

11/20/06 DATE IN	12/11/06 SUSPENSE	DAVID DETHMACH ENGINEER	11/21/06 LOGGED IN	CTB TYPE	APP NO. 8-TDS0632559238
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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



566

ADMINISTRATIVE APPLICATION CHECKLIST

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.

Lisa Hunt
 Print or Type Name

Lisa Hunt
 Signature

Regulatory Analyst
 Title

11/17/06
 Date

huntl@pogoproducing.com
 e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Latigo Petroleum, Inc.

OPERATOR ADDRESS: P.O. Box 10340 Midland, TX 79702-7340

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If #Yes#, please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If #yes#, describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. <u>Indian Basin; Upper Penn Assoc.</u>
(2) Is all production from same source of supply? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
(3) Has all interest owners been notified by certified mail of the proposed commingling? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
(4) Measurement type: <input checked="" type="checkbox"/> Metering <input type="checkbox"/> Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? <input type="checkbox"/> Yes <input type="checkbox"/> No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Lisa Hunt TITLE: Regulatory Analyst

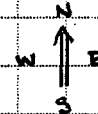
DATE: 11/17/2006

TYPE OR PRINT NAME Lisa Hunt

TELEPHONE NO.: (432)685-8229

E-MAIL ADDRESS: huntl@pogoproducing.com

ARTESIA



INTERSECTION OF 137 + 285 (11 NW OF CARLSBAD)

285

CARLSBAD

137 (QUEEN ROAD)

6.4 MI

X ROCK HOUSE WATER STATION
LOW WATER CROSSING

5.7 MI. 9 CATTLE GUARD TO LOCATION

36.1

36.2

-25

TWO MARKS STATE 36.1

UNIT 'M' SEC. 36 T21S R24E

660' FSL / TWO' FWL

30.015.33622

TWO MARKS 36 STATE 2

UNIT 'N' SEC. 36 T21S R24E

660' FSL / 1280' FWL

30.015.33744

2080

N
W ↑ E
S

36.1

PERMIAN FAB 654 GAS
30 x 10' 900 WP
2 PH SEP.
(SN 3437.1)

48 x 15' HORIZ. FWKO PERMIAN FAB
900 WP

ENERTECH
4 x 20' HT. TREAT
75" WP
(SN 5731)

