

KELLAHIN AND KELLAHIN
ATTORNEYS AT LAW
EL PATIO BUILDING
117 NORTH GUADALUPE
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SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

October 23, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 12766

01 OCT 23 PM 3:09
OIL CONSERVATION DIV

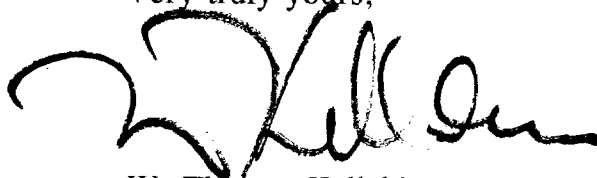
Re: Application of Primero Operating, Inc.
for approval of the Cat Head Mesa Unit
Socorro County, New Mexico.

Dear Ms. Wrotenbery:

On behalf of Primero Operating, Inc., please find our application in the referenced case which we request be set on the next available Division Examiner's docket on scheduled for November 15, 2001.

Also enclosed is our suggested advertisement for the Division docket.

Very truly yours,



W. Thomas Kellahin

cfx: Ben Donegan

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF PRIMERO OPERATING, INC.
FOR APPROVAL OF THE CAT HEAD MESA
UNIT, SOCORRO COUNTY, NEW MEXICO**

CASE NO. 2766

APPLICATION

Comes now Primero Operating, Inc., by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order approving its proposed Cat Head Mesa Unit, a voluntary exploratory unit for an area comprising 37,339.04 acres, more or less, of state, federal and fee oil and gas leases underlying portions or all of the following sections: Sections 35, 36, Township 3 South, Range 8 East; Sections 31, 32, 33, Township 3 South, Range 9 East; Sections 1, 2, 3, 10-15, 23-25, and 36 Township 4 South, Range 8 East; Sections 2-36, Township 4 South, Range 9 East; Section 1, Township 5 South, Range 8 East; Sections 2-11 Township 5 South, Range 9 East, Socorro County, New Mexico,

and in support states:

(1) Primero Operating Inc. ("Primero") is the proposed operator of a voluntary exploratory unit to be called the "Cat Head Mesa Unit."

(2) The proposed area for which application is made for unitized operations is known as the "Cat Head Mesa Unit Area" and consists of state, federal and fee oil & gas leases located in Socorro County, New Mexico and comprises 37,339.04 acres, more or less. **See Exhibit "A"**.

(3) Primero proposes to re-enter the former Manzano Oil Corporation Cat Head Mesa Well No. 1 located in the NE/4SW/4 of Section 8 Township 4 South, Range 8 East to test the Atoka formation at a depth of approximately 4,220 feet unless commercial production in paying quantities is encountered at a lesser depth as the required initial test well for this unit.

- (4) There is a reasonable geologic basis for the proposed unit boundary.
- (5) Approval of this unit will provide for the unified development and operation of an entire potential geologic prospect and will afford the most efficient and economical means for the exploration, drilling and production.
- (6) The proposed operator with approval of this voluntary unit will have effective and efficient control of this potential reservoir which should afford the opportunity to maximize recovery, prevent waste and protect correlative rights.
- (7) The proposed unitization and adoption of the methods of operation embodied in the Unit Operating Agreement will benefit the working interest owners and royalty owners of the oil and gas rights within the Unit Area.
- (8) Applicant has filed to obtain preliminary approval from the Commissioner of Public Lands of New Mexico and the Bureau of Land Management and anticipates having agency approval prior to hearing. Notice of this case has been sent to the State Land Office and the Bureau of Land Management.
- (9) The working interest owners in the unit have agreed to this unit and have a sufficient percentage so that the unit operations will be orderly and efficient and therefore will avoid waste and protect correlative rights. **See Exhibit "B"**

WHEREFORE, Primero Operating, Inc. requests that this application be set for hearing on November 15, 2001 before the Division's Examiner and that the Division enter its order approving the Unit Agreement and Unit Operating Agreement and providing for the unitized management, operations and further development of all the formations within the Unit Area.

