

**Stogner, Michael**

---

**From:** JamesBruc@aol.com

**Sent:** Sunday, December 12, 2004 5:01 PM

**To:** mstogner@state.nm.us

**Subject:** Latigo Petroleum, Inc./Administrative reference no. pMES0-428753865

Mike: You set this matter for hearing (Case No. 13387) due to an objection by Rock Eagle Ranch Corporation. Rock Eagle has withdrawn its objection, by letter dated November 12, 2004. Therefore, Latigo requests that this matter be returned to the administrative docket. Thank you.

Jim Bruce.

---

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

---

12/13/2004

**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

2004 DEC 15 AM 11 29

December 15, 2004

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

Dear Mr. Fesmire:

Please continue or dismiss the following cases from the December 16, 2004 docket:

Case 13352 (Samson Resources):	Dismiss
Case 13387 (Latigo Petroleum):	Continue to 1/6/05 (this case is being referred to the administrative docket)
Case 13392 (Platinum Exploration):	Continue to 1/6/05 (additional notice required)
Case 13378 (Chi Energy):	Continue to 1/6/05 (additional notice required)
Case 13365 (Nadel and Gussman):	Continue to 1/6/05 (additional notice required)
Case 13389 (Nadel and Gussman):	Continue to 1/6/05
Case 13379 (Chi Energy):	Continue to 1/6/05 (additional notice required)
Case 13380 (Chi Energy):	Continue to 1/6/05 (additional notice required)
Case 13381 (Chi Energy):	Continue to 1/6/05 (additional notice required)
Case 13376 (COG Operating):	Continue to 1/6/05

WJD 12/15/04

Thank you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Applicants

**CASE 13381:** Continued from December 16, 2004, Examiner Hearing.  
*Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 17, Township 22 South, Range 27 East, and in the following manner: The S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within that vertical extent, including the Undesignated East Carlsbad-Wolfcamp Gas Pool, South Carlsbad-Strawn Gas Pool, and South Carlsbad-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within that vertical extent; and the NE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre spacing within that vertical extent, including the Undesignated South Carlsbad-Cherry Canyon Pool. The units are to be dedicated to the proposed Kodiak Well No. 1, to be drilled at an orthodox location in the NE/4 SE/4 (Unit I) of Section 17. 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 Chi Operating, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 2 miles south-southwest of Otis, New Mexico.

**CASE 13125:** Reopened  
*In the matter of Case 13125 being reopened pursuant to the provisions of Division Order No. R-12069, which order promulgated temporary special pool rules for the East Dean-Wolfcamp Pool in Lea County, New Mexico, including provisions for 80-acre spacing units and designated well locations.* Operators in the East Dean-Wolfcamp Pool should appear and show cause why the temporary special pool rules for this pool should not be rescinded and the pool not be developed on statewide 40-acre spacing.

**CASE 13377:** Reopened and Readvertised  
*Application of Pecos Production Company for approval of a cooperative waterflood project and to qualify the project for the recovered oil tax rate, Eddy County, New Mexico.* Applicant seeks an order approving a cooperative waterflood project in the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool on State Lease V-640 insofar as it covers Lots 3, 4, S/2 NW/4, and SW/4 of Section 2, Federal Lease NM 29228 covering Lots 1, 2, and S/2 NE/4 of Section 3, and Federal Lease NM 67985 covering the SE/4 of Section 3, all in Township 19 South, Range 30 East, by the injection of produced water into five wells, located in Units E, K, and M of Section 2, and Units A and I of Section 3. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The project area is located approximately 9 miles south-southeast of Loco Hills, New Mexico.

**CASE 13387:** Continued from December 16, 2004, Examiner Hearing.  
*Application of Latigo Petroleum, Inc. for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico.* Applicant seeks to reinstate the former non-standard 160-acre gas spacing and proration unit within the Justis Gas Pool (76360) comprising the SW/4 of Section 1, Township 25 South, Range 37 East, which is located approximately five miles east-northeast of Jal, New Mexico, previously approved by Division Order No. R-586-C, issued in Case No. 1293 on October 3, 1957. This unit now to be dedicated to the Applicant's proposed Hodges "B" Federal Well No. 7 to be drilled at an unorthodox gas well location 1880 feet from the South line and 390 feet from the West line (Unit L) of Section 1.

