

BEN DONEGAN
3224 CANDELARIA NE
ALBUQUERQUE, NEW MEXICO 87107

Phone 505 884-2780
Fax 505 888-2621

RECEIVED
MAY 18 2005
OIL CONSERVATION
DIVISION

May 14, 2005

Attention: Armando A. Lopez
Bureau of Land Management
2909 West Second Street
Roswell, NM 88021

Attention: Roy Johnson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87503

Re: Request for extension of time to commence the drilling
of the Primero Operating, Inc. No. 3 CHMU well.

Gentlemen:

The 2004-2005 Plan of Development and Operation of the Cat Head Mesa Unit Area, Socorro County, New Mexico provides that the drilling of the Primero Operating, Inc. No. 3 CHMU well be commenced prior to April 1, 2005. In response to our letter of March 1, 2005 each of you extended the time to commence the No. 3 CHMU well to July 1, 2005. The Commissioner of Public Lands at the same time extended the time to commence the No. 3 CHMU well to October 1, 2005. A copy of the letter from the Commissioner of Public Lands is enclosed. Since we have been unable to date to contract a rig to drill this well, it is unlikely that we will be able to commence the drilling of the No. 3 CHMU well by July 1, 2005. Therefore, in accordance with the provisions of Section 25. UNAVOIDABLE DELAY of the Unit Agreement, we now request an extension of the time to commence the No. 3 CHMU well to October 1, 2005 to conform with the extension date previously granted by the Commissioner of Public Lands.

If you approve, please so indicate in the spaces provided below and return a copy of this letter to us.

Very truly yours,

Primero Operating, Inc.

By: Ben Donegan
Ben Donegan, Agent

We approve the extension of time to commence the drilling of the Primero Operating, Inc. No. 3 CHMU well to October 1, 2005 as described above:

Bureau of Land Management

New Mexico Oil Conservation Division

By: _____

By: Roy Johnson

Date: _____

Date: 5/18/05



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

March 17, 2005

Primero Operating, Inc.
P. O. Box 1433
Roswell, New Mexico 88202

Attn: Mr. Phelps White

Re: Cat Head Mesa Unit
Request for Extension
Cat Head Mesa Unit Well No. 3
Socorro County, New Mexico

Dear Mr. White:

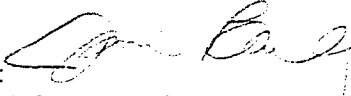
We are in receipt of your letter of March 11, 2005. In your letter, you have requested an extension of time in which to commence the drilling of the Cat Head Mesa Unit Well No. 3.

The Commissioner of Public Lands hereby grants you an extension to October 1, 2005 to commence the drilling of the above-mentioned well pursuant to your 2005 plan of development. This action is subject to like concurrence by the Bureau of Land Management and the New Mexico Oil Conservation Division.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

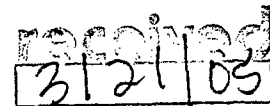
Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File,
BLM Roswell-Attn.: Mr. Armando Lopez
OCD-Attn.: Mr. Roy Johnson



-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University