Respectfully submitted,



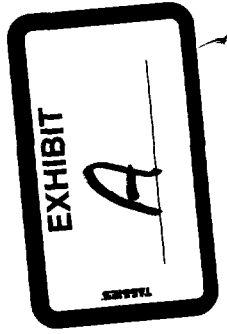
By
W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
phone (505) 982-4285
ATTORNEYS FOR APPLICANT

PROPOSED ADVERTISEMENT

CASE _____ Application of Primero Operating, Inc. for unit approval, Socorro County, New Mexico. Applicant seeks approval of the Cat Head Mesa Unit, a voluntary exploratory unit for an area comprising 37,339.04 acres, more or less, of state, federal and fee oil and gas leases underlying portions or all of the following sections: Sections 35, 36, Township 3 South, Range 8 East; Sections 31, 32, 33, Township 3 South, Range 9 East; Sections 1, 2, 3, 10-15, 23-25, and 36 Township 4 South, Range 8 East; Sections 2-36, Township 4 South, Range 9 East; Section 1, Township 5 South, Range 8 East; Sections 2-11 Township 5 South, Range 9 East, Socorro County, New Mexico. This proposed unit is located approximately 18 miles northeast from Bingham, New Mexico

SCHEDULE OF OWNERSHIP
 CAT HEAD MESA UNIT AGREEMENT
 Socorro County, New Mexico

Tract No.	Description	Acres	Lease No. and Expiration Date	Basic Royalty	Lessee of Record	Overriding Royalty	Working Interest
<u>FEDERAL LANDS</u>							
1	T. 4 S., R. 8 E. Sec. 3: Lots 1-4, S2, S2N2 (All) Sec. 10: All Sec. 11: All Sec. 14: S2N2, S2	2,400.76	NM 91532 8-31-03	12.5%	*	**5.0%	***
2	T. 4 S., R. 8 E. Sec. 12: All Sec. 13: All Sec. 23: E2 Sec. 24: All	2,240.00	NM 91533 8-31-03	12.5%	*	**5.0%	***
3	T. 4 S. R. 9 E. Sec. 4: Lots 1-4, S2, S2N2 (All) Sec. 5: Lots 1-4, S2, S2N2 (All) Sec. 8: N2, W2SW, S2SE Sec. 9: All	2,406.76	NM 91534 8-31-03	12.5%	*	**5.0%	***
4	T. 4 S., R. 9 E. Sec. 6: Lots 1-7, S2NE, SENW, SE, E2SW (All) Sec. 7: Lots 1-4, E2, E2W2 (All) Sec. 17: E2, W2W2 Sec. 18: Lots 1-4, E2, E2W2 (All)	2,388.27	NM 91535 8-31-03	12.5%	*	**5.0%	***
5	T. 4 S., R. 9 E. Sec. 10: All Sec. 13: W2, W2SE Sec. 14: All Sec. 15: All	2,320.00	NM 91536 8-31-03	12.5%	*	**5.0%	***



<u>Tract No.</u>	<u>Description</u>	<u>Acres</u>	<u>Lease No. and Expiration Date</u>	<u>Basic Royalty</u>	<u>Lessee of Record</u>	<u>Overriding Royalty</u>	<u>Working Interest</u>
6	<u>T. 4 S., R. 9 E.</u> Sec. 19: Lots 1-4, E2, E2W2, (All) Sec. 20: N2NE, W2NW, S2 Sec. 21: All Sec. 22: All	2,395.88	NM 91537 8-31-03	12.5%	*	**5.0%	***
7	<u>T. 4 S., R. 9 E.</u> Sec. 23: All Sec. 24: W2E2, W2, SESE Sec. 25: All Sec. 26: All	2,440.00	NM 91538 8-31-03	12.5%	*	**5.0%	***
8	<u>T. 4 S., R. 9 E.</u> Sec. 27: All Sec. 33: All Sec. 34: N2, N2S2, S2SW Sec. 35: All	2,480.00	NM 91539 8-31-03	12.5%	*	**5.0%	***
9	<u>T. 4 S., R. 9 E.</u> Sec. 28: All Sec. 29: All Sec. 30: Lots 1-4, E2, E2W2 (All) Sec. 31: Lots 1-4, E2, E2W2 (All)	2,551.84	NM 91540 8-31-03	12.5%	*	**5.0%	***
10	<u>T. 3 S., R. 9 E.</u> Sec. 31: Lots 1-4, E2, E2W2 (All) <u>T. 4 S., R. 9 E.</u> Sec. 3: Lots 1-4, S2N2, N2S2 Sec. 11: All	1,756.28	NM 91587 9-30-03	12.5%	*	**5.0%	***
11	<u>T. 3 S., R. 8 E.</u> Sec. 35: S2	320.00	NM 93025 3-31-04	12.5%	*	**5.0%	***
12	<u>T. 3 S., T. 9 E.</u> Sec. 33: S2	320.00	NM 93026 4-30-04	12.5%	*	**5.0%	***
13	<u>T. 4 S., R. 8 E.</u> Sec. 15: S2NE, SE	240.00	NM 93028 4-30-04	12.5%	*	**5.0%	***