WTR DISCHARGE

CIRC PUMP w/ GAS ENGINE

MODEL SP-300 WHEATLEY QUINTA-PLEX
(SN 18760) 3 1/2" STROKE
75 HP / 1180 RPM MARATHON
405T FRAME

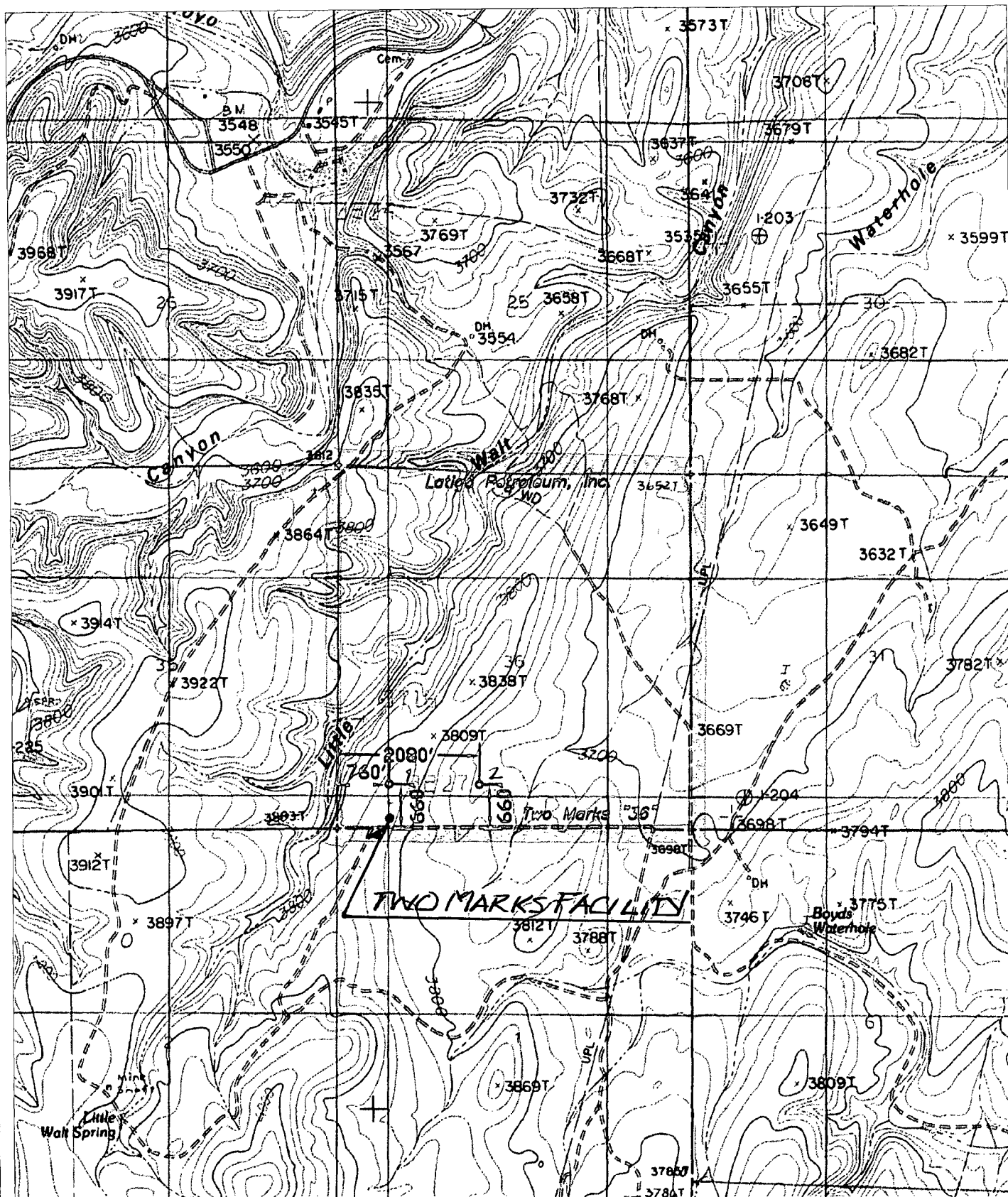
WTR
SUCTION

500 STEEL
WATER TANKS

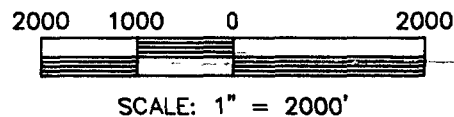
500 STEEL
OIL TANKS

SUNOCO X
(TRANSPORTER)

TO DISPOSAL



LEASE OUTLINE - YELLOW



LATIGO PETROLEUM, INC.
TWO MARKS 36 STATE
WELL NO. 2
660' FSL, 2080 FWL
T-21-S, R-24-E,
EDDY COUNTY, NEW MEXICO

BRP ENTERPRISES, INC.
(BRUCE R. PENNELL)

P.O. BOX 51622, MIDLAND, TEXAS 79710

VOICE: (432) 570-6256 FAX: (432) 682-3262 MOBILE: (432) 528-1027

DATA FILE 21S-24-E.GPS

Date: 10/25/2004


CREW: Marcus Hostas

CAD FILE: TWO MARKS TOPO-2

DRAWN BY: Marcus H.

**Latigo Petroleum, Inc.
Two Marks 36 State #1 & #2
Pool Code #33685
Property Code #34291
Eddy County, NM**

A letter was mailed Certified – RRR on November 17, 2006, giving notice of application to surface commingle to the following list.



