

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.

Print or Type Name _____ Signature _____ Title _____ Date _____
 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

RECEIVED

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.

OIL CONSERVATION APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Latigo Petroleum, Inc.

OPERATOR ADDRESS: 550 W. Texas, Suite 700 Midland, TX 79701

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. PC-43

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
SEE ATTACHED SHEET				

(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) Well Test

(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.

(2) Is all production from same source of supply? Yes No

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

(4) Measurement type: Metering 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? Yes 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: Donna Huddleston TITLE: Production Analyst

DATE: 05/13/2005

TYPE OR PRINT NAME Donna Huddleston

TELEPHONE NO.: (432)684-4293

E-MAIL ADDRESS: dhuddleston@latigopetro.com

Application for Surface Commingling
Attachment for Form C-107-B

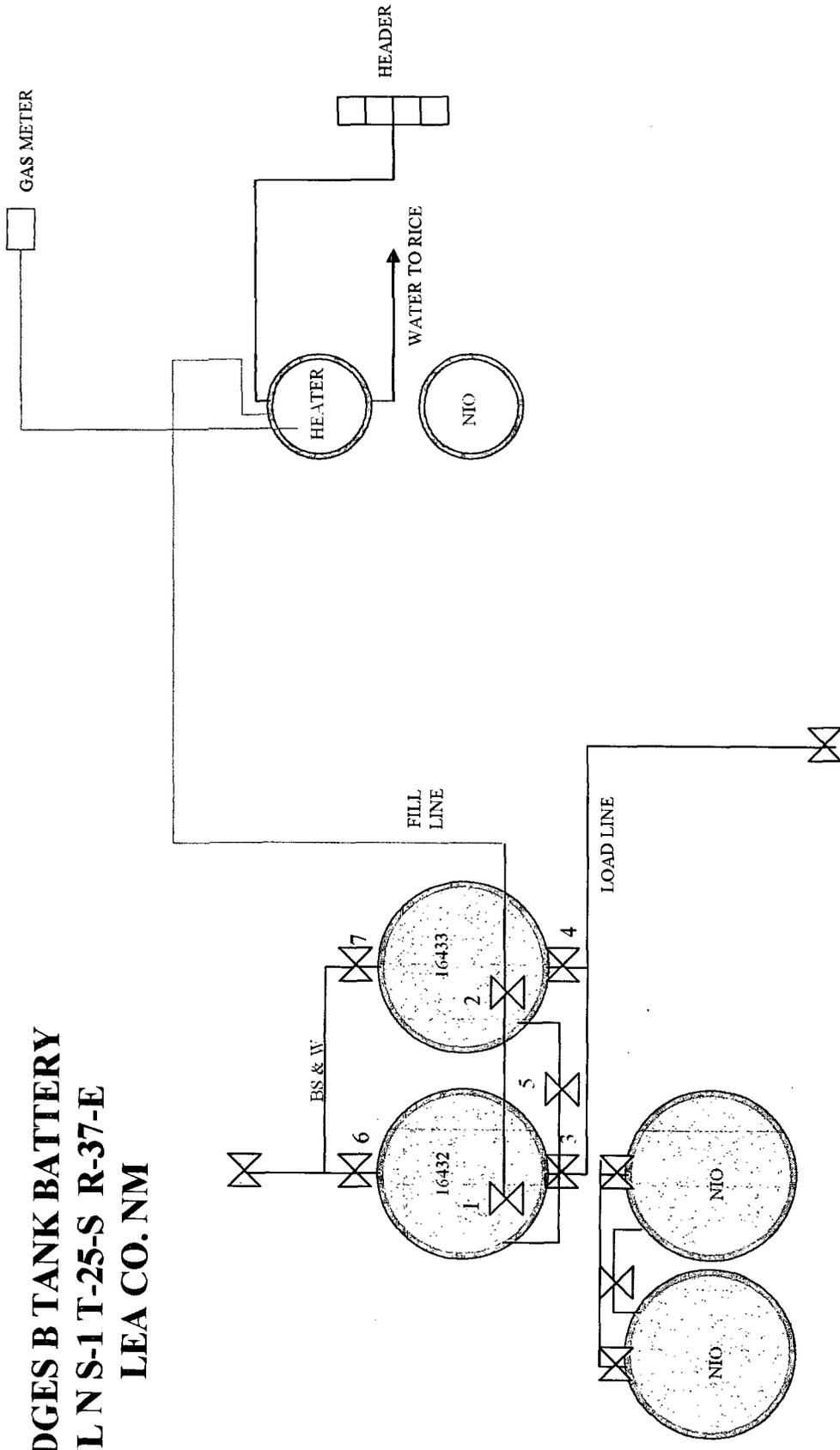
SECTION A

1. Well Name Pool Names and Codes	Before Commingle Gravities/ BTU	Commingled Gravities/ BTU	Well Test (daily)
a.) Hodges B #2 JUSTIS;FUSSELMAN, NORTH (34790)	See attached Lab report	36.4/1.2018	4 BO, 210 BW, 3 MCF
b.) Hodges B #4 JUSTIS;BLINEBRY (34200)	" "	36.4/1.2018	WELL TA'D
c.) Hodges B #5 JUSTIS;DEVONIAN,NORTH (34280)	" "	36.4/1.2018	4 BO, 147 BW, 3 MCF
d.) Hodges B #6 JUSTIS;BLINEBRY (34200)	" "	36.4/1.2018	3 BO, 37 BW, 3 MCF
e.) Hodges B #7 JUSTIS;GLORIETA GAS (79360)	" "		5 BO, 36 BW, 50 MCF

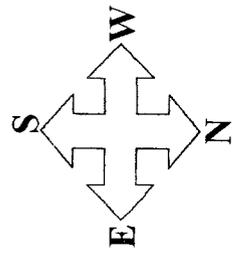
