

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey, Division Director
Oil Conservation Division



November 15, 2013

Primero Operating, Inc.
Attn: Mr. David Catanach

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6885
Administrative Application Reference No. pPRG1331242494

Primero Operating Inc.
OGRID 18100
Garrett Well No. 1
API No. 30-025

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp-Range</u>	<u>County</u>
Surface	1634 FSL & 1576 FEL	J	30	16S 38E	Lea
Bottom Hole –Strawn	1036 FSL & 1810 FEL	O	30	16S 38E	Lea
Bottom Hole-Devonian	622 FSL & 1474 FEL	O	30	16S 38E	Lea

Proposed Spacing Units:

	<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
Strawn	W/2 SE/4 of Sec. 30	80	Shipp; Strawn	55695
Devonian	SW/4 SE/4 of Sec. 30	40	West Garrett; Devonian	27110

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

You have requested to drill this directional well to unorthodox bottom hole oil well locations described above in the referenced pools or formations. The location in the Devonian formation is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. The proposed location in the Strawn formation is governed by the Special Rules and Regulation for the Ship Strawn Pool, which provide for 80-acre units, with wells to be located within 150 feet of the center of a quarter-quarter section. The proposed bottom hole locations in both formations are unorthodox.

November 15, 2013

Page 2

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for geologic reasons and to accommodate surface uses.

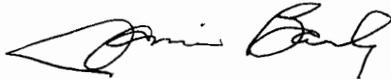
It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Hobbs