potential pressure drainage.

The affected offset acreage is the SE/4 of section 18. The entire East half of Section 18 is a single State of New Mexico lease (lease no. VB-18850000), please be advised that the interest ownership between the proposed proration unit and the affected offset acreage is common throughout. Therefore, there are no affected parties and consequently, Primero is not required, and did not provide notice of this application to any other party.

There are no wells currently producing in section 18, one well produced in the section but was plugged in 1986.

Enclosed is a Form C-102 for the Diva #1 well.

In summary, approval of the application will provide Primero Operating, Inc. the opportunity to recover its just and equitable share of the oil and gas reserves within the Baum Upper Penn pool underlying the SE/4NE/4 of section 18, thereby preventing waste, and will not violate correlative rights.

If you have any questions please call me at 575 626 7660.

Sincerely

Phelps White  
President

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240  
DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210  
DISTRICT III  
1000 RIO BRAZOS RD., AZTEC, NM 87410  
DISTRICT IV  
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised July 16, 2010  
Submit to Appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                           |                                           |                                      |
|---------------------------|-------------------------------------------|--------------------------------------|
| API Number                | Pool Code                                 | Pool Name<br><b>BAUM, UPPER PENN</b> |
| Property Code             | Property Name<br><b>DIVA</b>              | Well Number<br><b>1</b>              |
| OGRID No.<br><b>18100</b> | Operator Name<br><b>PRIMERO OPERATING</b> | Elevation<br><b>4258'</b>            |

Surface Location

| UL or lot No. | Section   | Township    | Range       | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County     |
|---------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|------------|
| <b>H</b>      | <b>18</b> | <b>14-S</b> | <b>33-E</b> |         | <b>2460</b>   | <b>NORTH</b>     | <b>660</b>    | <b>EAST</b>    | <b>LEA</b> |

Bottom Hole Location if Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                               |                 |                    |          |
|-------------------------------|-----------------|--------------------|----------|
| Dedicated Acres<br><b>160</b> | Joint or Infill | Consolidation Code | Order No |
|-------------------------------|-----------------|--------------------|----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
|  | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><b>12</b> <b>6-20-11</b><br/>Signature Date<br/><b>Phelps WHITE</b><br/>Printed Name<br/><b>PWIV@zianet.com</b><br/>E-mail Address</p> |                                |
|  | <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>APRIL 12, 2011</b></p> <p>Date of Survey<br/>Signature &amp; Seal of Professional Surveyor:<br/><br/>Certificate Number Gary G. Eidson 12841<br/>Ronald L. Eidson 3239</p>                                                                                                                                                                                                                                        |                                |
|  | <p><b>STATE O&amp;G</b><br/><b>VB 18850000</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>LA WSC W.O.: 11 11.0511</p> |
|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                |

**Brooks, David K., EMNRD**

---

**From:** pwiv@zianet.com  
**Sent:** Monday, June 20, 2011 7:05 PM  
**To:** Brooks, David K., EMNRD  
**Subject:** Re: Diva #1; NSL Application  
**Attachments:** DivaNONSTANDARD.pdf

Mr. Brooks,

Please find the attached PDF scans of the C-102 showing a 160 acre proration unit, a new Administrative Application Checklist and a new Letter regarding the Unorthodox location. I will drop originals in the mail tonight to your attention.

If you need anything else please let me know and I'll try and be more prompt in my response.

Thank you  
Phelps White  
575 626 7660

Brooks, David K., EMNRD writes:

> Dear Mr. White

>

> We received the referenced application on May 11. On June 9, we sent you an email advising that the appropriate spacing unit for this pool is 160 acres, and requesting that you furnish a corrected C-102.

>

> We have received no response to our June 9 communication. Accordingly, we are dismissing this application, without prejudice to your right to revive it by response to our previous inquiry.

>

> Sincerely

>

> David K. Brooks

> Legal Examinet

|                     |          |                    |                          |                 |                          |
|---------------------|----------|--------------------|--------------------------|-----------------|--------------------------|
| DATE <b>5.11.11</b> | SUSPENSE | ENGINEER <b>DB</b> | LOGGED IN <b>5.11.11</b> | TYPE <b>NSL</b> | APP NO <b>1113147839</b> |
|---------------------|----------|--------------------|--------------------------|-----------------|--------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



*PTG W*  
*BCD*  
*Primer*

*2011 MAY 11 A 11:43*  
*Diva #1*

**ADMINISTRATIVE APPLICATION CHECKLIST** *30-025-40141*

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

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 [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  
 X 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 X Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
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U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
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**Note:** Statement must be completed by an individual with managerial and/or supervisory capacity.