SECTION E

1. See Attached Diagram		
2. See Attached map		
3. Lease Names	Lease and Well Numbers	API Numbers
Hodges B	Hodges B # 2	30-025-11394
Hodges B	Hodges B # 4	30-025-11384
Hodges B	Hodges B # 5	30-025-11386
Hodges B	Hodges B # 6	30-025-24961
Hodges B	Hodges B # 7	30-025-37016

HODGES B TANK BATTERY
UL N S-1 T-25-S R-37-E
LEA CO. NM



PRODUCTION	SALES
TANK #16432	TANK #16432
OPEN #1 & 5	OPEN #2 & 3
CLOSED #2,3,4,6,7	CLOSED #1,4,5,6,7
TANK #16433	TANK #16433
OPEN #2 & 5	OPEN #1 & 4
CLOSED #1,3,4,6,7	CLOSED #2,3,5,6,7



2

- 6
- 7

☀ 9
• 1

- 8
- 5
- 2
- 4

• 3

LATIGO
Petroleum, Inc.

HODGES 'B' #7

Lea County, New Mexico

EXHIBIT 'B'

By: D. A. Osborne

May 17, 2005

Hodges 'B' Lease



☀ 1



Sec. 1-T25S-R37E

1

Latigo Acreage

12



Laboratory Services, Inc.

2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Latigo Petroleum
2121 French Drive
Hobbs, New Mexico 88240

SAMPLE:
IDENTIFICATION: Hodges B #2
COMPANY: Latigo Petroleum
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 5/17/05 11:00am
ANALYSIS DATE: 5/18/05
PRESSURE - PSIG 30
SAMPLE TEMP. °F
ATMOS. TEMP. °F 83

GAS (XX) LIQUID ()
SAMPLED BY: Vickie Sullivan
ANALYSIS BY: Vicki McDaniel

REMARKS: H2S = 60,521 PPM

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)	6.052	
Nitrogen (N2)	2.267	
Carbon Dioxide (CO2)	7.860	
Methane (C1)	61.563	
Ethane (C2)	10.795	2.880
Propane (C3)	6.011	1.652
I-Butane (IC4)	0.820	0.268
N-Butane (NC4)	2.347	0.738
I-Pentane (IC5)	0.567	0.207
N-Pentane (NC5)	0.635	0.229
Hexane Plus (C6+)	<u>1.083</u>	<u>0.470</u>
	100.000	6.444
BTU/CU.FT. - DRY	1206	MOLECULAR WT. 25.6379
AT 14.650 DRY	1202	
AT 14.650 WET	1181	
AT 14.73 DRY	1208	
AT 14.73 WET	1187	
SPECIFIC GRAVITY -		
CALCULATED	0.883	
MEASURED		



Laboratory Services, Inc.