**CASE 13362:** Amended  
*Amended Application of the New Mexico Oil Conservation Division for a Compliance Order Against KC Resources Inc.* The Applicant seeks an order requiring operator KC Resources Inc. to bring two inactive wells into compliance with 19.15.4.201 NMAC by a date certain and, in the event of non-compliance, requiring KC Resources Inc. to plug and abandon both wells by a date certain and authorizing the Division to forfeit immediately the applicable plugging bond and plug both wells if KC Resources Inc. fails to meet the plugging deadline. The inactive wells are the Lea YH State #002, API #30-025-26299, P-25-18S-34E, NMPM and the Lea YH State #004, API #30-025-26687, I-25-18S-34E, NMPM, located approximately 22 miles west of Hobbs in Lea County, New Mexico.

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

CONTINUED AND DISMISSED CASES

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, Hearing Examiner

November 18th, 2004

Santa Fe, New Mexico

These matters came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, November 18th, 2004, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

STEVEN T. BRENNER, CCR  
(505) 989-9317

2004 DEC 2 AM 11 44

## I N D E X

November 18th, 2004  
Continued and Dismissed Cases

PAGE

REPORTER'S CERTIFICATE

5

\* \* \*

STEVEN T. BRENNER, CCR  
(505) 989-9317

1 WHEREUPON, the following proceedings were had at  
2 8:20 a.m.:

3 EXAMINER CATANACH: This hearing will come to  
4 order this morning for Docket Number 32-04.

5 I will call the continuances and dismissals at  
6 this time.

7 On page 1, Case 13,375 is continued to December  
8 16th; Case 13,376 continued to December 16th; Case 13,352  
9 is continued to December 2nd.

10 On page 2, Case 13,381 continued to December  
11 16th.

12 On page 3, Case 13,365 continued to December 2nd;  
13 Case 13,383 continued to December 16th; Case 13,366 is  
14 dismissed.

15 Case 13,384 continued to December 16th.

16 On page 5, Case 13,387 continued to December 2nd.

17 And on page 6, Case 13,359 continued to December  
18 2nd; Case 13,373 continued to December 16th; Case 13,374  
19 continued to December 16th; and case 13,371 continued to  
20 December 16th.

21 Generally the order that we're going to go in  
22 this morning, we're going to hear the four Chi Energy  
23 cases, followed by the two Marbob waterflood and pool  
24 contraction cases, and then we're going to hear the Pecos  
25 Production, followed by the Marbob, and that will be

1 followed by the Matrix case.

2 (Thereupon, these proceedings were concluded at  
3 8:22 a.m.)

4 \* \* \*

5  
6  
7  
8  
9  
10  
11  
12  
13  
14 I do hereby certify that the foregoing is  
15 a complete record of the proceedings in  
16 the Examiner hearing of Case No. \_\_\_\_\_  
17 heard by me on November 10, 2001.

18 David M. Hark, Examiner  
19 Oil Conservation Division  
20  
21  
22  
23  
24  
25



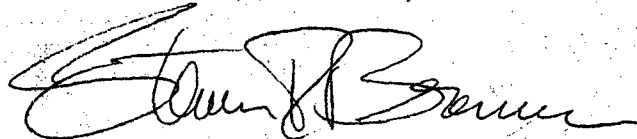
## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO     )  
                                      )   ss.  
COUNTY OF SANTA FE     )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL November 22nd, 2004.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006

**CASE 13387:** Continued from December 2, 2004, Examiner Hearing.

**Application of Latigo Petroleum, Inc. for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks to reinstate the former non-standard 160-acre gas spacing and proration unit within the Justis Gas Pool (76360) comprising the SW/4 of Section 1, Township 25 South, Range 37 East, which is located approximately five miles east-northeast of Jal, New Mexico, previously approved by Division Order No. R-586-C, issued in Case No. 1293 on October 3, 1957. This unit now to be dedicated to the Applicant's proposed Hodges "B" Federal Well No. 7 to be drilled at an unorthodox gas well location 1880 feet from the South line and 390 feet from the West line (Unit L) of Section 1.