<u>Tract No.</u>	<u>Description</u>	<u>Acres</u>	<u>Lease No. and Expiration Date</u>	<u>Basic Royalty</u>	<u>Lessee of Record</u>	<u>Overriding Royalty</u>	<u>Working Interest</u>
14	T. 4 S., R. 9 E. Sec. 12: W2	320.00	NM 93029 3-31-04	12.5%	*	**5.0%	***
15	T. 5 S., R. 9 E. Sec. 3: S2, S2NW Sec. 4: SE, S2NE Sec. 9: E2 Sec. 10: All Sec. 11: N2	1,920.00	NM 97648 9-30-05	12.5%	*	**5.0%	***
<u>STATE LANDS</u>							
16	T. 3 S., R. 8 E. Sec. 36: S2	320.00	LH 4434 6-1-03	12.5%	*	**5.0%	***
17	T. 3 S., R. 9 E. Sec. 32: S2	320.00	LH 4437 6-1-03	12.5%	*	**5.0%	***
18	T. 4 S., R. 8 E. Sec. 1: Lots 1-4, S2, S2N2 (All)	640.24	LH 4439 6-1-03	12.5%	*	**5.0%	***
19	T. 4 S., R. 8 E. Sec. 2: Lots 1-4, S2, S2N2 (All)	640.52	LH 4440 6-1-03	12.5%	*	**5.0%	***
20	T. 4 S., R. 8 E. Sec. 25: All	640.00	LH 4442 6-1-03	12.5%	*	**5.0%	***
21	T. 4 S., R. 9 E. Sec. 36: E2	320.00	LH 4446 6-1-03	12.5%	*	**5.0%	***
22	T. 4 S., R. 9 E. Sec. 2: Lots 1-4, S2, S2N2 (All)	640.60	LH 4447 6-1-03	12.5%	*	**5.0%	***
23	T. 4 S., R. 9 E. Sec. 16: All	640.00	LH 4448 6-1-03	12.5%	*	**5.0%	***
24	T. 4 S., R. 9 E. Sec. 17: E2W2	160.00	LH 4449 6-1-03	12.5%	*	**5.0%	***

<u>Tract No.</u>	<u>Description</u>	<u>Acres</u>	<u>Lease No. and Expiration Date</u>	<u>Basic Royalty</u>	<u>Lessee of Record</u>	<u>Overriding Royalty</u>	<u>Working Interest</u>
25	<u>T. 4 S., R. 9 E.</u> Sec. 32: All	640.00	LH 4450 6-1-03	12.5%	*	**5.0%	***
26	<u>T. 4 S., R. 9 E.</u> Sec. 34: S2SE	80.00	LH 4451 6-1-03	12.5%	*	**5.0%	***
27	<u>T. 4 S., R. 9 E.</u> Sec. 36: All	640.00	LH 5552 6-1-03	12.5%	*	**5.0%	***
28	<u>T. 5 S., R. 8 E.</u> Sec. 1: Lots 1,2, SE, S2NE	283.24	LH 4453 6-1-03	12.5%	*	**5.0%	***
29	<u>T. 5 S., R. 9 E.</u> Sec. 2: Lots 1-4, S2, S2N2 (All)	567.60	LH 4460 6-1-03	12.5%	*	**5.0%	***
<u>PATENTED LANDS</u>							
30	<u>T. 4 S., R. 8 E.</u> Sec. 14: N2N2 Sec. 15: N2NE <u>T. 5 S., R. 9 E.</u> Sec. 3: Lots 1-4, S2NE Sec. 4: Lots 1-4, S2NW, SW Sec. 5: Lots 1-4, S2, S2N2 (All) Sec. 6: Lots 1-7, SENW, E2SW, S2NE, SE (All) Sec. 7: Lots 1-4, E2, E2W2 (All) Sec. 8: All Sec. 9: W2	3,466.87	Harvey Mineral Trust 10-16-05	12.5%	*	**5.0%	***
31	<u>T. 4 S., R. 9 E.</u> Sec. 3: S2S2 Sec. 8: N2SE, E2SW Sec. 13: E2E2, W2NE Sec. 20: S2NE, E2NW Sec. 24: E2NE, NESE	840.00	11-20-05	****12.5%	*	**5.0%	***

