



February 4, 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 State Land 30 #6 (API#30-025-07484) was returned to production and reporting on the C-115's began in November, 2004.

The Federal 'A' #5 (API#30-025-21304) has been returned to production with the test date of November 15, 2004. Latigo Petroleum Inc. has applied for an exception to Rule 104.D(3).

Sundries to plug and abandon the F.B. Gist #1 & #2, Cabot State #1 and the Todd Lower San Andres #302, #324, #326 and #362 have been approved by the OCD. In early February Basic Well Service commenced a seven well plugging program on these wells starting with the F.B. Gist #1.

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