2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Latigo Petroleum
2121 French Drive
Hobbs, New Mexico 88240

SAMPLE:
IDENTIFICATION: Hodges B #5
COMPANY: Latigo Petroleum
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 5/17/05 12:05pm
ANALYSIS DATE: 5/18/05
PRESSURE - PSIG
SAMPLE TEMP. °F
ATMOS. TEMP. °F 87

GAS (XX) LIQUID ()
SAMPLED BY: Vickie Sullivan
ANALYSIS BY: Vicki McDaniel

REMARKS: H2S = 205 PPM

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)	0.021	
Nitrogen (N2)	2.528	
Carbon Dioxide (CO2)	1.389	
Methane (C1)	63.684	
Ethane (C2)	14.831	3.957
Propane (C3)	9.357	2.572
I-Butane (IC4)	1.174	0.383
N-Butane (NC4)	3.539	1.113
I-Pentane (IC5)	0.858	0.313
N-Pentane (NC5)	0.988	0.357
Hexane Plus (C6+)	1.632	0.708
	<u>100.000</u>	<u>9.403</u>
BTU/CU.FT. - DRY	1446	MOLECULAR WT. 25.7079
AT 14.650 DRY	1442	
AT 14.650 WET	1417	
AT 14.73 DRY	1450	
AT 14.73 WET	1425	
SPECIFIC GRAVITY - CALCULATED	0.884	
MEASURED		



Laboratory Services, Inc.

2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Latigo Petroleum
2121 French Drive
Hobbs, New Mexico 88240

SAMPLE:
IDENTIFICATION: Hodges B #6
COMPANY: Latigo Petroleum
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 5/17/05 11:50am
ANALYSIS DATE: 5/18/05
PRESSURE - PSIG
SAMPLE TEMP. °F
ATMOS. TEMP. °F 87

GAS (XX) LIQUID ()
SAMPLED BY: Vickie Sullivan
ANALYSIS BY: Vicki McDaniel

REMARKS: H2S = 9,110 PPM

COMPONENT ANALYSIS

COMPONENT		MOL PERCENT	GPM
Hydrogen Sulfide (H2S)		0.911	
Nitrogen (N2)		1.063	
Carbon Dioxide (CO2)		1.261	
Methane (C1)		75.008	
Ethane (C2)		10.328	2.756
Propane (C3)		5.715	1.571
I-Butane (IC4)		0.611	0.199
N-Butane (NC4)		2.260	0.711
I-Pentane (IC5)		0.566	0.207
N-Pentane (NC5)		0.845	0.305
Hexane Plus (C6+)		<u>1.432</u>	<u>0.621</u>
		100.000	6.370

BTU/CU.FT. - DRY 1308
AT 14.650 DRY 1304
AT 14.650 WET 1281
AT 14.73 DRY 1311
AT 14.73 WET 1289

MOLECULAR WT. 22.8312

SPECIFIC GRAVITY -
CALCULATED 0.785
MEASURED



Laboratory Services, Inc.

2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR:	Latigo Petroleum 2121 French Drive Hobbs, New Mexico 88240	SAMPLE:	Test Meter
		IDENTIFICATION:	Hodges B #7
		COMPANY:	Latigo Petroleum
		LEASE:	
		PLANT:	
SAMPLE DATA:	DATE SAMPLED: 5/17/05 11:40am	GAS (XX)	LIQUID ()
	ANALYSIS DATE: 5/18/05	SAMPLED BY:	Vickie Sullivan
	PRESSURE - PSIG 25	ANALYSIS BY:	Vicki McDaniel
	SAMPLE TEMP. °F		
	ATMOS. TEMP. °F 85		
REMARKS:	H2S = 17,456 PPM		

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)	1.746	
Nitrogen (N2)	1.135	
Carbon Dioxide (CO2)	11.750	
Methane (C1)	72.651	
Ethane (C2)	7.038	1.878
Propane (C3)	2.876	0.791
I-Butane (IC4)	0.382	0.125
N-Butane (NC4)	0.980	0.308
I-Pentane (IC5)	0.338	0.123
N-Pentane (NC5)	0.240	0.087
Hexane Plus (C6+)	<u>0.864</u>	<u>0.375</u>
	100.000	3.687
BTU/CU.FT. - DRY	1050	MOLECULAR WT. 23.1297
AT 14.650 DRY	1047	
AT 14.650 WET	1029	
AT 14.73 DRY	1053	
AT 14.73 WET	1035	
SPECIFIC GRAVITY -		
CALCULATED	0.797	
MEASURED		

DISTRIC	API	WELL NAME	OPERATOR	FTG NS	NS CD
Hobbs	30-025-11392	WESTATES FEDERAL #007	FULFER OIL & CATTLE LLC	530	N
Hobbs	30-025-11385	PRE-ONGARD WELL #001	PRE-ONGARD WELL OPERATOR	990	N
Hobbs	30-025-11387	PRE-ONGARD WELL #002	PRE-ONGARD WELL OPERATOR	1650	N
Hobbs	30-025-11391	PRE-ONGARD WELL #006	PRE-ONGARD WELL OPERATOR	330	N
Hobbs	30-025-11389	PRE-ONGARD WELL #004	PRE-ONGARD WELL OPERATOR	1980	N
Hobbs	30-025-11388	PRE-ONGARD WELL #003	PRE-ONGARD WELL OPERATOR	1650	N
Hobbs	30-025-11382	PRE-ONGARD WELL #009	PRE-ONGARD WELL OPERATOR	900	N
Hobbs	30-025-11393	WESTATES FEDERAL #008	FULFER OIL & CATTLE LLC	1620	N
Hobbs	30-025-11390	WESTATES FEDERAL #005	BRECK OPERATING CORP	1730	N
Hobbs	30-025-11384	HODGES B #004 ✓	LATIGO PETROLEUM, INC.	990	S
Hobbs	30-025-11394	HODGES B #002 ✓	LATIGO PETROLEUM, INC.	1980	S
Hobbs	30-025-37016	HODGES B #007 ✓	LATIGO PETROLEUM, INC.	1880	S
Hobbs	30-025-24961	HODGES B #006 ✓	LATIGO PETROLEUM, INC.	660	S
Hobbs	30-025-11383	HODGES B #003	LATIGO PETROLEUM, INC.	1880	S
Hobbs	30-025-11395	PRE-ONGARD WELL #001	PRE-ONGARD WELL OPERATOR	660	S
Hobbs	30-025-11386	HODGES B #005 ✓	LATIGO PETROLEUM, INC.	1650	S



Fasken Center Tower II • 550 W. Texas, Suite 700 • Midland, Texas 79701 • 432-684-4293 • 432-684-0829 FAX

June 22, 2005

Oil Conservation Department
Attn: Will Jones
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Fax: 505.476.3462

Re: Hodges B Leases

Dear Mr. Jones:

Per your conversation with Janey Lasley on June 22, 2005 pertaining to the captioned lease, I would like for this letter to serve as my affirmation that the interests in the Hodges B Leases (2, 4, 5, 6 and 7) have common interests.

I will provide the necessary backup paperwork if necessary.

Respectfully,

A handwritten signature in cursive script, appearing to read "Don V. Turman".

Don V. Turman
Senior Land Man

Catanach, David, EMNRD

From: Catanach, David, EMNRD
Sent: Tuesday, June 21, 2005 9:35 AM
To: 'Donna Huddleston'; Jones, William V., EMNRD
Subject: RE: Application

Donna,

I think the only other thing that you need is a statement from a landman or a lawyer that says that all the interest ownership in the Hodges Lease/Wells is common. See Rule 303.B.(3)(iii). I will refer this application to Will Jones. He handles Pool Commingling orders. I believe this will be an amendment to PC-43. Will's phone number is 505-476-3448.

DRC

From: Donna Huddleston [mailto:dhuddleston@latigopetro.com]
Sent: Tuesday, June 21, 2005 9:25 AM
To: Catanach, David, EMNRD
Subject: RE: Application

David,

The ownership is the same on all of the Hodges leases/wells. This is the first time I have completed one of these applications and I thought I was using the right form. Sorry. Just let me know what I need to do. Basically we are just trying to add the Hodges B #7 to what looked to be an existing permit that was obtained when Cities Services operated these leases. I believe you had faxed Joe Clement a copy of the administrative order that was in place that you were able to find as we could not find anything in the file or on the website. The administrative order that you faxed him a copy of has illegible stamped on it but it looks to be administrative order PC-43. It is not real clear. Thanks for your help.

Donna

Donna Huddleston
Latigo Petroleum, Inc.
550 W. Texas, Suite 700
Midland, TX 79701
(432) 684-4293

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Tuesday, June 21, 2005 7:30 AM
To: Donna Huddleston
Subject: Application

Donna,

I am currently reviewing your application to surface commingle production on the Hodges Lease. I have a question. Is the ownership different between these wells? You used Form C-107-B, which is used in those instances where ownership is different. Please let me know what the ownership of these wells is, as this will dictate what type of order is issued, and what type of requirements will be imposed. E-mail or call me at (505) 476-3466.

Thanks,

David Catanach

6/21/2005