

**PRIMERO**  
OPERATING, INC.

POST OFFICE BOX 1433  
ROSWELL, NEW MEXICO 88202  
(505) 622-1001 FAX (505) 625-0227

December 22, 1997

[ADDRESSEE]

Re: Proposal to re-enter the Kennedy and Mitchell, Inc.  
Tilley #758-3 Well  
330 FSL & 1815 FWL  
Section 26, T16S-R35E, NMPM  
Lea County, New Mexico

Dear Mr. & Mrs. Kennedy:

Primero Operating, Inc. of Roswell, New Mexico hereby proposes to re-enter and recomplete the subject well between the depths of 10,667' and 12,658'. Specifically we propose to attempt completion in the Atoka Sand from 11,430' to 11,492'. We anticipate that this well will require a 320 acre spacing unit covering the S/2, Section 26, T16S-R35E, NMPM in accordance with the rules and regulations of the New Mexico Oil Conservation Division. Gross working ownership of the SW/4, and the SE/4, Section 26 are enclosed for your review and consideration. We also enclose an ownership breakdown which reflects the weighted ownership under a 320 acre S/2, Section 26 proration spacing unit. We have enclosed our AFE for your consideration in this regard.

If it is not your intention to participate in the proposed re-entry, then please contact the undersigned and Primero Operating, Inc. will endeavor to negotiate a purchase price to buy or to farmout your interest in the subject acreage. If you do not want to join and we can not negotiate either a reasonable purchase nor a farmout covering your interest, then in such event we shall initiate a compulsory pooling action against your interest before the New Mexico Oil Conservation Division.

If you plan on participating in the proposed re-entry then in such event, we shall forward to you a 1982 AAPL model form joint operating agreement covering only the depths from 10,667' to 12,658'.

If you should have any questions regarding this matter, please contact me at the above phone number.

Yours truly,

PRIMERO OPERATING, INC.

F. Andrew Grooms  
Vice President/Land

FAG/tl  
Enclosures

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 11922 Exhibit No. — 4  
Submitted By:  
Primero Operating  
Hearing Date: February 5, 1998

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**Authority For Expenditure**

Re-entry of Tilley 758 #3  
Atoka Test

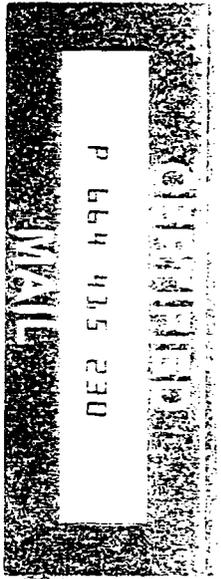
22-Dec-97

	Drill out and test Atoka	Atoka Completion
INTANGIBLE DRILLING COSTS		
Title	10000	
210 Completion Unit	15,000	0
240 Reverse Unit 6 days	9,500	0
291 Completion Tools: cmt rtnr. rental packer, rbp	3,050	
Cementing	4,500	
250 Stimulation, acid	5,000	0
254 Roustabouts. Contract Labor	0	1,500
270 Logging and Perforating	3,200	0
275 Location, Road, Anchors, Etc. bury pits	1,200	800
280 Completion Fluids	1,200	0
290 Supervision & Expenses. Completion	2,500	300
Electric Hookup		0
299 Completion Contengencies and tax. 15%	8,273	390
Total Intangible Well Costs	\$63,422.50	\$2,990.00
TANGIBLE DRILLING AND COMPLETION COST		
325 Tubing 11,000' 2 7/8' N	24,750	0
4500' 5 1/2" casing @ 5.5	24,750	
331 Casing & Tubing Heads, Xmas Tree	1,500	1,000
335 Flowline	0	500
340 Tanks	0	4,000
347 Separator	0	5,000
Production Packer	0	3,500
350 Pumping Unit and Motor	0	0
355 Valves, Connections, Etc.	0	1,000
360 Rods & Pump	0	0
399 Other misc. expenses 10%	5,100	1,500
Total Tangible Well Costs	\$56,100.00	\$16,500.00
TOTAL DRILLING AND COMPLETION COSTS	\$119,522.50	\$19,490.00
TOTAL ESTIMATED COMPLETED WELL COST	<b><u>\$139,012.50</u></b>	

APPROVAL FOR: \_\_\_\_\_

BY: \_\_\_\_\_, TITLE: \_\_\_\_\_

Date: \_\_\_\_\_, Interest: \_\_\_\_\_



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JAN - 3 AM.

John L. Hern  
13611 Taylorcrest  
Houston, TX 77979

1499

ILLEGIBLE

AOK  
221

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OPERATING, INC.

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ROSWELL, NEW MEXICO 88202  
(505) 622-1001

Pelham, Inc.  
1000 Louisiana, Suite 3350  
Houston, Texas 77002

Primer  
No such  
Ca not

MAIL

Postnet

8000  
5777  
MAILED FROM ZIP CODE

JAN - 3 AM

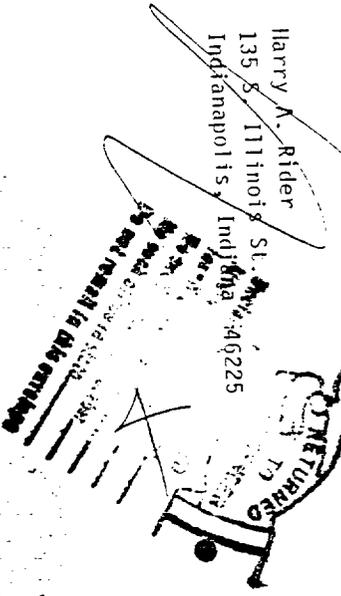
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WJ JUN 02 AM

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ROSWELL, NEW MEXICO 88202  
(505) 622-1001

Harry A. Rider  
135 S. Illinois St.  
Indianapolis, Indiana 46225



*[Handwritten signature]*  
6/2/02

MAIL

2003 ST. 311

5776

MAILED FROM ZIP CODE 88202

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Harold T. Wright  
13514 Pinerock  
Houston, TX 77079

4a. Article Number

P 664 415 225

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

12-29

5. Signature (Addressee)

6. Signature (Agent)

*[Handwritten Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991

U.S. GPO: 1992-323-002

**DOMESTIC RETURN RECEIPT**

*Titled 758-3 with re-entry proposal dated 12-28-97*

Thank you for using Return Receipt Service

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Gary D. Webb  
3223 Smith, #306  
Houston, Texas 77006

4a. Article Number

P 664 415 221

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

DEC 23 1991

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form 3811, December 1991 \*U.S. GPO: 1992-323-402

DOMESTIC RETURN RECEIPT

Tilley #758-3 well re-entry proposal dated 12-22-97

Thank you for using Return Receipt Service.