



Boyce Resource Development Co.

Grover #1  
30-041-20945  
NOSP-1967 May 28, 2013  
RECEIVED OGD  
2013 OCT 18 P 1:34

October 15, 2013

Jami Bailey  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Ms. Bailey,

Please refer to the attached letters, dated September 30, 2013, from James Bruce, Attorney at Law to you, and his letter also dated September 30, 2013, addressed to Albert G. Boyce, Jr. and Albert G. Boyce, Jr., Trustee of the Albert G. Boyce Trust.

On the behalf of Albert G. Boyce, Jr. and Albert G. Boyce, Jr., Trustee of the Albert G. Boyce Trust, I object to this application for an unorthodox gas well in the SE  $\frac{1}{4}$  of Section 32, T5S, R33E, N.M.P.M., Roosevelt County, New Mexico.

The south end line of the proposed gas pool (unit) would be 1980 feet from the well location, thus encroaching on Section 6, lots 1, 2, 3, and possibly Section 7, lots 1, 2, 3 of T6S, R34E, in which we own mineral interests. Therefore, we should be entitled to our percentage of Royalty revenue from this gas pool (unit). Also, the encroachment of the proposed gas pool (unit) could possibly inhibit the ability of us to lease the subject mineral interests in Section 6, lots 1, 2, 3, and Section 7 lots 1, 2, 3 of T6S, R34E, N.M.P.M., Roosevelt County, New Mexico.

Sincerely,

Albert G. Boyce, Jr.  
P.O. Box 1870  
Manteca, CA 95336  
(209) 239-4014

Enclosures

CC James Bruce  
Attorney at Law  
PO Box 1056  
Santa Fe, NM 87504

William J. Boyce Estate  
C/O Barry Warner  
601 North 39<sup>th</sup> Avenue  
Yakima, WA 98902

Happy Hill Northern Holdings  
C/O Barry Warner  
601 North 39<sup>th</sup> Avenue  
Yakima, WA 98902

William Q. Boyce, III  
2666 Crestview Drive  
Woodland, UT 84036

Michelle Tannehill Boyce Mayfield  
4055 Highway 61  
Carrolton Villa Rica Highway  
Villa Rica, GA 30180

John Tannehill  
PO Box 819  
Paso Robles, CA 93447

Lisle Tannehill  
2511 Garden Road, Suite A-180  
Monterey, CA 93940

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

September 30, 2013

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit 1

Ladies and gentlemen:

Primero Operating Inc. has filed an application with the New Mexico Oil Conservation Division seeking approval of an unorthodox gas well location, *etc.*, in the SE¼ of Section 32, Township 5 South, Range 33 East, N.M.P.M., Roosevelt County, New Mexico. A copy of the application is enclosed. You are an offset interest owner. If you object to the application, you must notify the Division in writing within 20 days (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,



James Bruce

Attorney for Primero Operating Inc.

EXHIBIT 1

Grover Family, LP  
P.O. Box 3666  
Midland, TX 79702

Nancy Chappell-Tobin, SSP  
1038 SW 20th Street  
Loveland, CO

80537

Albert G. Boyce, Jr., SSP  
3161 Nile Avenue  
Manteca, CA 95337

Spur Holdings, L.L.C.  
16803 E. Palomino Blvd.  
Fountain Hills, AZ 85268

William Quincy Boyce, III, SSP  
2666 Crestview Drive  
Woodland, Utah 84036

John Tannehill, SSP  
P.O. Box 819  
Paso Robles, CA 93447

Michelle Tannehill Boyce  
Mayfield, SSP  
4058 Highway 61  
Carrollton Villa Rica Highway  
Villa Rica, GA 30180 (1996)

Lisle Tannehill, SSP  
2511 Garden Road  
Suite A-180  
Monterey, CA 93940

Albert G. Boyce, Jr., as Trustee  
of The Albert G. Boyce Trust  
3151 Nile Avenue  
Manteca, CA 95337

Prism Energy, Inc.  
P.O. Box 190  
Glenpool, OK 74033

Mitchell Royalty, a Limited  
Partnership  
Route 2  
Box 10-A  
Haskell, OK 74436

Yates Brothers  
P.O. Box 1394  
Artesia, New Mexico 88211

Happy Hill Northern  
Holdings, L.L.C.  
Star Route 68  
Box 891  
Okanogan, Washington 98840

