

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

VIA CERTIFIED MAIL/RETURN RECIEPT REQUESTED

December 2, 2005

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



Re: Agreed Compliance Order (ACO)

Dear Mr. Fesmire,

In compliance with the ACO, we are submitting our monthly compliance report regarding inactive wells.

No wells were plugged in November because the plugging rig had other commitments. The Basic plugging unit is now expected on December 12th.

We are currently attempting re-completions on the Bagley State Com #1 and the E.C. Hill D #4. If unsuccessful, these wells will be P&A'd as soon as possible.

According to my records this leaves the Aztec State #14, Dallas, #1, Hodges B #4 and State Land 32 #8 remaining to be addressed on the ACO. Paperwork has been filed to P&A the Aztec State #14 and the Dallas #1. A Sundry to TA the Hodges B #4 has been submitted. The State Land 32 #8 is being evaluated by geology for a potential deepening prospect. This will also be P&A'd if not a viable prospect.

Basic has assured us that when the plugging rig gets back to Latigo we can keep it until we are done. Latigo intends to clean up the ACO commitment and immediately address the wells out of compliance with Rule 201.

I received a letter from Gail MacQuesten dated 11/15/05 questioning our ability to get back on the schedule dictated in the ACO. Due to availability of equipment I am going to email Gail MacQuesten to request an amendment to the ACO.

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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. m

Bruce Woodard District Operations Manager

Cc: District Office Chris Williams <u>Billy Prichard</u> Gail MacQuesten

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