Phelps White

Print or Type Name

Signature

President

Title

5/10/11

Date

*pwiv@zianet.com*  
 e-mail Address

**Primero Operating, Inc.**

PO Box 1433, Roswell, New Mexico 88202-1433  
575-622-1001

May 10, 2011

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

Attention: Division Director

Re: Unorthodox Well Location  
Diva #1  
2460' FNL and 660' FEL  
Section 18, 14S, R33E  
Lea County, NM

To Whom it may Concern

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Sincerely



Phelps White  
President

DISTRICT I  
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11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised July 16, 2010  
Submit to Appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                                   |                                           |                                      |
|-----------------------------------|-------------------------------------------|--------------------------------------|
| API Number<br><b>30-025-40141</b> | Pool Code<br><b>4940</b>                  | Pool Name<br><b>BAUM, Upper PENN</b> |
| Property Code<br><b>38636</b>     | Property Name<br><b>DIVA</b>              | Well Number<br><b>1</b>              |
| OGRID No.<br><b>18100</b>         | Operator Name<br><b>PRIMERO OPERATING</b> | Elevation<br><b>4258'</b>            |

Surface Location

| UL or lot No. | Section   | Township    | Range       | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County     |
|---------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|------------|
| <b>H</b>      | <b>18</b> | <b>14-S</b> | <b>33-E</b> |         | <b>2460</b>   | <b>NORTH</b>     | <b>660</b>    | <b>EAST</b>    | <b>LEA</b> |

Bottom Hole Location if Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                              |                 |                    |           |
|------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres<br><b>40</b> | Joint or Infill | Consolidation Code | Order No. |
|------------------------------|-----------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|  |                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | <p>GEODETIC COORDINATES<br/>NAD 27 NME</p> <p>SURFACE LOCATION<br/>Y=766390.7 N<br/>X=710150.9 E<br/>LAT.=33.104972° N<br/>LONG.=103.647065° W</p>                                                                                                                                                                                                                 | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature <b>P</b> Date <b>5-10-11</b></p> <p>Printed Name <b>Phelps White</b></p> <p>E-mail Address <b>PWIV@zianet.com</b></p> |  |
|  | <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>APRIL 12, 2011</b></p> <p>Date of Survey</p> <p>Signature &amp; Seal of Professional Surveyor:</p> | <p><b>RONALD J. EIDSON</b><br/>NEW MEXICO<br/>3338</p> <p><b>Ronald J. Eidson</b> 04/12/2011</p> <p>Certificate Number Gary G. Eidson 12641<br/>Ronald J. Eidson 3239</p> <p>LA JWSC W.O.: 11.11.0511</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
|  | <p><b>STATE O&amp;G</b><br/><b>VB 18850000</b></p>                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |
|  |                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |

PT6-W

|                 |          |             |                   |          |                   |
|-----------------|----------|-------------|-------------------|----------|-------------------|
| DATE IN 5.11.11 | SURPENSE | ENGINEER DB | LOGGED IN 5.11.11 | TYPE NSL | APP NO 1113147839 |
|-----------------|----------|-------------|-------------------|----------|-------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Primero Op. 18100

DIVA #1

**ADMINISTRATIVE APPLICATION CHECKLIST** 30-025-

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Check One Only for [B] or [C]

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Phelps White

Print or Type Name

Signature

President

Title

5/10/11

Date

pwiv@zianet.com  
e-mail Address



**Primero Operating, Inc.**  
PO Box 1433, Roswell, New Mexico 88202-1433  
575-622-1001

May 10, 2011

New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
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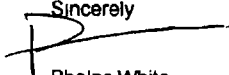
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Sincerely

  
Phelps White  
President

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State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised July 16, 2010  
Submit to Appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                           |                                           |                                      |
|---------------------------|-------------------------------------------|--------------------------------------|
| API Number                | Pool Code                                 | Pool Name<br><b>BAUM, Upper PENN</b> |
| Property Code             | Property Name<br><b>DIVA</b>              | Well Number<br><b>1</b>              |
| OGRUD No.<br><b>18100</b> | Operator Name<br><b>PRIMERO OPERATING</b> | Elevation<br><b>4258'</b>            |

Surface Location

|                           |                      |                         |                      |         |                              |                                  |                             |                               |                      |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|
| UL or lot No.<br><b>H</b> | Section<br><b>18</b> | Township<br><b>14-S</b> | Range<br><b>33-E</b> | Lot Idn | Feet from the<br><b>2460</b> | North/South line<br><b>NORTH</b> | Feet from the<br><b>660</b> | East/West line<br><b>EAST</b> | County<br><b>LEA</b> |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|

Bottom Hole Location if Different From Surface

|                                                                                                                                                       |                 |                    |           |         |               |                  |               |                |        |                              |                 |                    |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|------------------------------|-----------------|--------------------|-----------|
| UL or lot No.                                                                                                                                         | Section         | Township           | Range     | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |                              |                 |                    |           |
| <table border="1"> <tr> <td>Dedicated Acres<br/><b>40</b></td> <td>Joint or Infill</td> <td>Consolidation Code</td> <td>Order No.</td> </tr> </table> |                 |                    |           |         |               |                  |               |                |        | Dedicated Acres<br><b>40</b> | Joint or Infill | Consolidation Code | Order No. |
| Dedicated Acres<br><b>40</b>                                                                                                                          | Joint or Infill | Consolidation Code | Order No. |         |               |                  |               |                |        |                              |                 |                    |           |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>GEODETIC COORDINATES<br/>NAD 27 NME<br/>SURFACE LOCATION<br/>Y=766390.7 N<br/>X=710150.9 E<br/>LAT.=33.104972° N<br/>LONG.=103.647065° W</p> <p>STATE OF<br/>VB 18850000</p> | <p><b>OPERATOR CERTIFICATION</b><br/>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature <u>P</u> Date <u>5-10-11</u><br/>Printed Name <u>PHILIPS White</u><br/>E-mail Address <u>PWIVE@zianet.com</u></p> |
|                                                                                                                                                                                 | <p><b>SURVEYOR CERTIFICATION</b><br/>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>APRIL 12, 2011</p> <p>Date of Survey<br/>Signature &amp; Seal of Professional Surveyor:<br/><u>Ronald J. Eldson</u> 0412/2011<br/>Certificate Number Gary G. Eldson 12841<br/>Ronald J. Eldson 3239<br/>LA JWS W.O.: 11.11.0511</p>                                                                                                                                                                       |

