

Prime Operating Company

a subsidiary of **Prime**Energy Corporation

3300 North A, Building One, Suite 238 • Midland, Texas 79705
(915) 682-5600 • FAX (915) 682-0223

New Suspense Date

7-12-06

June 20, 2006

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. Michael Stogner

Re: Wells A & Wells B-1 Leases
560 Acre Non-Standard Gas Unit Approval
Jalmat Field
Sec. 1, T25S, R36E

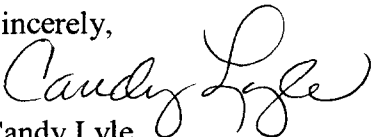
2006 JUN 22 AM 11 41

Dear Mr. Stogner:

As per your conversation with Mr. Earl Levea of this office, on this date, I am enclosing a land plat and a list of the offset operators and notification letter of our intent to apply for a non-standard proration unit being mailed certified mail today. I am enclosing a copy of our Exhibit "A" with the offset operators marked on the plat.

If you have a question or need additional information, please contact the undersigned at (432)682-5774. Your prompt consideration of this request is appreciated.

Sincerely,


Candy Lyle
Eng. Asst./Production

Enclosures

xc: New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240

Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88220

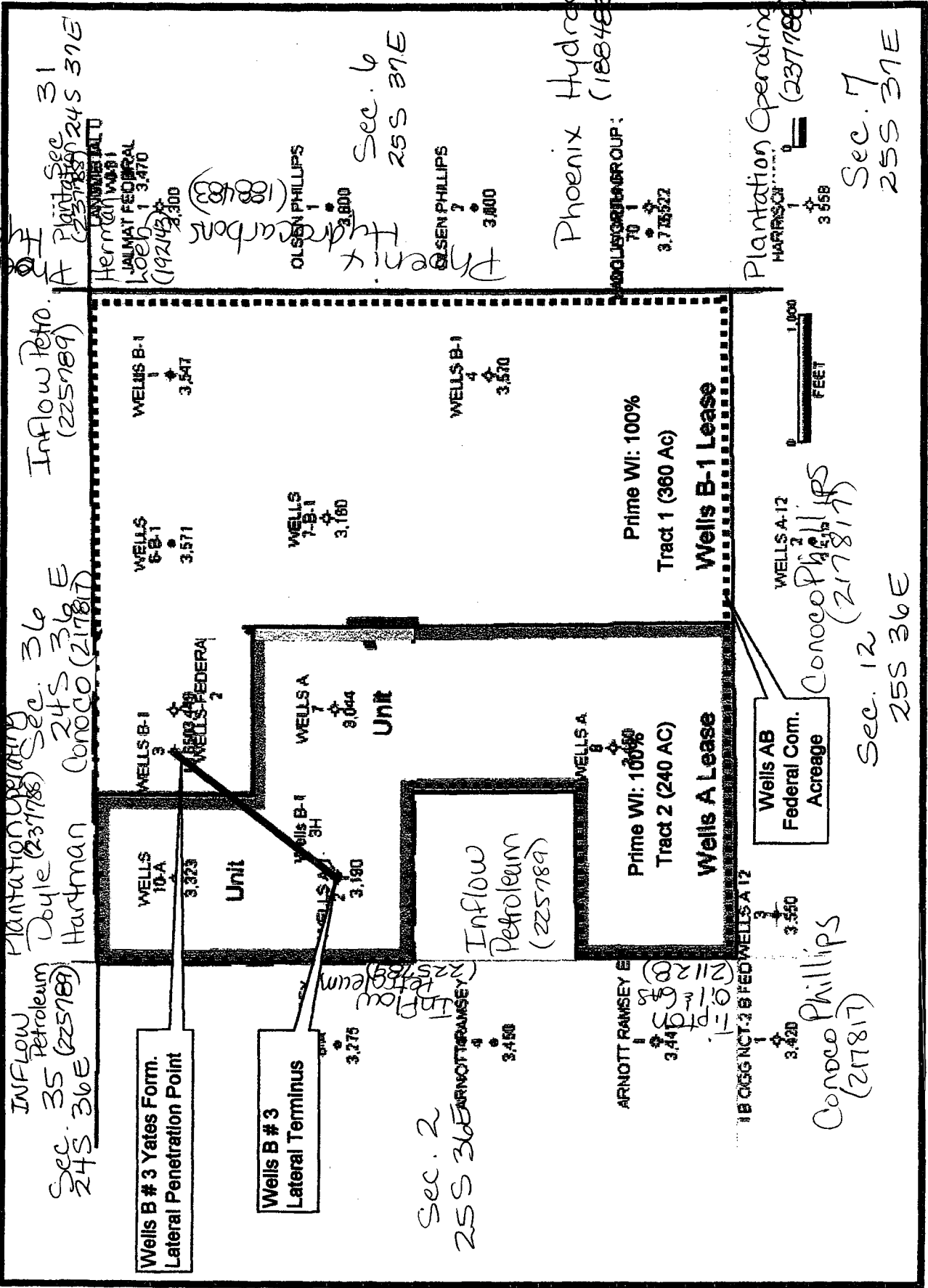
OFFSET OPERATORS

Prime Operating Company
Wells A & B Lease
Sec. 1, T25S, R 36E
Lea County, New Mexico

Name & Address	Receipt #
Inflow Petroleum Resources, LP 1331 Bradford Drive Coppell, TX 75019	7005 0390 0002 9926 6679
ConocoPhillips Company P. O. Box 2197, WL3 6106 Houston, TX 77252	7005 0390 0002 9926 6686
Herman L. Loeb R.R. #2 County Club Rd. Lawrence, IL 62439	7005 0390 0002 9926 6693
Phoenix Hydrocarbons Operating Corp. P. O. Box 3638 Midland, TX 79702	7005 0390 0002 9926 6709
Doyle Hartman 500 N. Main P. O. Box 10426 Midland, Texas 79702	7005 0390 0002 9926 6730
Tipton Oil & Gas Acquisitions Inc. P.O. Box 1597 Lovington, NM. 88260	7005 0390 0002 9926 6747
Plantation Operating LLC 2203 Timberloch Place Ste 229 The Woodlands, TX. 77380	7005 0390 0002 9926 6785

Offset Operators

Plat of communilized area covering NW/4, E/2, S/2 of SW/4, and NE/4 of SW/4, Sec. 1, T-25S, R-36E, Jarman Field, Lea County, NM



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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DATE: June 19, 2006

TO: Offset Operators (See Attached List)

VIA: CERTIFIED MAIL

RE: Non Standard Proration Unit
Jalmat Field
Wells A & B-1 Leases
Sec. 1, T-25S, R-36E
Lea Co., NM

Gentlemen:

Prime Operating Company is notifying you that we are applying to the New Mexico Oil Conservation Commission for an amendment to the Non-Standard Proration Units for the Wells A & B-1 Leases. We are requesting for the formation of a 560 acre non-standard Jalmat Field gas unit for the gas wells that make up our Wells A and Wells B leases. I am attaching copies of the "proposed" C-102 which will make up the 560 acre unit.

Sincerely,

Candy Lyle
Eng. Asst./Production

Attachment