William J. Boyce, SSP  
P.O. Box 871  
Manteca, CA 95336 (1997)

O.D. Lambirth, Trustee of the  
O.D. and Mildred P. Lambirth  
Trust - Trust "B" - U/T/A dated  
September 27, 1989, as  
amended  
16803 E. Palomino Blvd.  
Fountain Hills, AZ 85268

**JAMES BRUCE  
ATTORNEY AT LAW**

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

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[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

September 30, 2013

Jami Bailey  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Ms. Bailey:

Pursuant to Division Rules 19.15.15.11 and NMAC 19.15.15.13, Primero Operating Inc. applies for approval of a non-standard gas spacing and proration unit and an unorthodox gas well location in the Pennsylvanian formation for the following well:

<u>Well:</u>	Grover Well No. 1
<u>Location:</u>	1930 feet FSL & 660 FEL
<u>Current well unit:</u>	NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township 5 South, Range 33 East, N.M.P.M., Roosevelt County, New Mexico
<u>Proposed well unit:</u>	SE $\frac{1}{4}$ of Section 32

The well was originally drilled to test the South Peterson-Fussleman Pool, but was plugged back and completed in the South Peterson-Pennsylvanian (Associated) Pool. Under Division Order No. R-5353-I, the South Peterson-Pennsylvanian (Associated) Pool is an associated pool under which spacing is 40 acres for an oil well (with statewide setbacks) and 320 acres for a gas well. Under the Division's general rules for associated pools, gas wells must be located no closer than 1980 feet to the end line nor closer than 660 feet to the side boundary of a well unit.

The reasons for the non-standard unit request are as follows:

1. The well, when originally completed, was an oil well with no gas production, and 40 acres was dedicated to the well. See Exhibit A, the write-up of John C. Maxey, applicant's engineering consultant. However, the well has started producing gas such that it has, or will soon, exceed a GOR of 30,000:1, which will make it a gas well under the Division's general rules for associated pools.

2. The proposed gas well unit, the SE¼ of Section 32, is comprised of a single fee tract, with common ownership (royalty, working, and overriding royalty interests). In addition, the working interest owners in the SE¼ of Section 32 paid the entire costs of drilling the well, and the equities in the well should not be changed.

3. The well is not prolific, so the offsetting quarter sections will not be adversely affected by the non-standard unit or unorthodox location.

Notice of this application has been given to the offset interest owners, and a copy of the notice letter is attached as **Exhibit B**.

Please contact me if you need any further information on this application.

Very truly yours,



James Bruce

Attorney for Primero Operating Inc.

Application for a Non-Standard Location

Grover #1

1930' FSL & 660' FEL

Sec 32 T5S R33E

Roosevelt Co., NM

South Peterson Pennsylvanian Associated Pool

The subject well was completed in the South Peterson Pennsylvanian Associated Pool as an oil well in February of 2012 with a test rate of 12 BOPD and gas TSTM. Over the next nine months the well started to produce quantities of gas and subsequently the well was hooked up to a gas sales line. In November of 2012 after connecting to the gas sales line, the well tested at a rate of 7.5 BOPD and 210 MCFD for a GOR of 28,000 CF/BO. The pool rules for associated oil and gas pools in Southeast New Mexico and the South Peterson Penn Associated rules state that producing wells with a GOR of less than 30,000 CF/BO will be classified as oil wells, and producing wells with a GOR of 30,000 CF/BO or more will be classified as gas. Based upon the November 2012 test, and the increasing GOR evidenced by the monthly production, the well will most likely be reclassified as gas on the next semiannual test scheduled for May 2013.

Location requirements for Southeast New Mexico under the Associated Oil and Gas Pools field rules state that any oil well on a standard 40 acre proration unit will be no closer than 330 feet to the boundary of the tract. As classified the subject well is at a standard location. Under the South Peterson field rules any gas well will be on a standard 320 acre spacing unit and the Associated Oil and Gas Pools field rules for Southeast New Mexico state that any gas well on a 320 acre proration unit will be no closer than 660 feet to the nearest side boundary nor closer than 1980 feet to the nearest end boundary of the spacing unit, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. Therefore when this well is reclassified as gas it will be at an unorthodox location by virtue of being 1930 feet from the south line rather than 1980 feet from the south line. Attached is the original C102 illustrating the current location of the subject well.

EXHIBIT A