



415 W. Wall, Suite 1900 • Midland, Texas 79701 • 432-684-4293 • 432-684-0829 FAX

PMFSC- 428753865
Received: 10-4-2004
Supplied: 10-25-2005

Via Certified Mail/Return Receipt Requested
#7004 0750 0000 6935 5038

September 30, 2004

RECEIVED

OCT 4 2004

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

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

Case 13387

Ladies and gentlemen:

Pursuant to Division Rules 104.D.(2) and 104.F, Latigo Petroleum, Inc. applies for approval of a non-standard gas spacing and proration unit, and an unorthodox gas well location, for the following well:

Well: Hodges "B" Well No. 7
Location: 1880' feet FSL & 390' feet FWL
Well Unit: SW $\frac{1}{4}$ of Section 1, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico

A Form C-102 for the well is attached as Exhibit A. The well will be drilled to test the Justis Gas Pool, which is a prorated pool. Under Order No. R-8170, as amended, spacing in the pool is 320 acres, with wells to be located no closer than 1980 feet to the end line, nor closer than 660 feet to the side line, of the well unit. If the application is granted, Latigo Petroleum, Inc. will produce the well at one-half of the current allowable in the pool (Monthly Allocation Factor 18,300).

The SW $\frac{1}{4}$ of Section 1 was previously approved in 1953 as a non-standard gas well unit in the Justis Gas Pool, with the Hodges "B" No. 1 well dedicated to the unit. A plat of the Unit is attached hereto as Exhibit E. The Hodges "B" Well No. 1 was plugged and abandoned in March 1975.

Attached as Exhibit B is a combination structure/production plat of the area. The Hodges "B" No. 7 is a Glorieta test in the Justis Gas Pool. The Glorieta is a dolomite with production being controlled by enhanced porosity on top of a structure as well as being lifted out of the water column by the structure. The proposed well is offset to the south in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 1-T25S-R37E by a plugged Glorieta well with a cumulative production of 2.1 BCFG. Also a well in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 2-T25S-R37E has cumulative production from the Glorieta of 1.2 BCFG and a well in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec. 2-T25S-R37E has cumulative production from the Glorieta of 2.1 BCFG. These wells indicate very little gas remains to be recovered from the E $\frac{1}{2}$ of sec. 2. The well in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of section 1 is very poor and on the downdip side of the structure and illustrates very little gas remains in the NW $\frac{1}{4}$ of sec. 1. The E $\frac{1}{2}$ of section one is downdip and not productive. The Hodges "B" No. 7 is Latigo's attempt to recover any remaining

Michael E. Stogner
Oil Conservation Division
September 30, 2004
Page 2

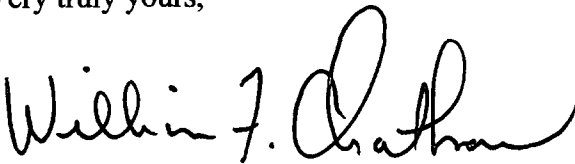
gas reserves in the SW/4 of Sec. 1-T25S-R37E and this well will not adversely effect lands outside of the SW/4 of Section 1.

Attached as Exhibit C is a land plat. There are no offset working interest owners or operators in the Justis Gas Pool.

Notice has been given to the offsets as shown on Exhibit D.

Please do not hesitate to give me a call if you have questions at (432) 684-4293 or email me at bchatham@latigopetro.com.

Very truly yours,

A handwritten signature in black ink, reading "William F. Chatham". The signature is fluid and cursive, with the first name "William" and last name "Chatham" clearly legible.

William F. Chatham, CPL
Sr. Staff Landman

Enclosures

EXHIBIT "A"

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

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

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name JUSTIS
⁴ Property Code	⁵ Property Name HODGES "B"	⁶ Well Number # 7
⁷ OGRID No. 227001	⁸ Operator Name LATIGO PETROLEUM INC.	⁹ Elevation 3118

