

Primero Operating

Location: Lea County, NM
Field: (Garrett) Sec 30, T16S, R38E
Facility: Garrett No.1

Slot: No.1 SHL
Well: No.1
Wellbore: No.1 PWB



Well Profile Data

Design Comment	MD (ft)	Inc (°)	Az (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (°/100ft)	VS (ft)
Tie On	0.00	0.000	222.000	0.00	403.89	222.94	0.00	0.00
Est KOP	9500.00	0.000	222.000	9500.00	403.89	222.94	0.00	0.00
EOB	10500.00	30.000	222.000	10454.93	213.74	51.73	3.00	172.62
Hold	10600.00	30.000	222.000	10541.53	176.58	18.27	0.00	206.36
EOB	11639.09	45.180	143.993	11406.38	-343.89	63.65	4.51	728.78
Hold	11642.32	45.180	143.993	11408.66	-345.75	65.00	0.00	730.75
Drop to Vertical	12855.54	0.000	143.993	12500.00	-713.06	331.93	3.72	1122.25
Devonian Target	13055.54	0.000	143.993	12700.00	-713.06	331.93	0.00	1122.25

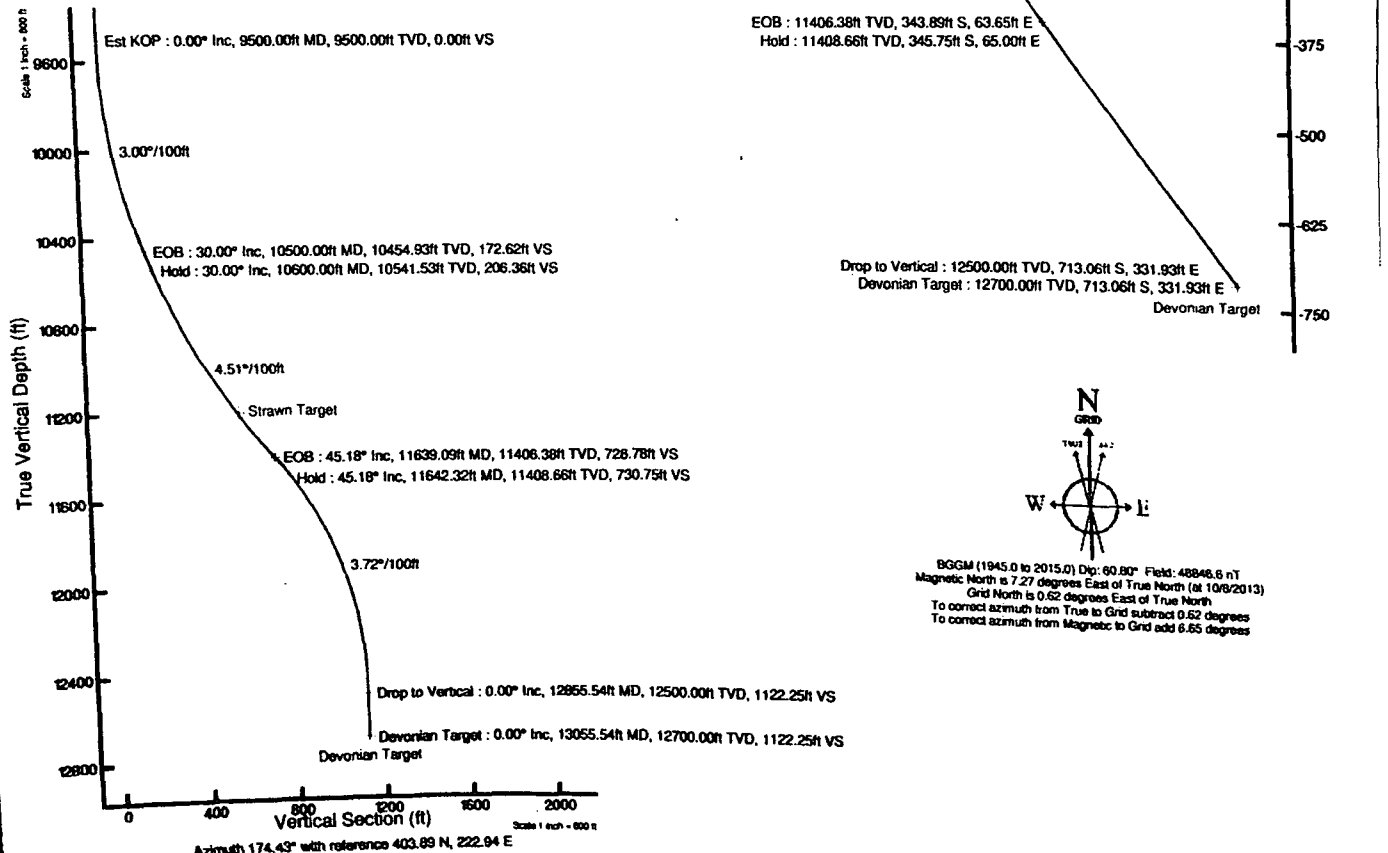
Scale 1 inch = 250 ft
Easting (ft)
-125 0 125 250 375 500

