

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



January 13, 2014

Primero Operating Inc
Attn: Mr. James Bruce

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-6991
Administrative Application Reference No. pPRG1313330080

Primero Operating Inc
OGRID 18100
Grover Well No. 1
API No. 30-041-20945

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
1930 FSL & 660 FEL	I	32	5S	33E	Roosevelt

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SE/4 of Section 32	160	Peterson;Fusselman, South	50358

Reference is made to your application received on May 7, 2013.

You initially drilled this well as an oil well location described above, in the referenced pool or formation. This was for a 40-acre proration unit. However, the well started producing gas such that it has, or will soon, exceed a GOR of 30,000, which will make it a gas well under the Division's general rules for associated pools.

As a result you applied administratively for a non-standard, 160-acre proration unit. This was granted for Administrative Order NSP-1967.

At the same time you applied for a NSL for this location. The Special Rules applicable to the Subject Pool provide that at a standard gas location, the well must not be closer than 660 feet

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to the nearest side boundary nor close than 1980 feet to the nearest end boundary of the spacing unit. This location is less than 1980 from a unit boundary.

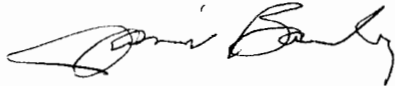
Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

We understand that the proposed non-standard location in conjunction with Administrative Order NSP-1967 is requested because the well started producing gas such that it has, or will soon, exceed a GOR of 30,000, which will make it a gas well under the Division's general rules for associated pools.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the well encroaches.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", written in a cursive style.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs