

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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.

JAMES BRUCE
PO BOX 1056
SANTA FE NM 87504
Print or Type Name

James Bruce
Signature

Attorney for Applicant
Title
3/30/05
Date
jamesbruce@aol.com
e-mail Address

2005 MAR 30 AM 10 47

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

March 30, 2005

Hand delivered

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

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Latigo Petroleum, Inc. applies for approval of an unorthodox location for the following well:

<u>Well:</u>	Two Marks 36 State Well No. 2
<u>Location:</u>	660 feet FNL & 2080 feet FWL
<u>Well unit:</u>	W $\frac{1}{2}$ of Section 36, Township 21 South, Range 24 East, N.M.P.M., Eddy County, New Mexico

The well will be drilled to a depth sufficient to test the Upper Pennsylvanian formation (Indian Basin-Upper Pennsylvanian Associated Pool). Under Order No. R-9922, as amended, the pool is spaced on 320 acres, with wells to be located no closer than 660 feet to a quarter section line nor closer than 330 feet to a quarter-quarter section line. One well is allowed per 80 acres.¹ A Form C-102 for the well is attached as Exhibit A.

The location is based on geologic reasons. Exhibit B is a structure map on top of the Cisco/Canyon formation. Drilling the well at the proposed location will enable the well to achieve the highest structural position in the Cisco/Canyon formation in the E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 36, thus giving the well the best possible chance for success. (This plat is also being e-mailed to you, due to the small scale of the enclosed exhibit.)

¹ Applicant will be drilling its Two Marks 36 State Well No. 1 in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 36.

Section 36 is comprised of two state leases: Lease V-5731, covering the N½ of Section 36; and Lease V-5732, covering the S½ of Section 36. See Exhibit C. The state royalty owner is common in the S½ of section 36, and leasehold ownership is common in both leases:

Overriding Royalty:	John Thoma	1.5%
Operating Rights:	Latigo Petroleum, Inc.	60%
	The Allar Company	20%
	Twin Montana, Inc.	10%
	Talus, Inc.	10%

Therefore, there is no adversely affected interest owner, and notice of this application has not been given to anyone.

Please contact me if you need any further information on this application.

Very truly yours,



James Bruce

Attorney for Latigo Petroleum, Inc.

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 30-015-33744		² Pool Code 33685		³ Pool Name INDIAN BASIN, UPPER PENN, ASSOCIATED	
⁴ Property Code 34291		⁵ Property Name TWO MARKS 36 STATE			⁶ Well Number #2
⁷ OGRID No. 227001		⁸ Operator Name LATIGO, PETROLEUM, INC.			⁹ Elevation 3825

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	36	21-S	24-E		660	SOUTH	2080	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

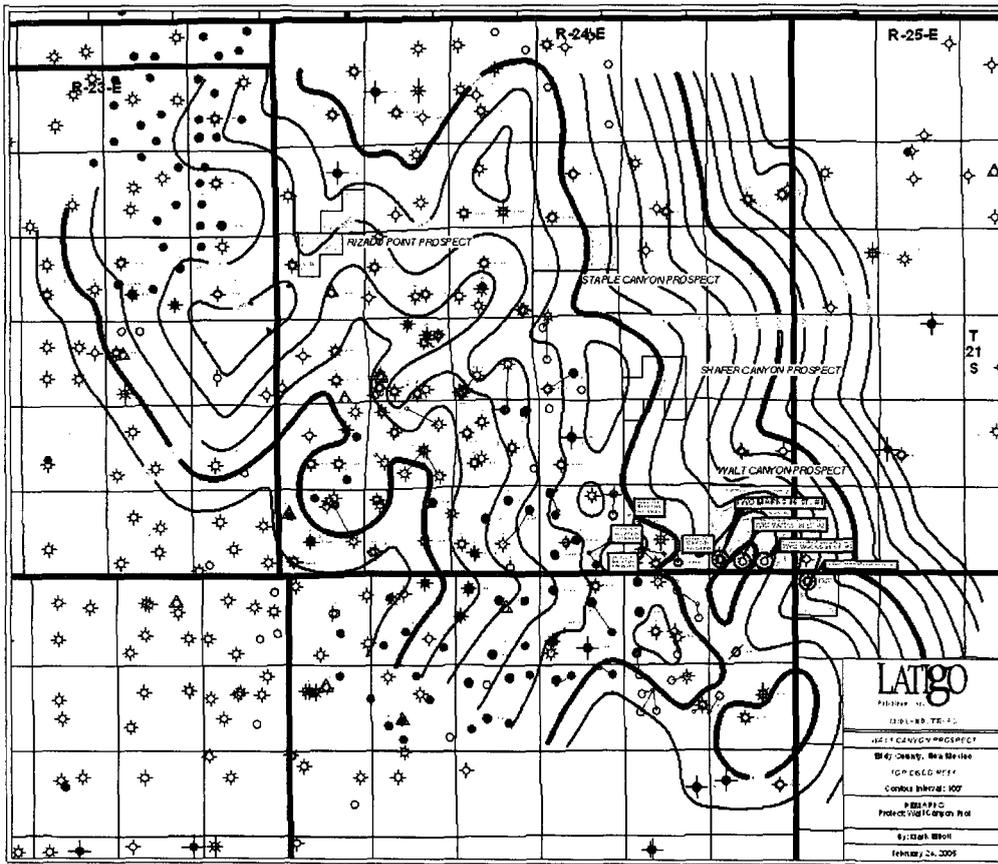
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	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