**CASE 13392:** **Application of Platinum Exploration Inc. for an unorthodox subsurface horizontal oil well location, Lea County, New Mexico.** Applicant seeks an exception to Division Rules 111.A (13) and 111.C (2) and the well location provisions of the special rules governing the South Knowles-Devonian Pool (36480), as promulgated by Division Order No. R-638-B, as amended by Orders No. R-638-C, R-638-D, and R-638-E, for the applicant's existing Lawrence "19" Well No. 1 (API No. 30-025-32737), located at a standard surface oil well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 19, Township 17 South, Range 39 East, which well is to be re-completed utilizing horizontal drilling techniques such that the planned end-point, or bottomhole location, for the wellbore will be approximately 150 feet from the North line and 330 feet from the West line (Unit D) of Section 13. The resulting producing area, as defined by Rule 111.A (7), will extend beyond the standard setback requirements from the outer boundary of the proposed project area, being a standard 80-acre lay-down oil spacing and proration unit, comprising the N/2 NW/4 of Section 19, which is located 2.5-miles east-southeast of Knowles, New Mexico.

**CASE 13378:** Continued from November 18, 2004, Examiner Hearing.

**Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 28, Township 22 South, Range 27 East, and in the following manner: The S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within that vertical extent, including the East Carlsbad-Wolfcamp Gas Pool, South Carlsbad-Strawn Gas Pool, Undesignated Otis-Atoka Gas Pool, and South Carlsbad-Morrow Gas Pool; the SE/4 to form a standard 160-acre oil or gas spacing and proration unit for any and all formations developed on 160-acre spacing within that vertical extent, including the Undesignated North Cass Draw-Wolfcamp Pool; and the SE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre spacing within that vertical extent, including the Undesignated Wye-Delaware Pool. The units are to be dedicated to the proposed Skeen Well No. 2, to be drilled at an orthodox location in the SE/4 SE/4 (Unit F) of Section 28. 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 Chi Operating, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 2 miles northwest of Otis, New Mexico.

**CASE 13365:** Continued from December 2, 2004, Examiner Hearing

**Application of Nadel and Gussman Permian, L.L.C. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 33, Township 22 South, Range 28 East, and in the following manner: The S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Dublin Ranch-Atoka Gas Pool and Dublin Ranch-Morrow Gas Pool; and the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to the Artemis Fed. Com. Well No. 1, to be located at an orthodox location in the SW/4 of the section. 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 units are located approximately 4 miles north of Loving, New Mexico.

13387

**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)

jamesbruce@aol.com

December 1, 2004

Via fax

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

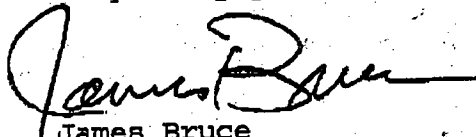
Dear Mr. Fesmire:

Please continue or dismiss certain cases from the December 2, 2004 docket, as follows;

Case 13365 (Nadel and Gussman):	Continue to 12/16/04
Case 13389 (Nadel and Gussman):	Continue to 12/16/04
Case 13352 (Samson Resources):	Continue to 12/16/04
Case 13390 (Pride Energy):	Dismiss
Case 13379 (Chi Energy):	Continue to 12/16/04
Case 13380 (Chi Energy):	Continue to 12/16/04
Case 13387 (Latigo Petroleum):	Continue to 12/16/04

Thank you.