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
June 16, 2008

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

|                                                                                                               |                                           |                                           |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <sup>1</sup> Operator Name and Address<br><b>Primero Operating, Inc., PO Box 1433, Roswell, NM 88202-1433</b> |                                           | <sup>2</sup> OGRID Number<br><b>18100</b> |
|                                                                                                               |                                           | <sup>3</sup> API Number<br><b>30 -</b>    |
| <sup>4</sup> Property Code                                                                                    | <sup>5</sup> Property Name<br><b>Diva</b> | <sup>6</sup> Well No.<br><b>1</b>         |
| <sup>7</sup> Proposed Pool 1<br><b>Baum, Upper Penn</b>                                                       |                                           | <sup>8</sup> Proposed Pool 2              |

**7 Surface Location**

|                            |                      |                        |                     |         |                              |                              |                             |                            |                      |
|----------------------------|----------------------|------------------------|---------------------|---------|------------------------------|------------------------------|-----------------------------|----------------------------|----------------------|
| U/L or lot no.<br><b>H</b> | Section<br><b>18</b> | Township<br><b>14S</b> | Range<br><b>33E</b> | Lot Idn | Feet from the<br><b>2460</b> | North/South line<br><b>N</b> | Feet from the<br><b>660</b> | East/West line<br><b>E</b> | County<br><b>Lea</b> |
|----------------------------|----------------------|------------------------|---------------------|---------|------------------------------|------------------------------|-----------------------------|----------------------------|----------------------|

**8 Proposed Bottom Hole Location If Different From Surface**

|                |         |          |       |         |               |                  |               |                |        |
|----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| U/L or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

**Additional Well Information**

|                                         |                                               |                                           |                                                    |                                                     |
|-----------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|-----------------------------------------------------|
| <sup>9</sup> Work Type Code<br><b>N</b> | <sup>10</sup> Well Type Code<br><b>O</b>      | <sup>11</sup> Cable Rotary<br><b>R</b>    | <sup>12</sup> Lease Type Code<br><b>S</b>          | <sup>13</sup> Ground Level Elevation<br><b>4258</b> |
| <sup>14</sup> Multiple<br><b>N</b>      | <sup>15</sup> Proposed Depth<br><b>10,300</b> | <sup>16</sup> Formation<br><b>Bough B</b> | <sup>17</sup> Contractor<br><b>United Drilling</b> | <sup>18</sup> Spud Date<br><b>June 15, 2011</b>     |

**21 Proposed Casing and Cement Program**


| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 17.5      | 13 3/8      | 48                 | 400           |                 | Surface       |
| 12.25     | 8 5/8       | 32                 | 4100          | 1900            | Surface       |
| 7 7/8     | 5 1/2       | 17                 | 10,300        | 1200            | 3000'         |
|           |             |                    |               |                 |               |
|           |             |                    |               |                 |               |

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

We propose to drill a 17.5" hole to 400' and run 13 3/8" casing. The 13 3/8" casing will be cemented with enough cement to circulate to surface. After WOC a 12.25" hole will be drilled to 4100' and 8 5/8" casing will be run. The 8 5/8" casing will be cemented with adequate volumes of cement to circulate to surface. After WOC we plan to drill a 7 7/8" hole to TD the well will be logged and if determined dry it will be plugged per NMOCD requirements. If the well is to be tested we will run 5 1/2" casing and cement per NMOCD Rules.

Drilling will be done using a closed loop system

See BOP Program attached

|                                                                                                                             |                            |                                                          |                  |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------------------------------------|------------------|
| <sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief |                            | OIL CONSERVATION DIVISION                                |                  |
| Signature:                               |                            | Approved by:                                             |                  |
| Printed name: <b>Phelps White</b>                                                                                           |                            | Title:                                                   |                  |
| Title: <b>President</b>                                                                                                     |                            | Approval Date:                                           | Expiration Date: |
| E-mail Address: <b>pwiv@zianet.com</b>                                                                                      |                            |                                                          |                  |
| Date: <b>4/27/11</b>                                                                                                        | Phone: <b>575 626 7660</b> | Conditions of Approval Attached <input type="checkbox"/> |                  |