	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Donna Huddleston</i> Signature</p> <p>Donna Huddleston Printed Name</p> <p>Production Analyst Title and E-mail Address</p> <p>02/23/05 Date</p>
	<p>¹⁸ 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.</p> <p>10/25/04 Date of Survey</p> <p><i>Bruce R. Russell</i> Signature and Seal of Professional Surveyor</p> <p>Certificate Number PLS 9062</p>





Blumberg No. 519
EXHIBIT
B

8 Records found.

Lease Number:

V0-5731-0000

Company name: ECHO PRODUCTION INC
 Company ID: 6742
 Assigned from: N/A
 Total acres: 320.00
 Prod stat: N/A

Lease term:

Lease term: FIVE(5) YEAR TERM, 1/6th ROYALTY
 Issue date: 3/1/2000
 Termination date: Active
 Termination reason: N/A
 Current term: Primary Term

Billing information:

Bill to: ECHO PRODUCTION INC
 Rent per acre: 1.00
 Billing frequency: Annual
 Minimum annual rent: 320.00
 Last bill date: 2/3/2005
 Next bill date: 3/1/2006
 Escalation: 0

Land information:

Section	Township	Range	Unit Letter	Lot	Tract	Acreage
36	21S	24E	A			40.00
			B			40.00
			C			40.00
			D			40.00
			E			40.00
			F			40.00
			G			40.00
			H			40.00



8 Records found.

Lease Number:

V0-5732-0000

Company name: ECHO PRODUCTION INC
 Company ID: 6742
 Assigned from: N/A
 Total acres: 320.00
 Prod stat: N/A

Lease term:

Lease term: FIVE(5) YEAR TERM, 1/6th ROYALTY
 Issue date: 3/1/2000
 Termination date: Active
 Termination reason: N/A
 Current term: Primary Term

Billing information:

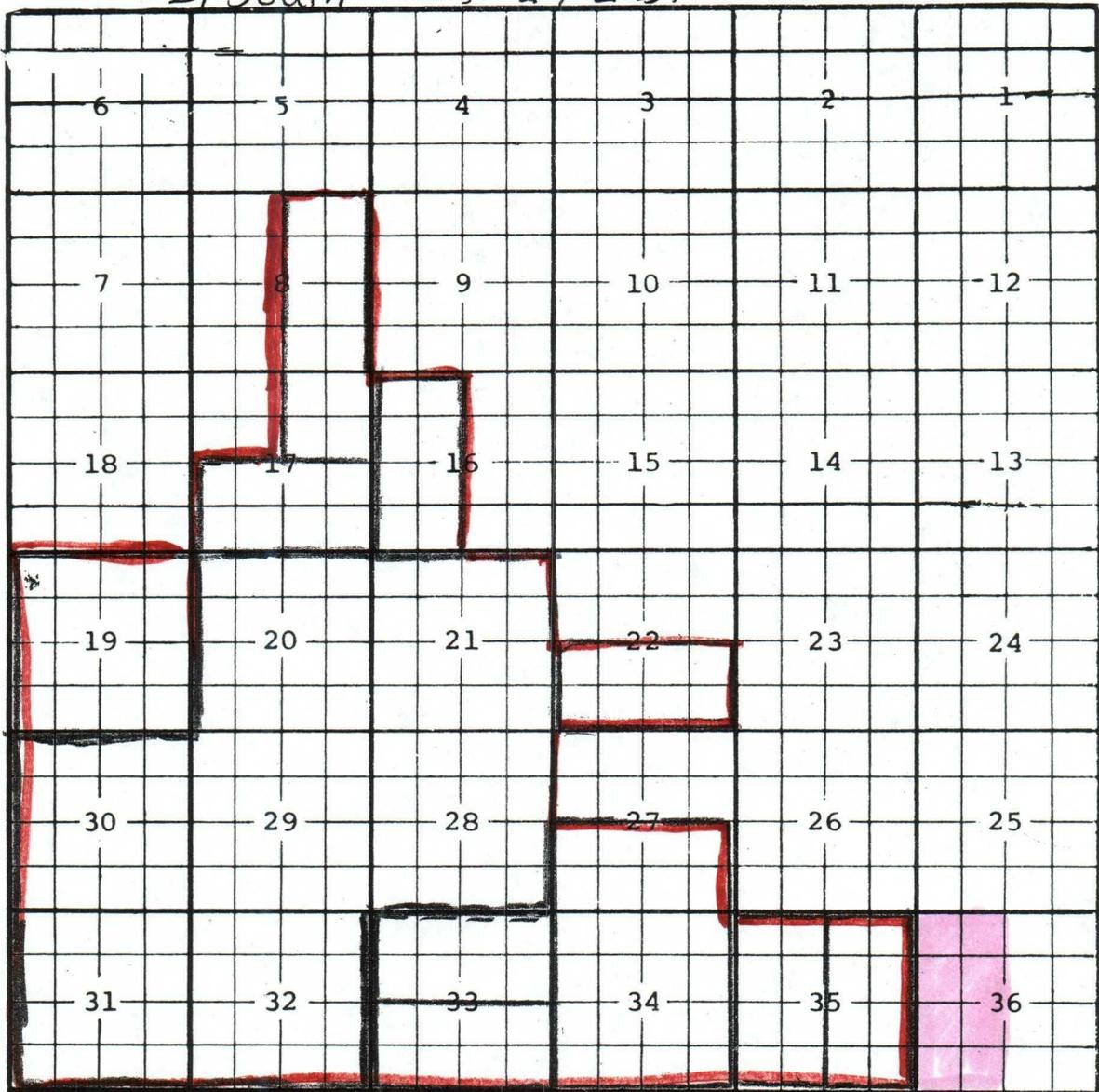
Bill to: ECHO PRODUCTION INC
 Rent per acre: 1.00
 Billing frequency: Annual
 Minimum annual rent: 320.00
 Last bill date: 2/3/2005
 Next bill date: 3/1/2006
 Escalation: 0