Very truly yours,

  
James Bruce  
Attorney for Applicants

**CASE 13390:** *This Case will be Dismissed.*

**Application of Pride Energy Company for an unorthodox location and for simultaneous dedication, Lea County, New Mexico.** Applicant seeks exceptions to the well location requirements provided within both: (i) Four Lakes-Devonian Gas Pool (76920), which is currently governed under Division Rule 104.c (3), see the Division Director's memorandum dated October 25, 1999 concerning older deep gas pools still spaced on 160-acre units; and (ii) Four Lakes-Upper Pennsylvanian Pool (25460); for its proposed South Four Lakes Unit Well No. 15 to be drilled 2380 feet from the North line and 2230 feet from the East line (Unit G) of Section 2, Township 12 South, Range 34 East. This well is to be a replacement gas well within a previously existing 160.14-acre spacing unit in the Four Lakes-Devonian Gas Pool comprising Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 2. Further, this well will be an infill well to the existing 80-acre lay-down oil spacing and proration unit comprising the S/2 NE/4 of Section 2, which is currently dedicated to the applicant's existing South Four Lakes Unit Well No. 2 (API No. 30-025-01832), located at a standard oil well location 1980 feet from the North and East lines (Unit G) of Section 2. The proposed well and units are located approximately 10 miles west-northwest of Tatum, New Mexico.

**CASE 13379:** *Continued from November 18, 2004, Examiner Hearing*

**Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, Township 22 South, Range 27 East, and in the following manner: The S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within that vertical extent, including the Undesignated East Carlsbad-Wolfcamp Gas Pool, South Carlsbad-Strawn Gas Pool, and South Carlsbad-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within that vertical extent; and the NE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre spacing within that vertical extent, including the Wye-Delaware Pool. The units are to be dedicated to the proposed Rogers Well No. 1, to be drilled at an orthodox location in the NE/4 SE/4 (Unit I) of Section 29. 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 Chi Operating, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 2½ miles west-northwest of Otis, New Mexico.

**CASE 13380:** *Continued from November 18, 2004, Examiner Hearing.*

**Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 33, Township 22 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within that vertical extent, including the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated Cass Draw-Wolfcamp Gas Pool, Undesignated South Carlsbad-Strawn Gas Pool, Undesignated Otis-Atoka Gas Pool, and South Carlsbad-Morrow Gas Pool. The unit is to be dedicated to the proposed Otis Well No. 1, to be drilled at an orthodox location in the NE/4 NW/4 (Unit C) of Section 33. 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 Chi Operating, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 1½ miles west of Otis, New Mexico.

**CASE 13387:** *Continued from November 18, 2004, Examiner Hearing.*

**Application of Latigo Petroleum, Inc. for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks to reinstate the former non-standard 160-acre gas spacing and proration unit within the Justis Gas Pool (76360) comprising the SW/4 of Section 1, Township 25 South, Range 37 East, which is located approximately five miles east-northeast of Jal, New Mexico, previously approved by Division Order No. R-586-C, issued in Case No. 1293 on October 3, 1957. This unit now to be dedicated to the Applicant's proposed Hodges "B" Federal Well No. 7 to be drilled at an unorthodox gas well location 1880 feet from the South line and 390 feet from the West line (Unit L) of Section 1.

# Rock Eagle Ranch Corporation

P.O. Box 458

Bellaire, Texas 77402-0458 NOV 15 PM 1 45

Phone: 713-667-6344

Fax: 713-667-9248

November 12, 2004

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

Re: Our Letter of October 18, 2004  
Section 1, Township 25 South, Range 37 East, N.M.P.M.  
Lea County, New Mexico  
Latigo Petroleum, Inc.'s request for non-standard gas spacing.  
for the Hodges "B" well No. 7 in the SW/4 of Section 1.

Gentlemen:

Rock Eagle Ranch Corporation and Ronald E. Slover of 3614 Royal Road,  
Amarillo, TX 79109 wish to withdraw our protest of Latigo Petroleum,  
Inc.'s request to drill the Hodges "B" well No. 7 in the SW/4 of Section 1,  
Township 25, Range 37 East, N.M.P.M., Lea County, New Mexico.