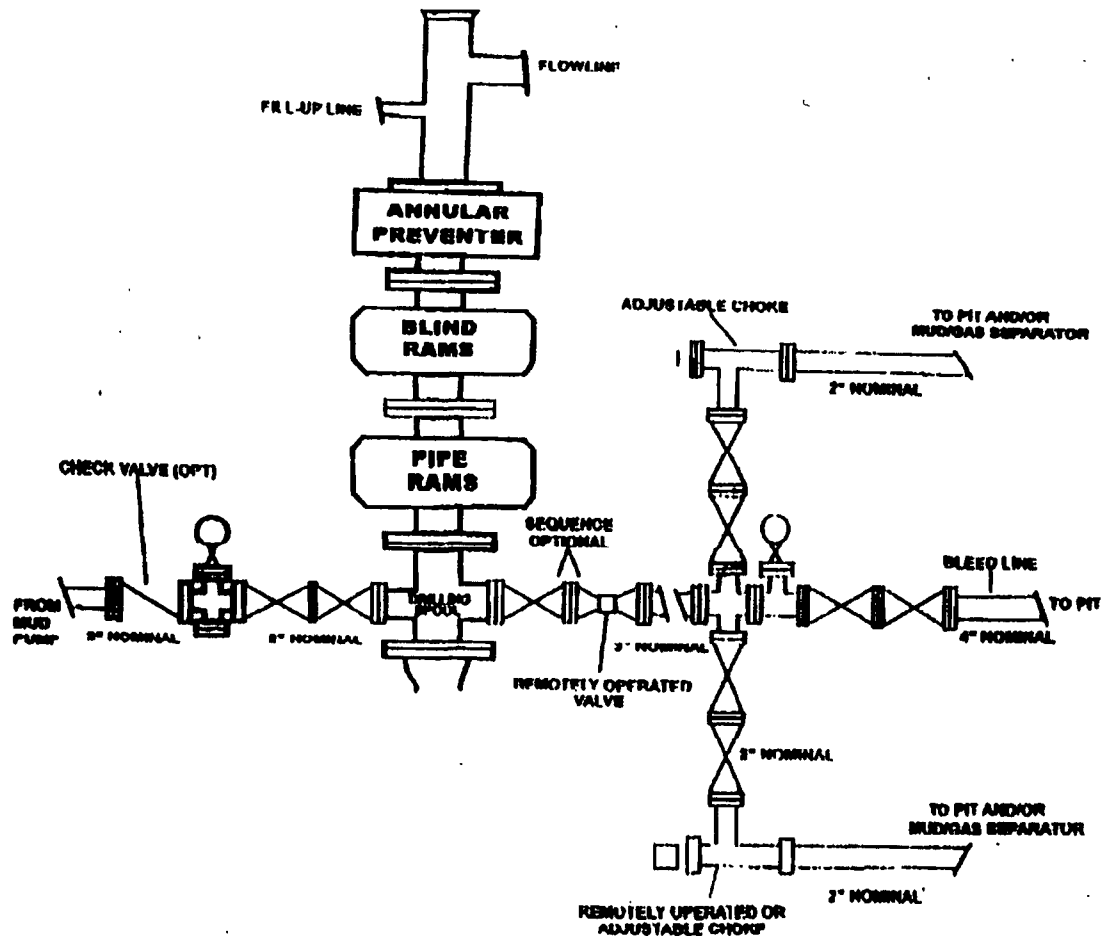
**BOP DIAGRAM  
3000# SYSTEM**

EXHIBIT "E"  
PRIMERO OPERATING, INC.  
Thunderhead Federal, Well No. 1  
BOP Specifications

District I  
1625 N French Dr., Hobbs, NM 88240  
District II  
1301 W Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144 CLEZ  
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOC District Office.

**Closed-Loop System Permit or Closure Plan Application**

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☐ Permit ☐ Closure

**Instructions:** Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: **Primero Operating, Inc.** OGRID #: **18100**  
Address: **PO Box 1433, Roswell, NM 88202-1433**  
Facility or well name: **Diva #1**  
API Number: \_\_\_\_\_ OCD Permit Number: \_\_\_\_\_  
U/L or Qtr/Qtr **H** Section **18** Township **14S** Range **33E** County: **Lea**  
Center of Proposed Design: Latitude **N33.104972** Longitude **W103.647065** NAD: ☐ 1927 ☒ 1983  
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

2. ☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC  
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A  
☐ Above Ground Steel Tanks or ☒ Haul-off Bins

3. **Signs:** Subsection C of 19.15.17.11 NMAC  
☒ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers  
☐ Signed in compliance with 19.15.3.103 NMAC

4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC  
**Instructions:** Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.  
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC  
☐ Previously Approved Design (attach copy of design) API Number: \_\_\_\_\_  
☐ Previously Approved Operating and Maintenance Plan API Number: \_\_\_\_\_

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)  
**Instructions:** Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.  
Disposal Facility Name: **Gandy Marley Landfarm** Disposal Facility Permit Number: **NMI-19**  
Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_  
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?  
☐ Yes (If yes, please provide the information below) ☐ No  
**Required for impacted areas which will not be used for future service and operations:**  
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC  
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC  
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. **Operator Application Certification:**  
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.  
Name (Print): **Phelps White** Title: **President**  
Signature: \_\_\_\_\_ Date: **3/13/2011**  
e-mail address: **pwiv@zianet.com** Telephone: **575 622 1001**

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

**OCD Representative Signature:** \_\_\_\_\_ **Approval Date:** \_\_\_\_\_

**Title:** \_\_\_\_\_ **OCD Permit Number:** \_\_\_\_\_

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC  
*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*

☐ Closure Completion Date: \_\_\_\_\_

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**  
*Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?  
☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

*Required for impacted areas which will not be used for future service and operations.*

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**  
 I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

**Name (Print):** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**e-mail address:** \_\_\_\_\_ **Telephone:** \_\_\_\_\_

Primero Operating, Inc. - DIVA #1

Section 18, T14S-R33E: 2460' FNL & 660' FEL Lea County, NM

**DESIGN: Closed Loop System with roll-off steel bins (pits)**

CLS/Carlsbad will supply (2) bins ( ) volume, rails and transportation relating to the Close Loop system. Specifications of Close Loop System attached.