Lisa Hunt
Regulatory Analyst

Notification List

The Allar Company.
P.O. Box 1567
Graham, TX 76450

Chevron Midcontinent, LP
Attn: Robert Nunmaker
77777 S. Wilcrest
Houston, TX 77099-4310

Twin Montana, Inc.
P.O. Box 1210
Graham, TX 76450

Talus, Inc.
P.O. Box 1210
Graham, TX 76450

John Thoma
P.O. Box 959
Graham, TX 76450

Limpinbear Family
c/o Chuck Farmer
200 N. Loraine, Ste. 1300
Midland, TX 79701-4779

Morse Family
410 17th Street, Ste. 1150
Denver, CO 80202

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

Latigo Petroleum Texas, LP
P.O. Box 10340
Midland, TX 79702



300 North Marienfeld, Suite 600 • Midland, Texas 79701 • P.O. Box 10340 • Midland, Texas 79702-7340 • 432-685-8100 • Fax 432-685-8151

November 17, 2006

The Allar Company
P.O. Box 1567
Graham, TX 76450

Re: Surface Commingling Application
Two Marks 36 State #1 & 2
Indian Basin; Upper Penn Assoc Pool
Pool Code #33685
Property Code #34291
Eddy County, NM

To Whom It May Concern:

Latigo Petroleum Inc. submitted an application to the State of New Mexico - Oil Conservation Division requesting approval to surface commingle the Two Marks 36 State #1 & #2 wells.

In compliance with the requirements, you are being provided notice of the surface commingling. Attached is a copy of the C107B application paperwork. If you have any objections, please contact the Oil Conservation Division.

If any questions arise concerning this matter, please contact me at 432 685-8229.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Hunt".

Lisa Hunt
Regulatory Analyst

Attachments

Cc: OCD – Santa Fe



300 North Marienfeld, Suite 600 • Midland, Texas 79701 • P.O. Box 10340 • Midland, Texas 79702-7340 • 432-685-8100 • Fax 432-685-8151

November 17, 2006

Chevron Midcontinent, LP
Attn: Robert Nunmaker
NOJV Manager
77777 S. Wilcrest
Houston, TX 77099-4310

Re: Surface Commingling Application
Two Marks 36 State #1 & 2
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300 North Marienfeld, Suite 600 • Midland, Texas 79701 • P.O. Box 10340 • Midland, Texas 79702-7340 • 432-685-8100 • Fax 432-685-8151

November 17, 2006

Twin Montana, Inc.
P.O. Box 1210
Graham, TX 76450

Re: Surface Commingling Application
Two Marks 36 State #1 & 2
Indian Basin; Upper Penn Assoc Pool
Pool Code #33685
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November 17, 2006

Talus, Inc.
P.O. Box 1210
Graham, TX 76450

Re: Surface Commingling Application
Two Marks 36 State #1 & 2
Indian Basin; Upper Penn Assoc Pool
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300 North Marienfeld, Suite 600 • Midland, Texas 79701 • P.O. Box 10340 • Midland, Texas 79702-7340 • 432-685-8100 • Fax 432-685-8151

November 17, 2006

John Thoma
P.O. Box 959
Graham, TX 76450

Re: Surface Commingling Application
Two Marks 36 State #1 & 2
Indian Basin; Upper Penn Assoc Pool
Pool Code #33685
Property Code #34291
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November 17, 2006

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c/o Chuck Farmer
200 N. Lorraine, Ste. 1300
Midland, TX 79701-4779

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300 North Marienfeld, Suite 600 • Midland, Texas 79701 • P.O. Box 10340 • Midland, Texas 79702-7340 • 432-685-8100 • Fax 432-685-8151

November 17, 2006

Morse Family
410 17th Street, Ste. 1150
Denver, CO 80202

Re: Surface Commingling Application
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Indian Basin; Upper Penn Assoc Pool
Pool Code #33685
Property Code #34291
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300 North Marienfeld, Suite 600 • Midland, Texas 79701 • P.O. Box 10340 • Midland, Texas 79702-7340 • 432-685-8100 • Fax 432-685-8151