No.1 SHL
Est KOP : 9500.00ft TVD, 403.89ft N, 222.94ft E

EOB : 10454.93ft TVD, 213.74ft N, 51.73ft E
Hold : 10541.53ft TVD, 176.58ft N, 18.27ft E

Plot reference wellpath is Rev-D.0

True vertical depths are referenced to Rig on No.1 SHL (RT)	Grid System: NAD27 / TM New Mexico SP, Eastern Zone (3001), US feet
Measured depths are referenced to Rig on No.1 SHL (RT)	North Reference: Grid north
Rig on No.1 SHL (RT) to Mean Sea Level: 0 feet	Scale: True distance
Mean Sea Level to Mud line (At Slot: No.1 SHL): 0 feet	Depths are in feet
Coordinates are in feet referenced to Facility Center	Created by: gentry on 10/6/2013



Rev-D.0

NOV 20 2013

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



HOBBS OCD

NOV 13 2013

ADMINISTRATIVE APPLICATION CHECKLIST

RECEIVED

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☒ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

David Catanach
 Print or Type Name

David Catanach
 Signature

Agent for Primero Operating, Inc.
 Title

11/8/13
 Date

drcatanach@netscape.com
 E-Mail Address

November 8, 2013

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

HOBBS OCD

Attention: Ms. Jami Bailey, CPG
Division Director

NOV 13 2013

RECEIVED

Re: Application for Unorthodox Well Location
Garrett Well No. 1
API No. (N/A)
Surface Location: 1633.6' FSL & 1575.6' FEL (Unit J)
Strawn BHL: 1035.7' FSL & 1809.8' FEL (Unit O)
Devonian BHL: 622.4' FSL & 1473.6' FEL (Unit O)
All in Section 30, T-16 South, R-38 East, NMPM,
Lea County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Primero Operating, Inc. ("Primero") respectfully requests administrative approval of an unorthodox oil well location for its proposed Garrett Well No. 1. This well will be drilled as a development oil well in the Shipp-Strawn Pool (55695) and West Garrett-Devonian Pool (27110).

In the Strawn formation, the Garrett No. 1 will be dedicated to a standard 80-acre spacing and proration unit comprising the W/2 SE/4 of Section 30. There are currently no other Strawn producing wells within this proposed spacing unit.

In the Devonian formation, the Garrett No. 1 will be dedicated to a standard 40-acre spacing and proration unit comprising the SW/4 SE/4 of Section 30. There are currently no other Devonian producing wells within this proposed spacing unit.

Due to agricultural operations in this area, it is necessary to directionally drill the Garrett No. 1. The well will be directionally drilled from a surface location 1633.6 feet from the South line and 1575.6 feet from the East line of Section 30 in a southwesterly direction to encounter the Strawn formation at a true vertical depth of approximately 11,200 feet at an unorthodox bottomhole location 1035.7 feet from the South line and 1809.8 feet from the East line of Section 30. The well will then be drilled in a southeasterly direction to encounter the Devonian formation at a true vertical depth of approximately 12,700 feet at an unorthodox bottomhole location 622.4 feet from the South line and 1473.6 feet from the East line of Section 30 (**See attached drilling plan**).

The West Garrett-Devonian Pool is currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit.