Contacts: Tommy Wilson 575-748-6367 Cell Office # 575-885-3996

**Closed Loop Specialties: Supervisor: Curtis: 575-706-4605 - Carlsbad Cell**  
Monitoring 24 hour service

Equipment:

2-Centrifuges (brand): Swaco

2-Rig Shakers (brand): Mongoose

Air pumps on location for immediate remediation process

Layout of Close Loop System with bins, centrifuges and shakers attached.

Cuttings and associated liquids will be hauled to a State regulated third party disposal site:  
Gandy Marley Landfarm, Disposal Facility Permit # NMI-19

2- CLS Bins with track system

1 500 bbl tank for fresh water

**OPERATIONS:**

Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed.

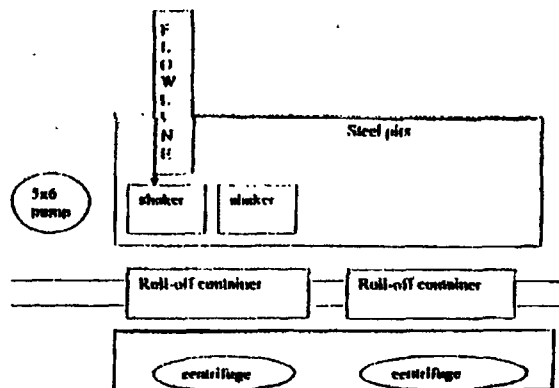
Any leak in system will be repaired and or/contained immediately

OCD will be notified within 48 hours of the spill.

Remediation process started immediately

**CLOSURE:**

During drilling operations all liquids, drilling fluids and cuttings will be hauled off by CLS (Closed Loop Specialties) to disposal facility, Gandy Marley Landfarm, Permit # NMI-19



This will be maintained by 24 hour solids control personnel that stay on location.

TOMMY WILSON



**CLOSED LOOP  
SPECIALTY**

Office: 575.746.1889

Cell: 575.746.6367



DISTRICT I  
1625 N FRENCH DR., HOBBS, NM 88240  
DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210  
DISTRICT III  
1000 RIO BRAZOS RD., AZTEC, NM 87410  
DISTRICT IV  
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised July 16, 2010  
Submit to Appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                           |                                           |                                      |
|---------------------------|-------------------------------------------|--------------------------------------|
| API Number                | Pool Code                                 | Pool Name<br><b>BAUM, Upper PENN</b> |
| Property Code             | Property Name<br><b>DIVA</b>              | Well Number<br><b>1</b>              |
| OGRID No.<br><b>18100</b> | Operator Name<br><b>PRIMERO OPERATING</b> | Elevation<br><b>4258'</b>            |

Surface Location

|                           |                      |                         |                      |         |                              |                                  |                             |                               |                      |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|
| UL or lot No.<br><b>H</b> | Section<br><b>18</b> | Township<br><b>14-S</b> | Range<br><b>33-E</b> | Lot Idn | Feet from the<br><b>2460</b> | North/South line<br><b>NORTH</b> | Feet from the<br><b>660</b> | East/West line<br><b>EAST</b> | County<br><b>LEA</b> |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|

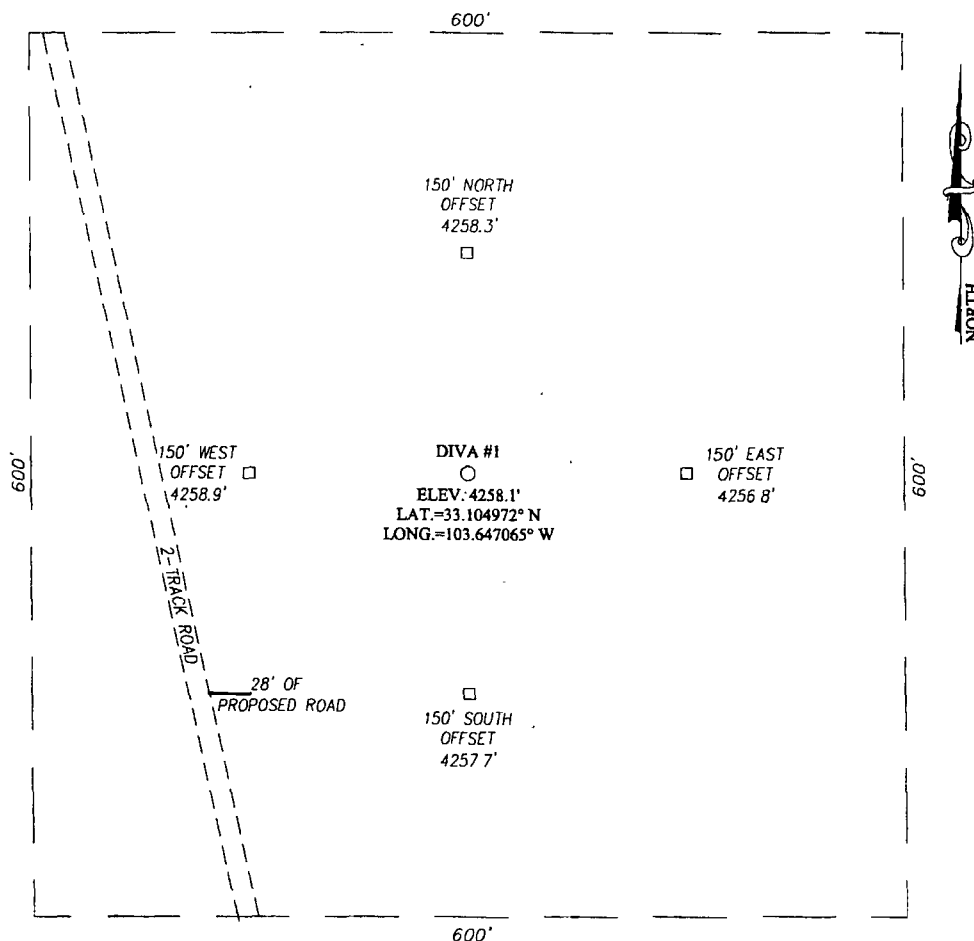
Bottom Hole Location If Different From Surface