¹⁰ Surface Location

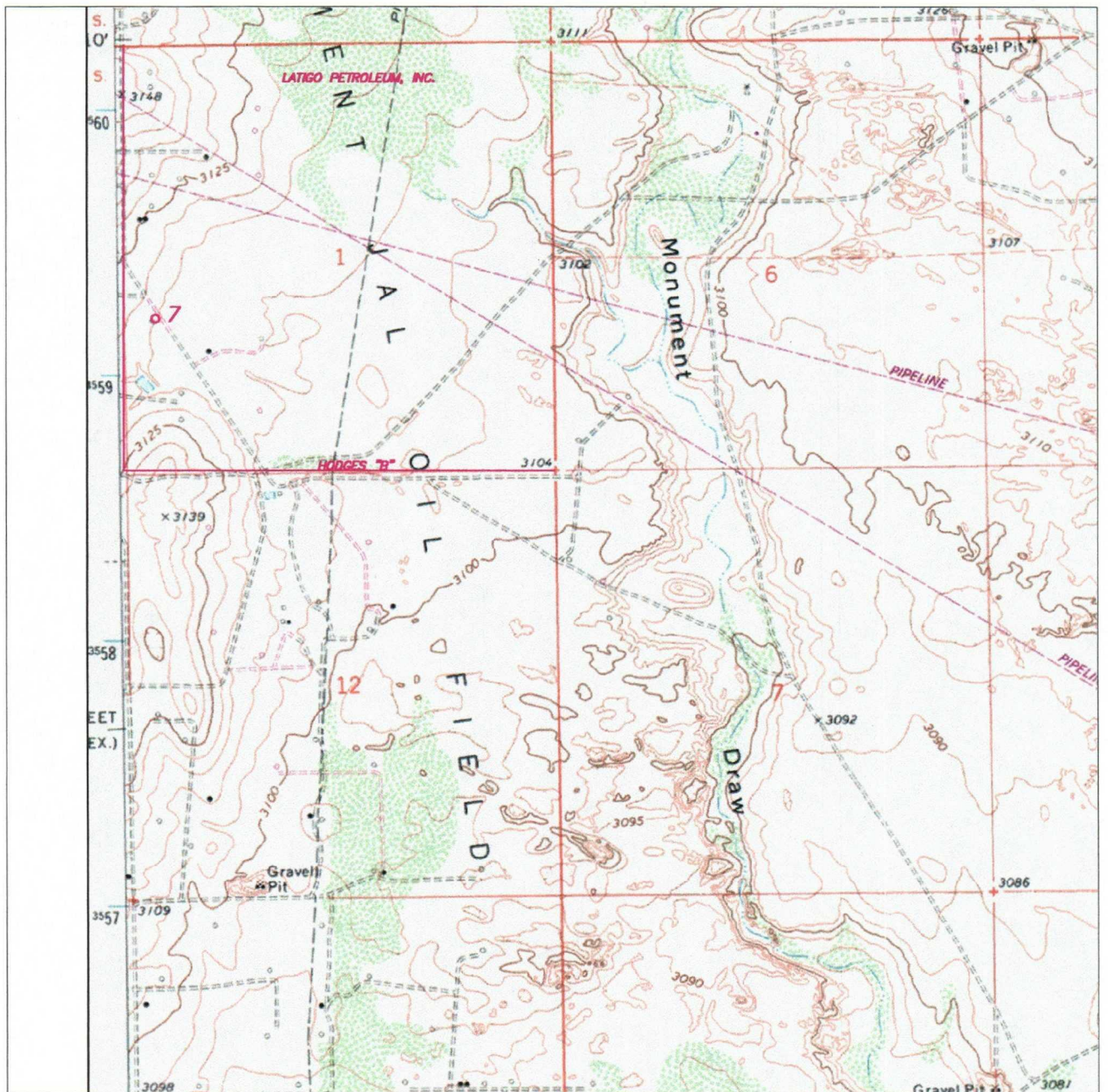
UL or lot no. L	Section 1	Township 25-S	Range 37-E	Lot Idn	Feet from the 1880	North/South line SOUTH	Feet from the 390	East/West line WEST	County LEA
--------------------	--------------	------------------	---------------	---------	-----------------------	---------------------------	----------------------	------------------------	---------------

¹¹ Bottom Hole 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
¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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

					¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>
					Signature
					Printed Name
					Title and E-mail Address
					¹⁸ SURVEYOR CERTIFICATION <i>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.</i>
					9-20-04 Date of Survey
					Signature and Seal of Professional Surveyor
					Certificate Number LS9062



SCALE: 1" = 2000'

LATIGO PETROLEUM, INC.

Hodges "B"
WELL NO. 1

1880 FSL, 390 FWL
T-25-S, R-37-E,
LEA 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 25S-37E.GPS

Date: 9/17/2004

CREW: Marcus Hostage

CAD FILE: HODGES B TOPO

DRAWN BY: Marcus H.

