

LATIGO

Petroleum, Inc.

July 7, 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.

No wells were plugged in June on the inactive well list. We now have approved Sundries from the OCD to plug the following:

Central Corbin Queen #6	(30-025-01592)
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)

We have a Basic plugging rig in Texas which should be finished next week. The above wells will be plugged back to back following completion of this well.

We are currently attempting a re-completion on the Gifford A State #1. We have an approved AFE to re-complete the Hodges B #4. Also, 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.



Bruce Woodard
District Operations Manager

Cc: District Office
Chris Williams
Billy Prichard
Gail MacQuesten