|                              |         |          |       |         |               |                  |               |                |        |
|------------------------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No.                | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| Dedicated Acres<br><b>40</b> |         |          |       |         |               |                  |               |                |        |
| Joint or Infill              |         |          |       |         |               |                  |               |                |        |
| Consolidation Code           |         |          |       |         |               |                  |               |                |        |
| Order No.                    |         |          |       |         |               |                  |               |                |        |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

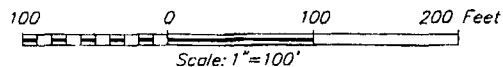
|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><b>P</b> <b>5-10-11</b><br/>Signature Date<br/><b>Phelps White</b><br/>Printed Name<br/><b>PWIV@zianet.com</b><br/>E-mail Address</p> <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>APRIL 12, 2011</b></p> <p>Date of Survey<br/>Signature &amp; Seal of Professional Surveyor:<br/></p> |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

SECTION 18, TOWNSHIP 14 SOUTH, RANGE 33 EAST, N.M.P.M.  
LEA COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

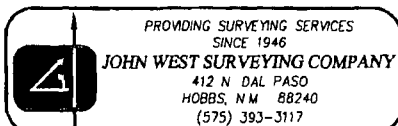
FROM THE INTERSECTION OF ST. HWY. #457 AND CO. RD. #T108 (TULK RD.), GO WEST ON CO. RD. T108 APPROX 1.9 MILES TURN LEFT AND GO SOUTH-SOUTHWEST APPROX. 1.2 MILES TURN LEFT AND GO SOUTHEAST APPROX. 0.3 MILES. THIS LOCATION IS APPROX 200 FEET EAST



PRIMERO OPERATING

DIVA #1 WELL  
LOCATED 2460 FEET FROM THE NORTH LINE  
AND 660 FEET FROM THE EAST LINE OF SECTION 18,  
TOWNSHIP 14 SOUTH, RANGE 33 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO

|                        |                     |
|------------------------|---------------------|
| Survey Date. 4/12/11   | Sheet 1 of 1 Sheets |
| W.O. Number 11.11.0511 | Dr. By: LA          |
| Date: 4/18/11          | Rel W.O.: 11110511  |
|                        | Scale: 1"=100'      |