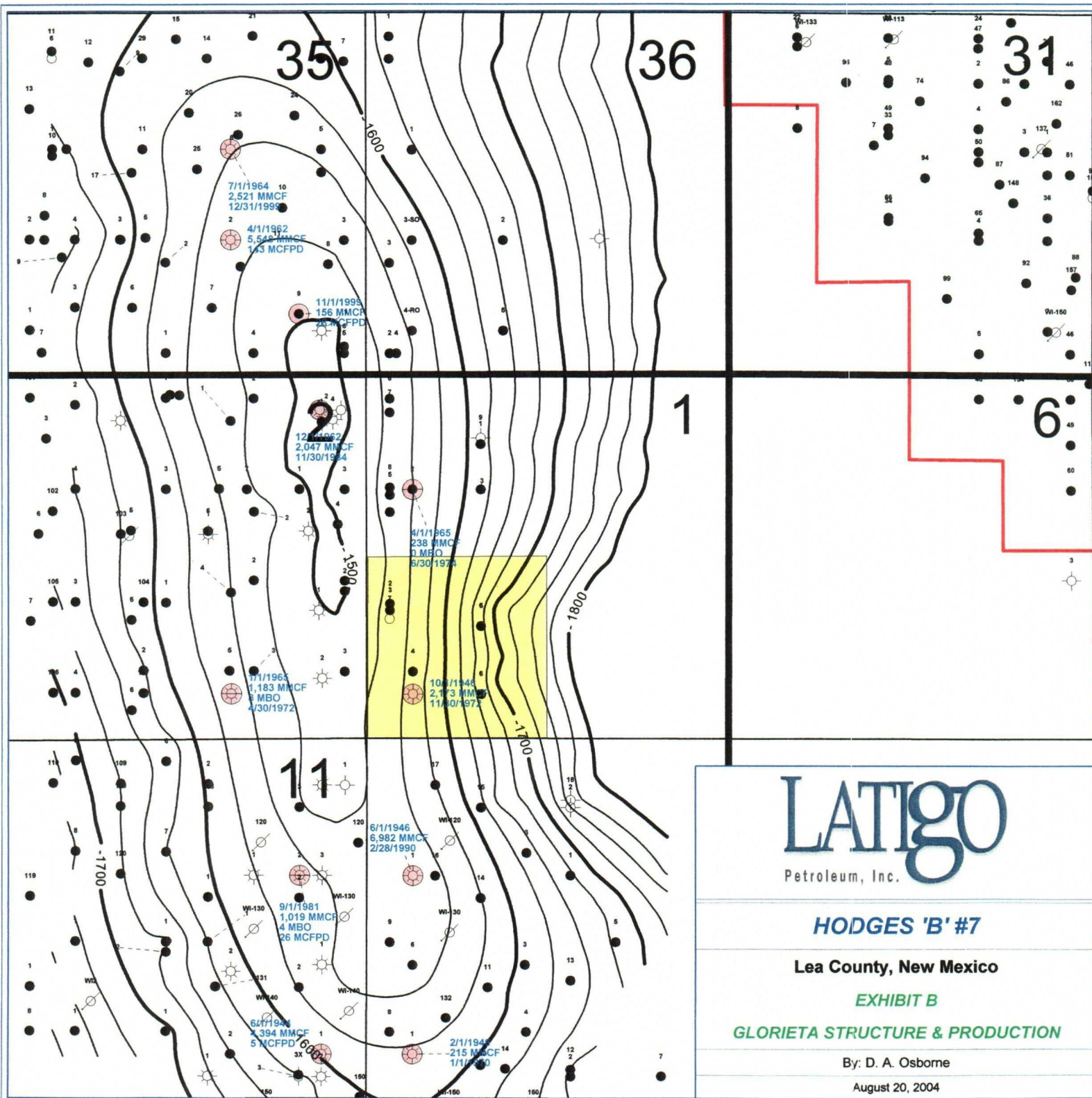


EXHIBIT "C"

EXHIBIT "D"

LATIGO

Petroleum, Inc.

415 W. Wall, Suite 1900 • Midland, Texas 79701 • 432-684-4293 • 432-684-0829 FAX

Via Certified Mail – Return Receipt Requested

September 30, 2004

To: Owners listed on attached page

Attn: Land Department

Dear Sir or Madam:

Enclosed is a copy of an application, filed with the New Mexico Oil Conservation Division by Latigo Petroleum, Inc., requesting approval of a non-standard gas spacing and proration unit and an unorthodox gas well location in the Justis Gas Pool in the SW $\frac{1}{4}$ of Section 1, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico. As an offset operator or interest owner, you have the right to object to the application. Any objection must be in writing and filed with the Division (1220 South St. Francis Drive, Santa Fe, New Mexico 87505) no later than 20 days from the date of receipt of this letter. Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,

William F. Chatham
Sr. Staff Landman

Enclosure

EXHIBIT "D" – PAGE 2

ChevronTexaco
15 Smith Road
Midland, Texas 79705

Apache Corporation
2000 Post Oak Blvd., Suite 100
Houston, Texas 77056

Citation Oil & Gas Corp.
8223 Willow Place Drive South, Suite 250
Houston, Texas 77070

ConocoPhillips
P.O. Box 2197
Houston, Texas 77252

Nadel and Gussman Permian LLC
601 North Marienfeld, Suite 508
Midland, Texas 79701