* The Lessee of Record of all 31 Tracts in the unit area is Frizzell Exploration Company II

** Ownership of the 5.0% overriding royalty interest of all 31 Tracts in the unit area is as follows:

Bowerman Energy Company	0.065965	JHJ Exploration, Ltd.	0.671306
Bright & Company	0.060908	JMA Exploration, Ltd.	0.070963
Ben and Ruby Donegan	0.500000	MJR Investment Corporation	0.064851
E. S. Mayer & Sons, Ltd.	0.070963	Stephen D. & Nancy J. Nolan	0.250000
Frizzell Exploration Company II	0.895076	Saxon Oil Company	0.047314
Robert D. and Frances E. Gunn	0.671306	The Rudman Partnership	0.156120
Nelson Bunker Hunt	0.250000	Tejon Exploration Company	0.070963
Integras Resources, Inc.	0.250000	Tucker-Scully Interests, Ltd.	0.223769
Jacobs Exploration, Ltd.	0.171510	Warren, Inc.	0.258986

***Ownership of the 100.0% working interest of all 31 Tracts in the unit area is as follows:

Benson-Montin-Greer Drilling Corporation	4.773797
Ceja Corporation	12.787849
Bill Fenn	5.184734
McCabe Petroleum Corporation	58.291398
MJR Investment Corporation	10.000000
The Rudman Partnership	1.517848
Slash Four Enterprises, Inc.	1.577437
Tejon Exploration Company	3.566937
Warren, Inc.	2.300000

****The per cent ownership of the 12.5% Basic Royalty of Tract No. 31 is as follows:

Knollene Lovelace McDaniel	17.240830
Frances Alice Lovelace	15.518335
Roe Lovelace	9.481667
Judith Ann Lovelace	4.740834
Carole Lynn Lovelace Hutchinson	1.580278
Noel Holt Lovelace	1.580278
Dru Wynn Lovelace	1.580278
Joan Collinson Deming	15.518334
Jean Collinson Suggs	8.620415
Carl M. Johnson	8.620415
Gary M. Lovelace	8.620415

SUMMARY

	<u>Acres</u>	<u>Per Cent of Unit Area</u>
Federal Lands	26,499.79	70.97
State Lands	6,532.38	17.50
Patented Lands	4,306.87	11.53
	-----	-----
Totals	37,339.04	100.00

OPERATOR

Primero Operating, Inc.
Attn: J. Phelps White, IV
400 N. Pennsylvania
Roswell, NM 88201
(505) 622-1001
FAX 625-0227

NON-OPERATORS

Benson-Montin-Greer Drilling Corporation
Attn: Albert R. Greer
4900 College Blvd.
Farmington, NM 87402
(505) 325-8874
FAX 327-9207

Bill Fenn
111 North Atkinson
Roswell, NM 88201
(505) 627-5560
FAX 627-5561

McCabe Petroleum Corporation
Attn: Greg McCabe
500 W. Texas, Suite 1110
Midland, TX 79701
(915) 684-0018
FAX 684-0048

The Rudman Partnership
Attn: W.R. (Trey) Sibley III
1700 Pacific Avenue, Suite 4700
Dallas, TX 75201-4670
(214) 220-3900
FAX 220-3901