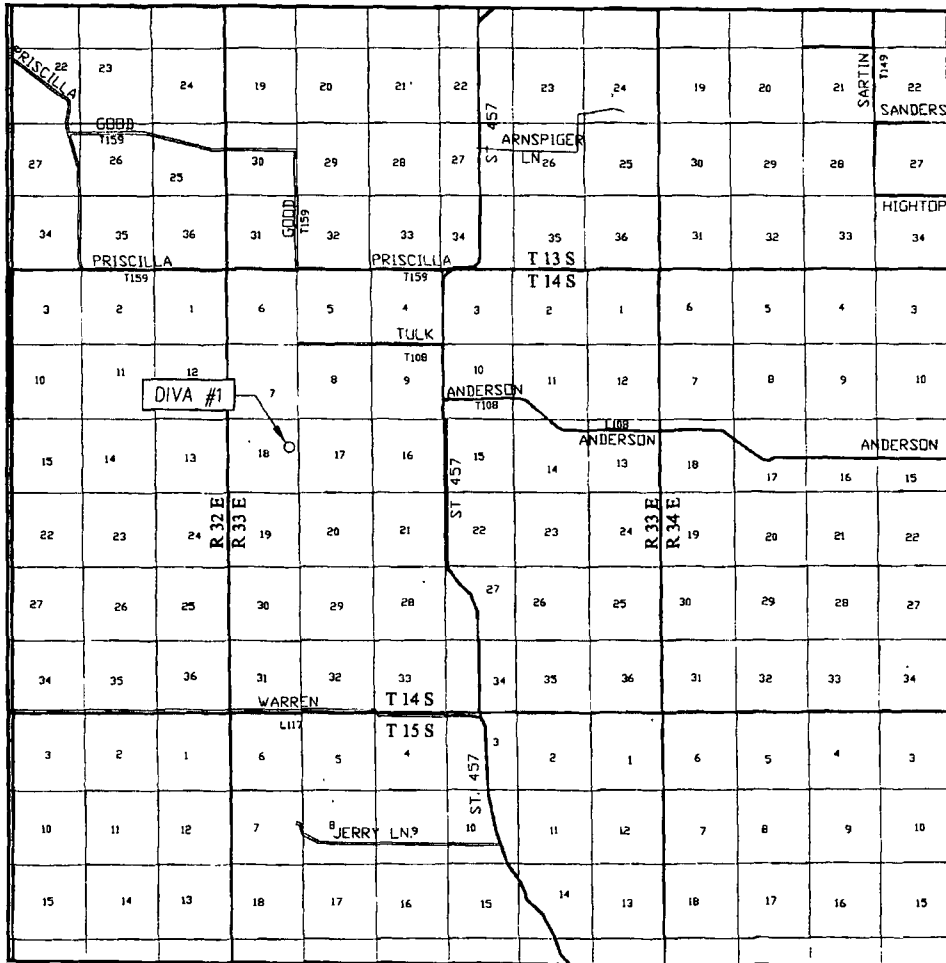


PROVIDING SURVEYING SERVICES  
SINCE 1946

JOHN WEST SURVEYING COMPANY

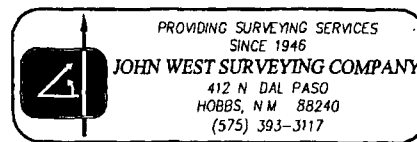
412 N DAL PASO  
HOBBS, N.M. 88240  
(575) 393-3117

# VICINITY MAP

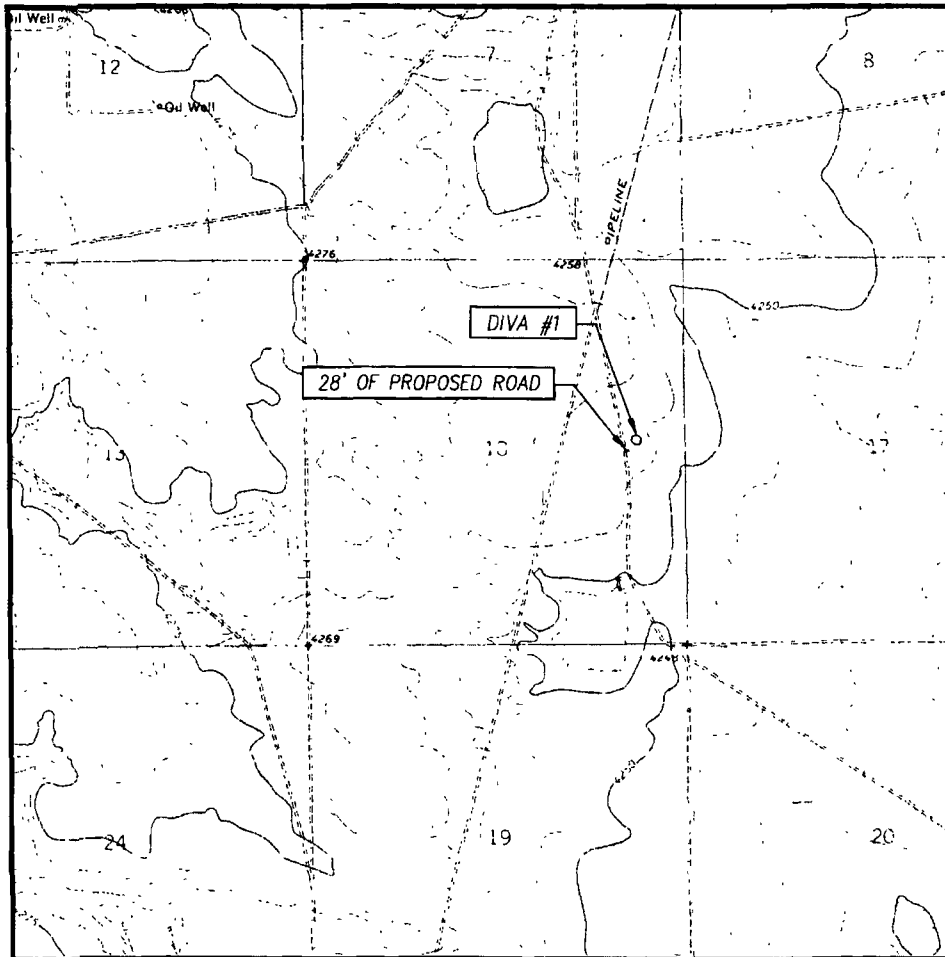


SCALE: 1" = 2 MILES

SEC. 18 TWP. 14-S RGE. 33-E  
 SURVEY N.M.P.M.  
 COUNTY LEA STATE NEW MEXICO  
 DESCRIPTION 2460' FNL & 660' FEL  
 ELEVATION 4258'  
 OPERATOR PRIMERO OPERATING  
 LEASE DIVA



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
DEAN RANCH, N.M. - 10'

SEC. 18 TWP. 14-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2460' FNL & 660' FEL

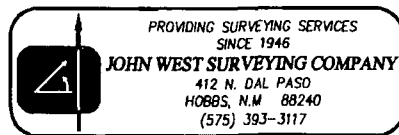
ELEVATION 4258'

OPERATOR PRIMERO OPERATING

LEASE DIVA

U.S.G.S. TOPOGRAPHIC MAP

DEAN RANCH, N.M.



**Brooks, David K., EMNRD**

---

**From:** Brooks, David K., EMNRD  
**Sent:** Thursday, June 09, 2011 3:46 PM  
**To:** 'pwiv@zianet.com'  
**Cc:** Kautz, Paul, EMNRD  
**Subject:** Diva Well No. 1; NSL Application

Dear Mr. White

The referenced application is for a location in the Baum Upper Penn Pool. We have no problem with the proposed location. However, the application indicates that you propose to dedicate a 40-acre unit to this well.