November 17, 2006

New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Surface Commingling Application
Two Marks 36 State #1 & 2
Indian Basin; Upper Penn Assoc Pool
Pool Code #33685
Property Code #34291
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Regulatory Analyst

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300 North Marienfeld, Suite 600 • Midland, Texas 79701 • P.O. Box 10340 • Midland, Texas 79702-7340 • 432-685-8100 • Fax 432-685-8151

November 17, 2006

Latigo Petroleum, Inc.
P.O. Box 10340
Midland, TX 79702

Re: Surface Commingling Application
Two Marks 36 State #1 & 2
Indian Basin; Upper Penn Assoc Pool
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Property Code #34291
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Lisa Hunt
Regulatory Analyst

Attachments

Cc: OCD – Santa Fe

 Attachments can contain viruses that may harm your computer. Attachments may not display correctly.

Catanach, David, EMNRD

From: Hunt, Lisa [HuntL@PogoProducing.com] **Sent:** Thu 1/4/2007 9:36 AM
To: Catanach, David, EMNRD
Cc:
Subject: RE: Surface Commingling
Attachments:  Two Marks Area Gas Commingle Drawing.bmp(144KB)

David,

Attached is a drawing of the Two Marks area that you requested. Please call if you need any other information.

Thanks again,

Lisa Hunt

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Monday, December 11, 2006 10:09 AM
To: Hunt, Lisa
Subject: Surface Commingling

Hi Lisa,

I am currently reviewing your application to surface commingle Indian Basin-Upper Penn Pool production from the Two Marks State "36" No. 1 and Two Marks "36" State Well No. 2. Could you please provide the additional information below:

A schematic diagram of the commingled facility that clearly shows how production from each of the wells is to be treated, measured, stored, etc.

If gas is to be commingled, show the location of the gas sales meter.

Please identify the state leases within the W/2 of Section 36, including lease numbers, and verify that the interest ownership between these two wells is not common.