The Shipp-Strawn Pool is currently governed by "The Special Rules and Regulations for the Shipp-Strawn Pool" as established by Division Order No. R-8062, as amended, dated January 21, 1986. These rules require standard 80-acre spacing and proration units comprising the N/2, S/2, E/2 or W/2 of a governmental quarter-section with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

The proposed unorthodox bottomhole locations in the Strawn and Devonian formations are necessary in order to penetrate these intervals at geologically favorable locations. As a result, a well drilled to the proposed unorthodox bottomhole locations will maximize the recovery of oil and gas from the Strawn and Devonian formations underlying the W/2 SE/4 and SW/4 SE/4, respectively, of Section 30.

The affected offset acreage in the Strawn formation is the E/2 SE/4 of Section 30. The affected offset acreage in the Devonian formation is the SE/4 SE/4 of Section 30. Please note that the interest ownership within the SE/4 of Section 30 is common throughout, consequently, notice of this application is not required to be provided to any party.

Attached are Form C-102's for the Shipp-Strawn and West Garrett-Devonian Pools showing the proposed surface and bottomhole locations and spacing units

In summary, approval of the application will provide Primero Operating, Inc. the opportunity to recover additional oil and gas reserves from the Shipp-Strawn and West Garrett-Devonian Pools underlying the W/2 SE/4 and SW/4 SE/4, respectively, of Section 30 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



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

Xc: OCD-Hobbs

DISTRICT I
1625 N French Dr., Hobbs, NM 88240
Phone (505) 393-6161 Fax (505) 393-0720

DISTRICT II
811 S First St., Artesia, NM 88200
Phone (505) 748-1283 Fax (505) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Received
10/31/13

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 55695	Pool Name Shipp-Strawn
Property Code	Property Name GARRETT	Well Number 1
GRID No 18100	Operator Name PRIMERO OPERATING, INC.	Elevation 3746'

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North-South line	Feet from the	East-West line	County
J	30	16-S	38-E		1633.6	SOUTH	1575.6	EAST	LEA

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North-South line	Feet from the	East-West line	County
O	30	16-S	38-E		1035.7	SOUTH	1809.8	EAST	LEA

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North-South line	Feet from the	East-West line	County
O	30	16-S	38-E		622.4	SOUTH	1473.6	EAST	LEA

Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>CORNER COORDINATES TABLE</p> <p>A - Y=693015.0 N, X=849583.4 E B - Y=69305.33 N, X=854724.1 E C - Y=687779.7 N, X=854766.8 E D - Y=687730.5 N, X=849596.1 E E - Y=690395.3 N, X=852105.8 E F - Y=690408.8 N, X=853427.0 E G - Y=690422.4 N, X=854748.3 E H - Y=689101.1 N, X=854757.5 E I - Y=687767.2 N, X=853447.0 E J - Y=687754.6 N, X=852127.2 E K - Y=689074.9 N, X=852116.5 E L - Y=689088.0 N, X=853437.0 E</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=689397.9 N X=853180.0 E LAT.=32.889941° N LONG.=103.182804° W</p> <p>BOTTOM HOLE #1 Y=688798.0 N X=852950.0 E GRID AZ.=200°58'33" HORIZ. DIST.=642.6'</p> <p>BOTTOM HOLE #2 Y=688388.0 N X=853289.0 E</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 22, 2013</p> <p>Date of Survey _____</p> <p>Signature of Registered Professional Surveyor _____</p> <p>RONALD J. EDSON NEW MEXICO 3639</p> <p><i>Ronald J. Edson</i> 10/30/2013</p> <p>certified 2/1/2013 by J. Edson 12641 10/1/2013 by J. Edson 12349</p> <p>ACK JWS M.O. 11/1/1017</p>
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Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
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Santa Fe, New Mexico 87505

received
10/31/13

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	27110	West Garret-Devonian
Property Code	Property Name	Well Number
	GARRETT	1
UGRID No	Operator Name	Elevation
18100	PRIMERO OPERATING, INC.	3746'