Tejon Exploration Company
Attn: Joseph E. Canon
400 Pine, Suite 900
Abilene, TX 79601
(915) 673-6429
FAX 673-2028

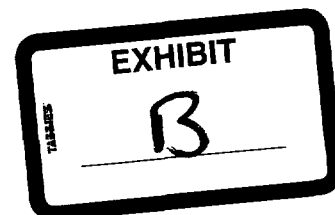
Ceja Corporation
Attn: Charles W. Wickstrom
6120 South Yale, Suite 1800
Tulsa, OK 74136-4234
(918) 496-0770
FAX 496-1925

JMA Oil Properties, Ltd.
Attn: James M. Alexander
155 Pine Street Alley
Abilene, TX 79601
(915) 677-1309
FAX 677-1399

MJR Investment Corporation
c/o Great Spirits Company LLC
Attn: Roseann Sessa
85-47 Eliot Ave.
Rego Park, NY 11374
(718) 533-7717
FAX 533-7610

Slash Four Enterprises, Inc.
Attn: J. Phelps White, IV
400 N. Pennsylvania
Roswell, NM 88201
(505) 622-1001
FAX 625-0227

Warren, Inc.
Attn: John M. Warren
3304 La Mancha Drive NW
Albuquerque, NM 87104
(505) 842-1046
FAX 842-1047



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JASON KELLAHIN (RETIRED 1991)

October 23, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Primero Operating, Inc.
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OIL CONSERVATION DIV
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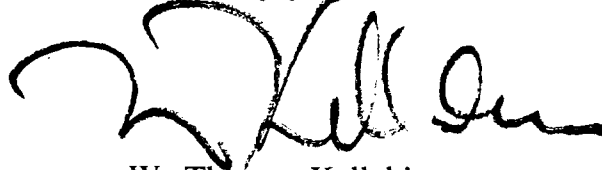
Case 12766

Dear Ms. Wrotenbery:

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Also enclosed is our suggested advertisement for the Division docket.

Very truly yours,



W. Thomas Kellahin

cfx: Ben Donegan

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF PRIMERO OPERATING, INC.
FOR APPROVAL OF THE CAT HEAD MESA
UNIT, SOCORRO COUNTY, NEW MEXICO**

CASE NO. 12766

APPLICATION

Comes now Primero Operating, Inc., by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order approving its proposed Cat Head Mesa Unit, a voluntary exploratory unit for an area comprising 37,339.04 acres, more or less, of state, federal and fee oil and gas leases underlying portions or all of the following sections: Sections 35, 36, Township 3 South, Range 8 East; Sections 31, 32, 33, Township 3 South, Range 9 East; Sections 1, 2, 3, 10-15, 23-25, and 36 Township 4 South, Range 8 East; Sections 2-36, Township 4 South, Range 9 East; Section 1, Township 5 South, Range 8 East; Sections 2-11 Township 5 South, Range 9 East, Socorro County, New Mexico,

and in support states:

(1) Primero Operating Inc. ("Primero") is the proposed operator of a voluntary exploratory unit to be called the "Cat Head Mesa Unit."


(2) The proposed area for which application is made for unitized operations is known as the "Cat Head Mesa Unit Area" and consists of state, federal and fee oil & gas leases located in Socorro County, New Mexico and comprises 37,339.04 acres, more or less. See Exhibit "A".

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- (4) There is a reasonable geologic basis for the proposed unit boundary.
- (5) Approval of this unit will provide for the unified development and operation of an entire potential geologic prospect and will afford the most efficient and economical means for the exploration, drilling and production.
- (6) The proposed operator with approval of this voluntary unit will have effective and efficient control of this potential reservoir which should afford the opportunity to maximize recovery, prevent waste and protect correlative rights.
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- (9) The working interest owners in the unit have agreed to this unit and have a sufficient percentage so that the unit operations will be orderly and efficient and therefore will avoid waste and protect correlative rights. **See Exhibit "B"**

WHEREFORE, Primero Operating, Inc. requests that this application be set for hearing on November 15, 2001 before the Division's Examiner and that the Division enter its order approving the Unit Agreement and Unit Operating Agreement and providing for the unitized management, operations and further development of all the formations within the Unit Area.

