



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

August 3, 2005

Oil Conservation Division  
Attn: Mark Fesmire, P.E.  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Agreed Compliance Order

Dear Mr. Fesmire,

In compliance with the Agreed Compliance Order, we are submitting our monthly compliance report regarding inactive wells.

The Corbin #6 (API # 30-025-01592) was plugged in August. The plugging rig has now moved to the Todd Lower SA Unit in order to P&A the following wells which all have approved sundries.

Todd Lower SA Unit #318 (30-041-20273)  
Todd Lower SA Unit #322 (30-041-20183)  
Todd Lower SA Unit #356 (30-041-10556)  
Todd Lower SA Unit #357 (30-041-20009)  
Todd Lower SA Unit #359 (30-041-10597)  
Todd Lower SA Unit #366 (30-041-10167)

The EC Hill D Federal #1 was returned to injection 7/12/05.

The Gifford A State #1 and Hodges B #4 recompletions were unsuccessful and sundries to P&A are being prepared.

Permits have been submitted to convert the GH Mattix B Federal #1 and the EC Hill B Federal #6 to injection wells.

Latigo will continue to send monthly updates. If you have any questions please give me a call at (432) 684-4293.

Sincerely,

LATIGO PETROLEUM INC.

A handwritten signature in black ink, appearing to read "Bruce Woodard", is written over the company name.

Bruce Woodard  
District Operations Manager

Cc: District Office  
Chris Williams  
Billy Prichard  
Gail MacQuesten