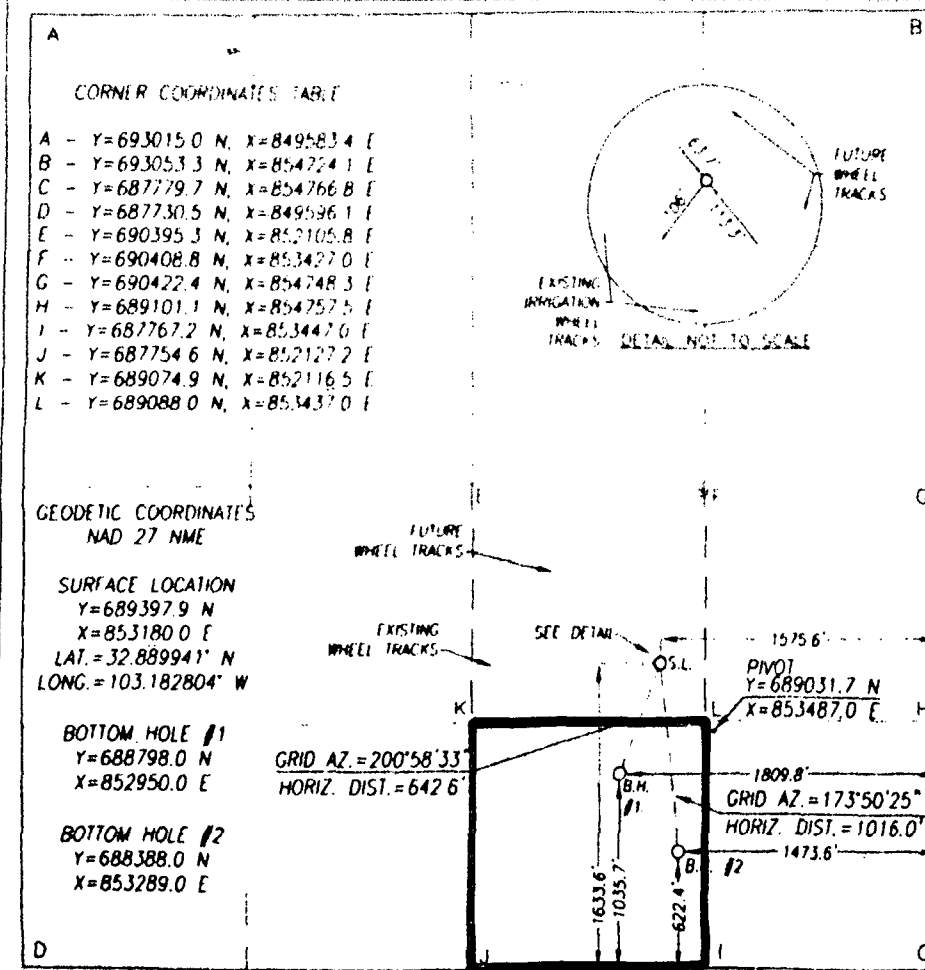
Surface Location									
UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North South line	Feet from the	East West line	County
J	30	16-S	38-E		1633.6	SOUTH	1575.6	EAST	LEA

Bottom Hole #1 Location If Different From Surface									
UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North South line	Feet from the	East West line	County
O	30	16-S	38-E		1035.7	SOUTH	1809.8	EAST	LEA

Bottom Hole #2 Location If Different From Surface									
UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North South line	Feet from the	East West line	County
O	30	16-S	38-E		622.4	SOUTH	1473.6	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No
40			

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OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 22, 2013

