

**BEN DONEGAN
3224 CANDELARIA NE
ALBUQUERQUE, NEW MEXICO 87107**

**Phone 505 884-2780
Fax 505 888-2621**

Via Federal Express

September 6, 2005

Attention: Armando A. Lopez
Bureau of Land Management
2909 West Second Street
Roswell, NM 88201

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

Attention: Pete Martinez
Commissioner of Public Lands
Oil, Gas and Mineral Division
New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501-2708

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, provides that the drilling of the Primero Operating, Inc. No. 3 CHMU well be commenced prior to April 1, 2005. Each of you extended the time to October 1, 2005. We were constructing the road and location for the No. 3 CHMU well and had a United Drilling Company, Inc. rig contracted and ready to move in and commence the drilling of the well in June 2005, when the BLM office in Socorro unexpectedly shut us down for further review of our proposed ROW for our well and delayed their final approval of our original ROW until after we had lost the United rig to another operator. United has assured us that their rig will be available again to drill our well on its way back from Utah, but it is unlikely now that we will have their rig in time to commence the drilling of the well before October 1, 2005. Meanwhile, we are continuing to search for an alternate drilling rig without success. Therefore, in accordance with the provisions of

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Request for extension
September 6, 2005

Section 25. UNAVOIDABLE DELAY. of the Unit Agreement, we now request an extension of the time to commence the No. 3 CHMU well to April 1, 2006.

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 April 1, 2006 as described above:

Bureau of Land Management

New Mexico Oil, Gas and Mineral Division

By: _____ By: _____

Date: _____ Date: _____

New Mexico Oil Conservation Division

By: R. E. Johnson

Date: 9/7/05



2005 SEP 13 PM 12 36
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

PATRICK H. LYONS
 COMMISSIONER

September 12, 2005

Mr. Ben Donegan
 3224 Candelaria NE
 Albuquerque, New Mexico 87107

Re: Cat Head Mesa Unit Well No. 3
 Drilling Extension to April 1, 2006
 Socorro County, New Mexico

Dear Mr. Donegan:

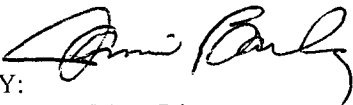
We are in receipt of your letter of September 6, 2005. In your letter, you have requested an extension of time in which to drill the Cat Head Mesa Unit Well No. 3.

The Commissioner of Public Lands hereby grants you an extension to April 1, 2006 to commence the drilling of the Cat Head Mesa Unit Well No. 3. 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
~~CDC-Attn.: Mr. Roy Johnson~~

-State Land Office Beneficiaries -

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