Land information:

Section	Township	Range	Unit Letter	Lot	Tract	Acreage
36	21S	24E	I			40.00
			J			40.00
			K			40.00
			L			40.00
			M			40.00
			N			40.00
			O			40.00
			P			40.00

County Eddy Pool Indian Basin-Upper Pennsylvanian
Associated

TOWNSHIP 21 South Range 24 East NMPM



Ext: $\frac{5}{2}$ Sec. 27, All Sec. 34 (R-9963, 9-20-93)

Ext: $\frac{5}{2}$ Sec. 33 (R-10518, 10-20-95) Ext: $\frac{N}{2}$ Sec. 33 (R-10664, 9-16-96)

Ext: All Secs. 20, 21, 28, 29, 30, 31, 32 (R-9922-D, 12-7-98)

Ext: $\frac{W}{2}$ Sec. 16 (R-11678, 10-23-01) Ext: $\frac{5}{2}$ Sec. 22 (R-11729, 2-22-02)

Ext: All Sec. 19 (R-9922-E, 8-16-02) Ext: $\frac{5}{2}$ Sec. 17 (R-11838, 9-27-02)

Ext: $\frac{E}{2}$ Sec. 8, $\frac{NE}{4}$ Sec. 17 (R-12075, 12-18-03) Ext: $\frac{W}{2}$ Sec. 35 (R-12083, 1-14-04)

Ext: $\frac{E}{2}$ Sec. 35 (R-12196, 8-18-04)

Stogner, Michael

From: JamesBruc@aol.com
Sent: Wednesday, March 30, 2005 10:22 AM
To: mstogner@state.nm.us
Subject: Latigo Petroleum, Inc./§36-21S-24E

Mike: Attached is a structure map for an NSL application I am delivering today.

Jim Bruce

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

3/30/2005

CMD :
OGSSSECT

ONGARD
INQUIRE LAND BY SECTION

04/12/05 15:51:46
OGOMES -TPXL
PAGE NO: 1

Sec : 36 Twp : 21S Rng : 24E Section Type : NORMAL

<p>D 40.00 CS V05731 0000 ECHO PRODUCTION I C 03/01/05</p>	<p>C 40.00 CS V05731 0000 ECHO PRODUCTION I C 03/01/05</p>	<p>B 40.00 CS V05731 0000 ECHO PRODUCTION I C 03/01/05</p>	<p>A 40.00 CS V05731 0000 ECHO PRODUCTION I C 03/01/05</p>
<p>E 40.00 CS V05731 0000 ECHO PRODUCTION I C 03/01/05</p>	<p>F 40.00 CS V05731 0000 ECHO PRODUCTION I C 03/01/05</p>	<p>G 40.00 CS V05731 0000 ECHO PRODUCTION I C 03/01/05</p>	<p>H 40.00 CS V05731 0000 ECHO PRODUCTION I C 03/01/05</p>
<p>L 40.00 CS V05732 0000 ECHO PRODUCTION I C 03/01/05</p>	<p>K 40.00 CS V05732 0000 ECHO PRODUCTION I C 03/01/05</p>	<p>J 40.00 CS V05732 0000 ECHO PRODUCTION I C 03/01/05</p>	<p>I 40.00 CS V05732 0000 ECHO PRODUCTION I C 03/01/05</p>
<p>M 40.00 CS V05732 0000 ECHO PRODUCTION I C 03/01/05 A A</p>	<p>N 40.00 CS V05732 0000 ECHO PRODUCTION I C 03/01/05 A</p>	<p>O 40.00 CS V05732 0000 ECHO PRODUCTION I C 03/01/05 A</p>	<p>P 40.00 CS V05732 0000 ECHO PRODUCTION I C 03/01/05</p>