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2005 SEP 13 PM 3 15

Case 13522

September 13, 2005

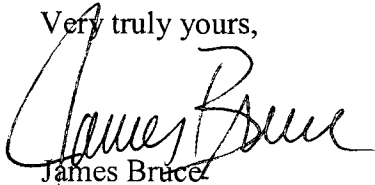
Hand Delivered

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Latigo Petroleum, Inc., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the October 6, 2005 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Latigo Petroleum, Inc.

PERSONS BEING POOLED

Ensign Oil Company
c/o Glenn S. Brant
P.O. Box 3396
Midland, Texas 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF LATIGO PETROLEUM,
INC. TO REOPEN CASE NO. 13,522 FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

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Case No. 13,522 (Reopened)

APPLICATION

Latigo Petroleum, Inc. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of irregular Section 6, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in Lots 3-6 and 11-14 of Section 6, and has the right to drill a well thereon.
2. Applicant proposes to drill its DeGas "6" State Com. Well No. 2, at a previously approved unorthodox gas well location in Lot 6 of Section 6, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:
 - (a) Lot 6 to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Townsend-Permo Upper Pennsylvanian Pool;
 - (b) Lots 3-6 to form a non-standard 164.51 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent;
and
 - (c) Lots 3-6 and 11-14 to form a standard 321.03 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent,

including the Undesignated Townsend-Atoka Gas Pool and Undesignated North Eidson-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Lots 3-6 and 11-14 of Section 6 for the purposes set forth herein.

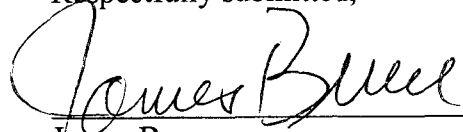
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in Lots 3-6 and 11-14 of Section 6, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying Lots 3-6 and 11-14 of Section 6, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in Lots 3-6 and 11-14 of Section 6, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Bruce", written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Latigo Petroleum, Inc.

PROPOSED ADVERTISEMENT

Case No. 13,522 (Reopened): Application of Latigo Petroleum, Inc. for compulsory pooling, Lea County, New Mexico: Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 6, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, and in the following manner: Lots 3-6 and 11-14 to form a standard 321.03-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Townsend-Atoka Gas Pool and Undesignated North Eidson-Morrow Gas Pool; Lots 3-6 to form a non-standard 164.51-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and Lot 6 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Townsend-Permo Upper Pennsylvanian Pool. The units are to be designated to the DeGas "6" State Com. Well No. 2, to be located at a previously approved unorthodox gas well location in Lot 6 of Section 6. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles west-northwest of Lovington, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

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