Respectfully submitted,



By
W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
phone (505) 982-4285
ATTORNEYS FOR APPLICANT

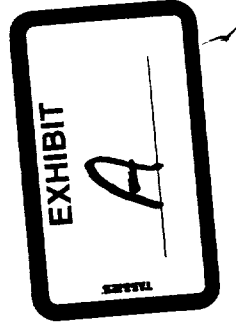
PROPOSED ADVERTISEMENT

CASE 12766 Application of Primero Operating, Inc. for unit approval, Socorro County, New Mexico. Applicant seeks approval of the Cat Head Mesa Unit, a voluntary exploratory unit for an area comprising 37,339.04 acres, more or less, of state, federal and fee oil and gas leases underlying portions or all of the following sections: Sections 35, 36, Township 3 South, Range 8 East; Sections 31, 32, 33, Township 3 South, Range 9 East; Sections 1, 2, 3, 10-15, 23-25, and 36 Township 4 South, Range 8 East; Sections 2-36, Township 4 South, Range 9 East; Section 1, Township 5 South, Range 8 East; Sections 2-11 Township 5 South, Range 9 East, Socorro County, New Mexico. This proposed unit is located approximately 18 miles northeast from Bingham, New Mexico

EXHIBIT B

SCHEDULE OF OWNERSHIP
 CAT HEAD MESA UNIT AGREEMENT
 Socorro County, New Mexico

<u>Tract No.</u>	<u>Description</u>	<u>Acres</u>	<u>Lease No. and Expiration Date</u>	<u>Basic Royalty</u>	<u>Lessee of Record</u>	<u>Overriding Royalty</u>	<u>Working Interest</u>
<u>FEDERAL LANDS</u>							
1	<u>T. 4 S., R. 8 E.</u> Sec. 3: Lots 1-4, S2, S2N2 (All) Sec. 10: All Sec. 11: All Sec. 14: S2N2, S2	2,400.76	NM 91532 8-31-03	12.5%	*	**5.0%	***
2	<u>T. 4 S., R. 8 E.</u> Sec. 12: All Sec. 13: All Sec. 23: E2 Sec. 24: All	2,240.00	NM 91533 8-31-03	12.5%	*	**5.0%	***
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5	<u>T. 4 S., R. 9 E.</u> Sec. 10: All Sec. 13: W2, W2SE Sec. 14: All Sec. 15: All	2,320.00	NM 91536 8-31-03	12.5%	*	**5.0%	***



Tract No.	Description	Acres	Lease No. and Expiration Date	Basic Royalty	Lessee of Record	Overriding Royalty	Working Interest
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8	<u>T. 4 S., R. 9 E.</u> Sec. 27: All Sec. 33: All Sec. 34: N2, N2S2, S2SW Sec. 35: All	2,480.00	NM 91539 8-31-03	12.5%	*	**5.0%	***
9	<u>T. 4 S., R. 9 E.</u> Sec. 28: All Sec. 29: All Sec. 30: Lots 1-4, E2, E2W2 (All) Sec. 31: Lots 1-4, E2, E2W2 (All)	2,551.84	NM 91540 8-31-03	12.5%	*	**5.0%	***
10	<u>T. 3 S., R. 9 E.</u> Sec. 31: Lots 1-4, E2, E2W2 (All) <u>T. 4 S., R. 9 E.</u> Sec. 3: Lots 1-4, S2N2, N2S2 Sec. 11: All	1,756.28	NM 91587 9-30-03	12.5%	*	**5.0%	***
11	<u>T. 3 S., R. 8 E.</u> Sec. 35: S2	320.00	NM 93025 3-31-04	12.5%	*	**5.0%	***
12	<u>T. 3 S., T. 9 E.</u> Sec. 33: S2	320.00	NM 93026 4-30-04	12.5%	*	**5.0%	***
13	<u>T. 4 S., R. 8 E.</u> Sec. 15: S2NE, SE	240.00	NM 93028 4-30-04	12.5%	*	**5.0%	***