The matter is set for Examiner Hearing - November 18, 2004 on Docket No.  
32-04 as Case 13387. We will not be attending this hearing.

Sincerely,

Richard E. Weinberg  
President.

CC: Ronald E. Slover

**CASE 13348:**

*Continued from November 4, 2004, Examiner Hearing*  
**Application of Marbob Energy Corporation for Compulsory Pooling, Eddy County, New Mexico.**

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 12, Township 17 South, Range 31 East: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Fren-Morrow Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool and the Undesignated East Fren-Paddock Pool. Said units are to be dedicated to its Knockabout Federal Well No. 1 to be drilled at a standard gas well location 1830 feet from the South line and 1980 feet from the West line (Unit K) of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Hudson Oil Company of Texas as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles East of Maljamar, New Mexico.

**CASE 13387:**

*Continued from November 4, 2004, Examiner Hearing*  
**Application of Latigo Petroleum, Inc. for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico.**

Applicant seeks to reinstate the former non-standard 160-acre gas spacing and proration unit within the Justis Gas Pool (76360) comprising the SW/4 of Section 1, Township 25 South, Range 37 East, which is located approximately five miles east-northeast of Jal, New Mexico, previously approved by Division Order No. R-586-C, issued in Case No. 1293 on October 3, 1957. This unit now to be dedicated to the Applicant's proposed Hodges "B" Federal Well No. 7 to be drilled at an unorthodox gas well location 1880 feet from the South line and 390 feet from the West line (Unit L) of Section 1.

**CASE 13363:**

*Continued October 21, 2004, Examiner Hearing*  
**Application of the New Mexico Oil Conservation Division for an Order Requiring Greka AM, Inc. to Bring Six Wells into Compliance with 19.15.4.201 NMAC, Assessing Civil Penalties, and Authorizing the Division to Plug Said Wells and Forfeit the Applicable Security in Default of Compliance by Operator; Lea County, New Mexico.**

The Applicant seeks an order requiring Greka AM, Inc., the operator in fact of six inactive wells in Lea County, New Mexico, to bring the wells into compliance with 19.15.4.201 NMAC, imposing civil penalties, authorizing the Division to plug said well or wells if the operator fails to do so and forfeit Operator's plugging security, and providing for such other relief as the Division deems appropriate. The affected wells are the following:

Harton State #1  
Morris #1  
Fern Guye #1  
Saba State #1  
San Simon 5 State #1  
San Simon 5 State #2

API # 30-025-28540  
API # 30-025-29247  
API #30-025-34488  
API #30-025-33726  
API #30-025-27564  
API #30-025-28480

UL H, Section 7, T13S, R36E  
UL D, Section 8, T13S, R36E  
UL M, Section 5, T13S, R36E  
UL I, Section 7, T13S, R36E  
UL E, Section 5, T22S, R35E  
UL G, Section 5, T22S, R35E

The San Simon 5 State #1 and #2 wells are located approximately 25 miles southwest of Hobbs, New Mexico. The remaining wells are located approximately 20 miles north of Lovington, New Mexico.

**CASE 13357:**

*Continued from November 4, 2004, Examiner Hearing*  
**Application of Matrix New Mexico Holdings, LLC, for Compulsory Pooling, Lea County, New Mexico.**