The Special Rules for this pool call for 160-acre units, per Order R-3668-A, issued May 29, 1968. If you want to dedicate a 160-acre NE/4 of Section 18 unit to this well, please provide us with a revised C-102 showing a 160-acre unit. This can be furnished by email or FAX if more convenient. Our FAX number is 505-476-3462.

Please contact me if you have any questions or other concerns.

Sincerely

David K. Brooks  
Legal Examiner

|         |          |          |           |      |         |
|---------|----------|----------|-----------|------|---------|
| DATE IN | SUSPENSE | ENGINEER | LOGGED 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



RECEIVED OCD

2011 JUN 22 A 11:50

## 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]**

### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication  
 XX 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.

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

Phelps White

Print or Type Name

Signature

President

Title

6/20/11

Date

pwiv@zianet.com  
 e-mail Address

**Primero Operating, Inc.**

PO Box 1433, Roswell, New Mexico 88202-1433  
575-622-1001

June 20, 2011

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

Attention: Division Director

Re: Unorthodox Well Location  
Diva #1  
2460' FNL and 660' FEL  
Section 18, 14S, R33E  
Lea County, NM

To Whom it may Concern

Pursuant to Division Rule 19.15.15.13, Primero Operating, Inc. is seeking administrative approval of an unorthodox oil well location in the Baum Upper Penn Pool for its Diva #1 well which is to be drilled at an unorthodox oil well location 2460' FNL and 660' FEL, Unit H Section 18, 14S, R33E, Lea County, NM. The SE/4NE4 of section 18 is to be dedicated to the well forming a standard 160-acre spacing and proration unit for oil wells. Oil wells are required to be drilled no closer than 330' to the outer boundary of the spacing unit.

The Diva #1 well is proposed to be drilled to a depth of 10,300' to test the Bough "C" formation which is anticipated to produce oil. There are wells which have produced from the Bough "B" north of the proposed location but they have subsequently depleted and are plugged. Our reason for the unorthodox location is to be farther away from potential pressure drainage.

The affected offset acreage is the SE/4 of section 18. The entire East half of Section 18 is a single State of New Mexico lease (lease no. VB-18850000); please be advised that the interest ownership between the proposed proration unit and the affected offset acreage is common throughout. Therefore, there are no affected parties and consequently, Primero is not required, and did not provide notice of this application to any other party.

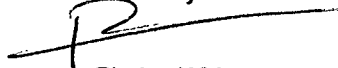
There are no wells currently producing in section 18, one well produced in the section but was plugged in 1986.

Enclosed is a Form C-102 for the Diva #1 well.

In summary, approval of the application will provide Primero Operating, Inc. the opportunity to recover its just and equitable share of the oil and gas reserves within the Baum Upper Penn pool underlying the SE/4NE/4 of section 18, thereby preventing waste, and will not violate correlative rights.

If you have any questions please call me at 575 626 7660.

Sincerely



Phelps White  
President

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240  
DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210  
DISTRICT III  
1000 RIO BRAZOS RD., AZTEC, NM 87410  
DISTRICT IV  
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised July 16, 2010  
Submit to Appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                           |                                           |                                      |
|---------------------------|-------------------------------------------|--------------------------------------|
| API Number                | Pool Code                                 | Pool Name<br><b>BAUM, UPPER PGNW</b> |
| Property Code             | Property Name<br><b>DIVA</b>              | Well Number<br><b>1</b>              |
| OGRID No.<br><b>18100</b> | Operator Name<br><b>PRIMERO OPERATING</b> | Elevation<br><b>4258'</b>            |

Surface Location

|                           |                      |                         |                      |         |                              |                                  |                             |                               |                      |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|
| UL or lot No.<br><b>H</b> | Section<br><b>18</b> | Township<br><b>14-S</b> | Range<br><b>33-E</b> | Lot Idn | Feet from the<br><b>2460</b> | North/South line<br><b>NORTH</b> | Feet from the<br><b>660</b> | East/West line<br><b>EAST</b> | County<br><b>LEA</b> |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|

Bottom Hole Location If Different From Surface

|                               |                 |                    |           |         |               |                  |               |                |        |
|-------------------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No.                 | Section         | Township           | Range     | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| Dedicated Acres<br><b>160</b> | Joint or Infill | Consolidation Code | Order No. |         |               |                  |               |                |        |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><b>12</b> <b>6-20-11</b><br/>Signature Date<br/><b>Phelps WHITE</b><br/>Printed Name<br/><b>PWIV@zianet.com</b><br/>E-mail Address</p> |
|  | <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>APRIL 12, 2011</b></p> <p>Date of Survey<br/>Signature &amp; Seal of Professional Surveyor:<br/> </p> <p>Certificate Number <b>3239</b> Gary C. Eidson 12641<br/>Ronald J. Eidson 3239<br/>LA WSC W.O.: 11.11.0511</p>                                                                                                                                                                                            |



**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD  
**Sent:** Monday, June 20, 2011 4:02 PM  
**To:** 'pwiv@zianet.com'  
**Subject:** Diva #1; NSL Application  
**Attachments:** Diva Well No. 1; NSL Application

Dear Mr. White

We received the referenced application on May 11. On June 9, we sent you an email advising that the appropriate spacing unit for this pool is 160 acres, and requesting that you furnish a corrected C-102.

We have received no response to our June 9 communication. Accordingly, we are dismissing this application, without prejudice to your right to revive it by response to our previous inquiry.

Sincerely

David K. Brooks  
Legal Examinet