Cat Head Mesa Unit

<u>Tract No.</u>	<u>Description</u>	<u>Acres</u>	<u>Lease No. and Expiration Date</u>	<u>Basic Royalty</u>	<u>Lessee of Record</u>	<u>Overriding Royalty</u>	<u>Working Interest</u>
14	<u>T. 4 S., R. 9 E.</u> Sec. 12: W2	320.00	NM 93029 3-31-04	12.5%	*	**5.0%	***
15	<u>T. 5 S., R. 9 E.</u> Sec. 3: S2, S2NW Sec. 4: SE, S2NE Sec. 9: E2 Sec. 10: All Sec. 11: N2	1,920.00	NM 97648 9-30-05	12.5%	*	**5.0%	***
<u>STATE LANDS</u>							
16	<u>T. 3 S., R. 8 E.</u> Sec. 36: S2	320.00	LH 4434 6-1-03	12.5%	*	**5.0%	***
17	<u>T. 3 S., R. 9 E.</u> Sec. 32: S2	320.00	LH 4437 6-1-03	12.5%	*	**5.0%	***
18	<u>T. 4 S., R. 8 E.</u> Sec. 1: Lots 1-4, S2, S2N2 (All)	640.24	LH 4439 6-1-03	12.5%	*	**5.0%	***
19	<u>T. 4 S., R. 8 E.</u> Sec. 2: Lots 1-4, S2, S2N2 (All)	640.52	LH 4440 6-1-03	12.5%	*	**5.0%	***
20	<u>T. 4 S., R. 8 E.</u> Sec. 25: All	640.00	LH 4442 6-1-03	12.5%	*	**5.0%	***
21	<u>T. 4 S., R. 8 E.</u> Sec. 36: E2	320.00	LH 4446 6-1-03	12.5%	*	**5.0%	***
22	<u>T. 4 S., R. 9 E.</u> Sec. 2: Lots 1-4, S2, S2N2 (All)	640.60	LH 4447 6-1-03	12.5%	*	**5.0%	***
23	<u>T. 4 S., R. 9 E.</u> Sec. 16: All	640.00	LH 4448 6-1-03	12.5%	*	**5.0%	***
24	<u>T. 4 S., R. 9 E.</u> Sec. 17: E2W2	160.00	LH 4449 6-1-03	12.5%	*	**5.0%	***

Cat Head Mesa Unit

Tract No.	Description	Acres	Lease No. and Expiration Date	Basic Royalty	Lessee of Record	Overriding Royalty	Working Interest
25	<u>T. 4 S., R. 9 E.</u> Sec. 32: All	640.00	LH 4450 6-1-03	12.5%	*	**5.0%	***
26	<u>T. 4 S., R. 9 E.</u> Sec. 34: S2SE	80.00	LH 4451 6-1-03	12.5%	*	**5.0%	***
27	<u>T. 4 S., R. 9 E.</u> Sec. 36: All	640.00	LH 5552 6-1-03	12.5%	*	**5.0%	***
28	<u>T. 5 S., R. 8 E.</u> Sec. 1: Lots 1,2, SE, S2NE	283.24	LH 4453 6-1-03	12.5%	*	**5.0%	***
29	<u>T. 5 S., R. 9 E.</u> Sec. 2: Lots 1-4, S2, S2N2 (All)	567.60	LH 4460 6-1-03	12.5%	*	**5.0%	***
<u>PATENTED LANDS</u>							
30	<u>T. 4 S., R. 8 E.</u> Sec. 14: N2N2 Sec. 15: N2NE <u>T. 5 S., R. 9 E.</u> Sec. 3: Lots 1-4, S2NE Sec. 4: Lots 1-4, S2NW, SW Sec. 5: Lots 1-4, S2, S2N2 (All) Sec. 6: Lots 1-7, SENW, E2SW, S2NE, SE (All) Sec. 7: Lots 1-4, E2, E2W2 (All) Sec. 8: All Sec. 9: W2	3,466.87	Harvey Mineral Trust 10-16-05	12.5%	*	**5.0%	***
31	<u>T. 4 S., R. 9 E.</u> Sec. 3: S2S2 Sec. 8: N2SE, E2SW Sec. 13: E2E2, W2NE Sec. 20: S2NE, E2NW Sec. 24: E2NE, NESE	840.00	11-20-05	****12.5%	*	**5.0%	***

* The Lessee of Record of all 31 Tracts in the unit area is Frizzell Exploration Company II