JFG Enterprises, A Partnership
P.O. Box 100
Artesia, NM 88211-0100

Magnum Hunter Production Inc.
600 Las Colinas Boulevard East
Irving, Texas 75039

Devon Energy Corporation
20 N. Broadway Ave., Suite 1500
Oklahoma City, OK 73102-8296

Bruno & Marshall Investments
P. O. Box 590
Midland, Texas 79702

Rock Eagle Ranch Corporation
P. O. Box 458
Bellaire, Texas 77402-0458

Ronald E. Slover
3614 Royal Road
Amarillo, Texas 79109

OXY USA Inc.
P. O. Box 50250
Midland, Texas 79710-1810

Burlington Resources Oil & Gas Company
P. O. Box 51810
Midland, Texas 79710-1810

J. H. Herd
415 W. Wall, Suite 300
Midland, Texas 79701

Waikiki Partners LP
P. O. Box 2127
Midland, Texas 79702

James Raymond Cone, Jr., Trustee of the
James Raymond Cone Trust I
1423 North Avenue P
Lubbock, Texas 79403

NMO & G LTD., A Texas Limited
Partnership
1423 North Avenue P
Lubbock, Texas 79403

Manon Markham McMullen
c/o Roderick Allen Markham
1500 Broadway Suite 1212
Lubbock, Texas 79401

Charles P. Sands
c/o Charles P. Sands II
509 Highland Street
Lexington, MO 64067

J. M. Welborn Trust
1500 Broadway, Suite 1212
Lubbock, Texas 79401

Kerr McGee Oil & Gas - US Onshore
16666 Northchase
Houston, Texas 77060

Fairway Oil & Gas Company
P. O. Box 1747
Midland, Texas 79702

Hanaho, Ltd.
P. O. Box 1747
Midland, Texas 79702

Leland Davidson
P. O. Box 1146
Midland, Texas 79702

Petro Tiger II Ltd.
1111 Fannin St., #1700
Houston, Texas 78657

Primavera Resources Inc.
4040 Broadway, Suite 419
San Antonio, Texas 78209

Lanexco Inc.
P. O. Box 2730
Midland, Texas 79702

James A. Davidson
P. O. Box 494
Midland, Texas 79702

Robert W. Lansford
908 Cochiti
Hobbs, NM 88204

Jack D. Mussett
5302 Teakwood Trace
Midland, Texas 79707

EXHIBIT "D" – PAGE 3

T. Allen White
3205 Boyd
Midland, Texas 79705

Betsy Anne Dwyer
14 Winchester Ct.
Midland, Texas 79705

Jack G. LeBus
3105 Preston Dr.
Midland, Texas 79707

Karen I. LeBus
1907 Tarleton #508
Midland, Texas 79707

Henry Petroleum, L.P.
3535 Andrews Hwy, Suite 200
Midland, Texas 79703

Williams Petroleum Corporation
P. O. Box 998
Burkburnet, Texas 76954

J.R. Oil Ltd. Company
3500 N. Acoma
Hobbs, NM 88240

Collins & Ware Inc.
508 West Wall St., Suite 1200
Midland, Texas 79701

Summit Overseas Exploration, Inc.
777 S. Wadsworth Blvd., Irongate 3 #201
Lakewood, CO 80226

CQ Acquisiton Partners I LP
P. O. Box 11190
Midland, Texas 79702

Enerquest Oil & Gas, LLC
P. O. Box 11190
Midland, Texas 79702

Crownquest Operating LLC
P. O. Box 2990
Midland, Texas 79702

LaVada S. Jackson
3604 Balcones Drive
Austin, Texas 78731

Headington Petroleum LP
3525 Andrews Hwy, Suite 200
Midland, Texas 79703

Lowell S. Dunn, Sr.
P. O. Box 22577
Hialeah, FL 33002

Edwin J. White, Jr.
3727 Andrews Highway
Midland, Texas 79703

Kaylee Partners
200 W. Illinois, #200
Midland, Texas 79701

Doyle Hartman
P. O. Box 10426
Midland, Texas 79702

BP America
501 Westlake Park Boulevard
Houston, Texas 77079

Robert L. Hannifin
P. O. Box 218
Midland, Texas 79702

RECEIVED
NOV 12 1953
OIL CONSERVATION COMMISSION
HOBBS OFFICE
NEW MEXICO
Oil Conservation Commission
Date 11-11-53
Operator Hobbs Office Co. Oil Company
Lease Hodges "B"
Well No. 1
Name of Producing Formation Paduock (Glorietta) Pool Justis Gas
No. Acres Dedicated to the Well 160

SECTION <u>1</u>		TOWNSHIP <u>25-S</u>		RANGE <u>37-E</u>	
1.					

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

Name Charles M. Hansen
Position District Superintendent
Representing Cities Service Oil Co.
Address Box 97, Hobbs, New Mexico