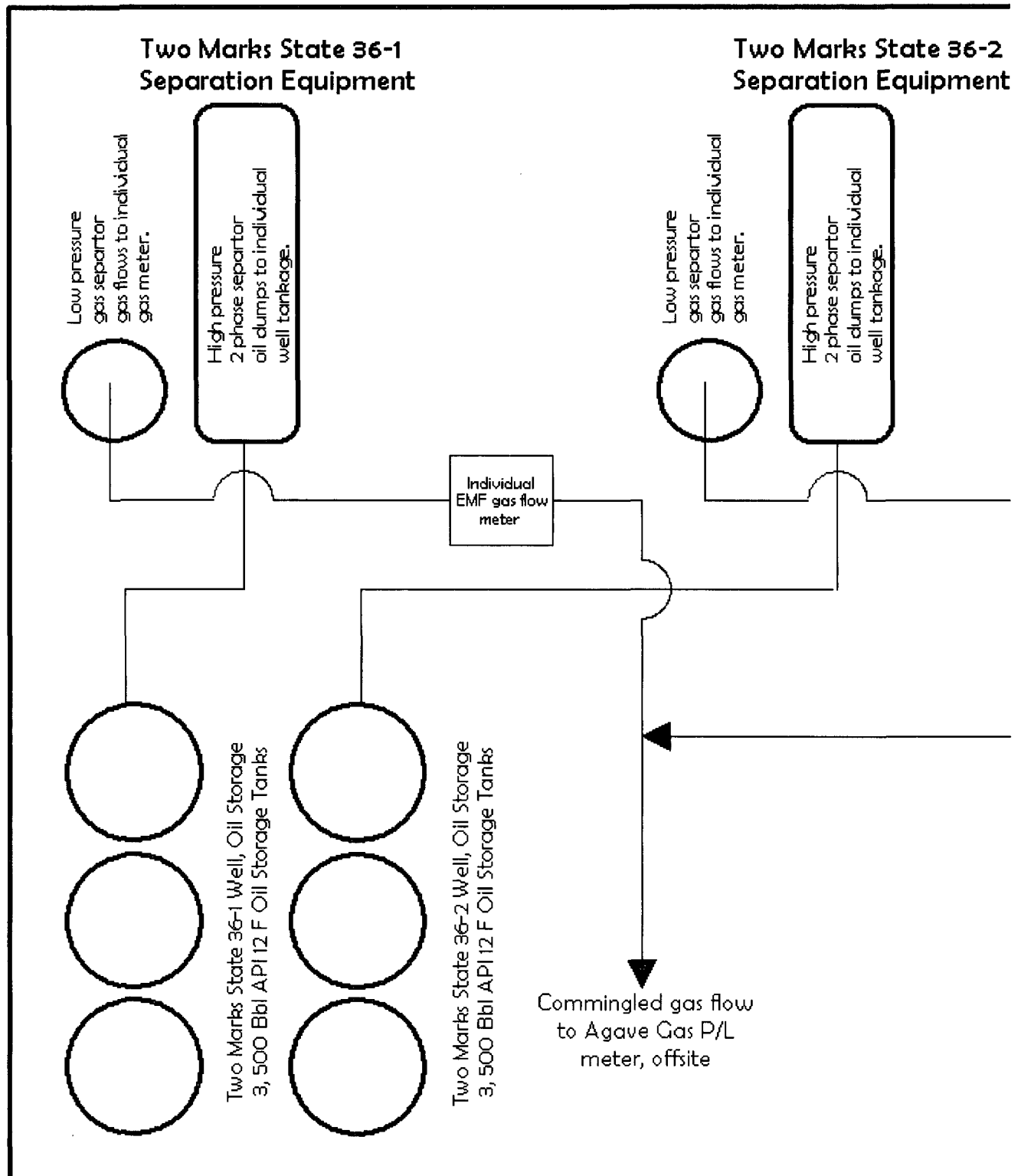
If you have any questions, E-mail or phone me at (505) 476-3466.

Thanks,

David Catanach

Engineer

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Catanach, David, EMNRD

From: Hunt, Lisa [HuntL@PogoProducing.com]
Sent: Thursday, January 11, 2007 8:21 AM
To: Catanach, David, EMNRD
Subject: RE: Surface Commingling

David,
Here you go:

<u>Latigo Lease #</u>	<u>State of NM #</u>	<u>Description</u>
1762	VO-5731	N/2 of Section 36
1763	VO-5732	S/2 of Section 36

I'm going to call you regarding interest ownership. I'm not sure I understand what you are wanting.

Thanks,
Lisa

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Wednesday, January 10, 2007 2:15 PM
To: Hunt, Lisa
Subject: RE: Surface Commingling

Lisa,

Could you provide me with the state lease number(s) for all of the tracts within the W/2 of Section 36. Also, is the interest ownership between the two wells different?

David

From: Hunt, Lisa [mailto:HuntL@PogoProducing.com]
Sent: Thursday, January 04, 2007 9:37 AM
To: Catanach, David, EMNRD
Subject: RE: Surface Commingling

David,
Attached is a drawing of the Two Marks area that you requested. Please call if you need any other information.
Thanks again,
Lisa Hunt

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Monday, December 11, 2006 10:09 AM
To: Hunt, Lisa
Subject: Surface Commingling

1/11/2007

Hi Lisa,

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If gas is to be commingled, show the location of the gas sales meter.

Please identify the state leases within the W/2 of Section 36, including lease numbers, and verify that the interest ownership between these two wells is not common.

If you have any questions, E-mail or phone me at (505) 476-3466.

Thanks,

David Catanach
Engineer

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1/11/2007