** Ownership of the 5.0% overriding royalty interest of all 31 Tracts in the unit area is as follows:

Bowerman Energy Company	0.065965	JHJ Exploration, Ltd.	0.671306
Bright & Company	0.060908	JMA Exploration, Ltd.	0.070963
Ben and Ruby Donegan	0.500000	MJR Investment Corporation	0.064851
E. S. Mayer & Sons, Ltd.	0.070963	Stephen D. & Nancy J. Nolan	0.250000
Frizzell Exploration Company II	0.895076	Saxon Oil Company	0.047314
Robert D. and Frances E. Gunn	0.671306	The Rudman Partnership	0.156120
Nelson Bunker Hunt	0.250000	Tejon Exploration Company	0.070963
Integras Resources, Inc.	0.250000	Tucker-Scully Interests, Ltd.	0.223769
Jacobs Exploration, Ltd.	0.171510	Warren, Inc.	0.258986

***Ownership of the 100.0% working interest of all 31 Tracts in the unit area is as follows:

Benson-Montin-Greer Drilling Corporation	4.773797
Ceja Corporation	12.787849
Bill Fenn	5.184734
McCabe Petroleum Corporation	58.291398
MJR Investment Corporation	10.000000
The Rudman Partnership	1.517848
Slash Four Enterprises, Inc.	1.577437
Tejon Exploration Company	3.566937
Warren, Inc.	2.300000

****The per cent ownership of the 12.5% Basic Royalty of Tract No. 31 is as follows:

Knollene Lovelace McDaniel	17.240830
Frances Alice Lovelace	15.518335
Roe Lovelace	9.481667
Judith Ann Lovelace	4.740834
Carole Lynn Lovelace Hutchinson	1.580278
Noel Holt Lovelace	1.580278
Dru Wynn Lovelace	1.580278
Joan Collinson Deming	15.518334
Jean Collinson Suggs	8.620415
Carl M. Johnson	8.620415
Gary M. Lovelace	8.620415

<u>SUMMARY</u>	
	<u>Per Cent of Unit Area</u>
<u>Acres</u>	
Federal Lands	70.97
State Lands	17.50
Patented Lands	11.53
Totals	----- 100.00

OPERATOR

Primer Operating, Inc.
Attn: J. Phelps White, IV
400 N. Pennsylvania
Roswell, NM 88201
(505) 622-1001
FAX 625-0227

NON-OPERATORS

Benson-Montin-Greer Drilling Corporation
Attn: Albert R. Greer
4900 College Blvd.
Farmington, NM 87402
(505) 326-8874
FAX 327-9207

Bill Fenn
111 North Atkinson
Roswell, NM 88201
(505) 627-5560
FAX 627-5561

McCabe Petroleum Corporation
Attn: Greg McCabe
500 W. Texas, Suite 1110
Midland, TX 79701
(915) 684-0018
FAX 684-0048

The Rudman Partnership
Attn: W.R. (Trey) Sibley III
1700 Pacific Avenue, Suite 4700
Dallas, TX 75201-4670
(214) 220-3900
FAX 220-3901

Tejon Exploration Company
Attn: Joseph E. Canon
400 Pine, Suite 900
Abilene, TX 79601
(915) 873-6429
FAX 673-2028

Ceja Corporation
Attn: Charles W. Wickstrom
6120 South Yale, Suite 1800
Tulsa, OK 74136-4234
(918) 496-0770
FAX 496-1925

JMA Oil Properties, Ltd.
Attn: James M. Alexander
155 Pine Street Alley
Abilene, TX 79601
(915) 677-1309
FAX 677-1399

MJR Investment Corporation
c/o Great Spirits Company LLC
Attn: Roseann Sessa
85-47 Eliot Ave.
Rego Park, NY 11374
(718) 533-7717
FAX 533-7610

Slash Four Enterprises, Inc.
Attn: J. Phelps White, IV
400 N. Pennsylvania
Roswell, NM 88201
(505) 622-1001
FAX 625-0227

Warren, Inc.
Attn: John M. Warren
3304 La Mancha Drive NW
Albuquerque, NM 87104
(505) 842-1046
FAX 842-1047