Applicant seeks an order pooling all mineral interests from the surface to the bottom of the Wolfcamp formation under the following acreage in Section 10, Township 13 South, Range 38 East, in the following manner: The E/2 of said Section 10 to form a standard 320-acre gas spacing and proration unit for all pools and formations spaced on 320-acre spacing within that vertical extent; The NE/4 of said Section 10 to form a standard 160-acre spacing and proration unit for all pools and formations spaced on 160 acres within that vertical extent; The E/2 NE/4 of said Section 10 to form a standard 80-acre spacing and proration unit for all pools and formations spaced on 80 acres within that vertical extent, including, but not necessarily limited to, the East Stallion-Devonian Oil Pool; and, The NE/4 NE/4 of said Section 10 to form a standard 40-acre spacing and proration unit for all pools and formations spaced on 40-acres within that vertical extent, including, but not necessarily limited to, the Bronco-Mississippian Oil Pool; the Bronco-Siluro Devonian Oil Pool; and the Bronco-Wolfcamp Oil Pool. Applicant proposes to dedicate these pooled units to its proposed Townsend #1-A Well, to be drilled at a standard gas well location in the NE/4 NE/4 of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

October 26, 2004

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

**Latigo Petroleum, Inc.**  
415 West Wall – Suite 1900  
Midland, Texas 79701

Attention: **William F. Chatham, CPL**  
Sr. Staff Landman

Case 13387

**RE:** *Administrative application (Division reference No. pMES0-428753865) filed with the Division on October 4, 2004 to establish/reinstate a non-standard 160-acre gas spacing and proration unit in the Justis Gas Pool (76360) comprising the SW/4 of Section 1, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to be dedicated to Latigo Petroleum, Inc.'s proposed Hodges "B" Well No. 7 to be drilled at an unorthodox gas well location 1880 feet from the South line and 390 feet from the West line (Unit L) of Section 1.*

Dear Mr. Chatham:

On Wednesday, October 20, 2004 the Division received a timely objection from Rock Eagle Ranch Corporation and Ronald E. Slover to the subject application, see copy of a letter from Mr. Richard E. Weinberg, President of Rock Eagle Ranch Corporation attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for November 18, 2004. In order to expatiate this matter I have prepared the following advertisement in this matter:

*"Application of Latigo Petroleum, Inc. for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks to reinstate the former non-standard 160-acre gas spacing and proration unit within the Justis Gas Pool (76360) comprising the SW/4 of section 1, Township 25 South, Range 37 East, which is located approximately five miles east-northeast of Jal, New Mexico, previously approved by Division Order No. R-586-C, issued in Case No. 1293 on October 3, 1957. This unit now to be dedicated to the Applicant's proposed Hodges "B" Federal Well No. 7 to be drilled at an unorthodox gas well location 1880 feet from the South line and 390 feet from the West line (Unit L) of Section 1.*

Should you have any questions concerning this matter, please consult your legal counsel of choose.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs  
U. S. Bureau of Land Management - Carlsbad  
Rock Eagle Ranch Corporation, Attention: Richard E. Weinberg, President – Bellaire, Texas  
Mr. Ronald E. Slover – Amarillo, Texas  
Ms. Florene Davidson, Staff Specialist – NMOCD, Santa Fe

# Rock Eagle Ranch Corporation

P. O. BOX 458  
BELLAIRE, TEXAS 77401  
PHONE: A.C. 713 - 667-6344

RECEIVED

OCT 20 2004

OIL CONSERVATION  
DIVISION

October 18, 2004

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

*Case 13387*

Re: Section 1, Township 25 South, Range 37 East, N.M.P.M.  
Lea County, New Mexico  
Latigo Petroleum, Inc.'s request for non-standard gas spacing.  
for the Hodges "B" well No. 7 in the SW/4 of Section 1.


Gentlemen:

Rock Eagle Ranch Corporation and Ronald E. Slover of 3614 Royal Road, Amarillo, TX 79109 lease an interest (7.5%) in oil & gas produced from the N/2 of Section 1, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

It is our understanding that Latigo Petroleum, Inc. has applied for a non-standard gas spacing and an unorthodox gas well location in the SW/4 of Section 1, the Hodges "B" Well No.7. If approved, this well will drain reserves from the land we lease.

Rock Eagle Ranch Corporation and Ronald E. Slover hereby request that the Oil Conservation Division reject the application of Latigo Petroleum, Inc.

Sincerely,

  
Richard E. Weinberg  
President

CC: Ronald E. Slover