Date of Survey _____

Signature of Registered Professional Surveyor _____

RONALD EIDSON
NEW MEXICO
3239
Surveyor

Ronald Eidson 10/23/2013

12641
3239
ACK

Primero Operating

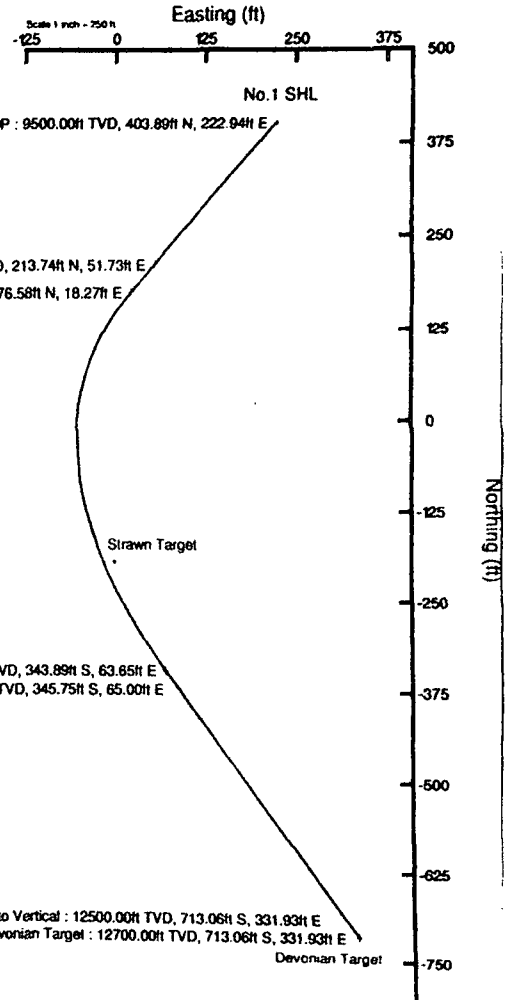
Location: Lea County, NM
Field: (Garrett) Sec 30, T16S, R38E
Facility: Garrett No.1

Slot: No.1 SHL
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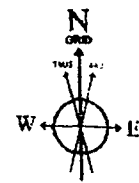
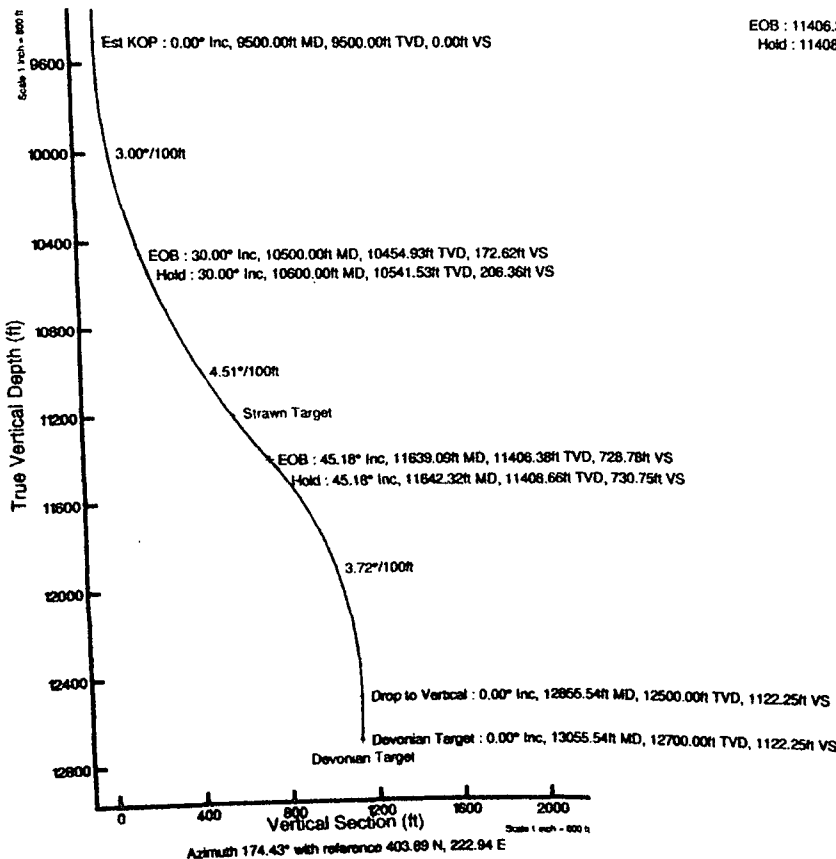


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Mean Sea Level to Mud line (At Slot No.1 SHL): 0 feet	Depths are in feet
Coordinates are in feet referenced to Facility Center	Created by: genitry on 10/8/2013



BGGM (1945.0 to 2015.0) Dip: 80.80° Field: 48946.6 nT
Magnetic North is 7.27 degrees East of True North (at 10/8/2013)
Grid North is 0.62 degrees East of True North
To correct azimuth from True to Grid subtract 0.62 degrees
To correct azimuth from Magnetic to Grid add 6.65 degrees