415 W. Wall, Suite 1900 • Midland, Texas 79701 • 432-684-4293 • 432-684-0829 FAX

Via Certified Mail/Return Receipt Requested #7004 0750 0000 6935 5038

September 30, 2004

RECEIVED

OCT 4 2004

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

Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505

Case 13387

Ladies and gentlemen:

Pursuant to Division Rules 104.D.(2) and 104.F, Latigo Petroleum, Inc. applies for approval of a non-standard gas spacing and proration unit, and an unorthodox gas well location, for the following well:

Well:

Hodges "B" Well No. 7

Location:

1880' feet FSL & 390' feet FWL

Well Unit:

SW1/4 of Section 1, Township 25 South, Range 37 East, N.M.P.M.,

Lea County, New Mexico

A Form C-102 for the well is attached as Exhibit A. The well will be drilled to test the Justis Gas Pool, which is a prorated pool. Under Order No. R-8170, as amended, spacing in the pool is 320 acres, with wells to be located no closer than 1980 feet to the end line, nor closer than 660 feet to the side line, of the well unit. If the application is granted, Latigo Petroleum, Inc. will produce the well at one-half of the current allowable in the pool (Monthly Allocation Factor 18,300).

The SW¼ of Section 1 was previously approved in 1953 as a non-standard gas well unit in the Justis Gas Pool, with the Hodges "B" No. 1 well dedicated to the unit. A plat of the Unit is attached hereto as Exhibit E. The Hodges "B" Well No. 1 was plugged and abandoned in March 1975.

Attached as Exhibit B is a combination structure/production plat of the area. The Hodges "B" No. 7 is a Glorieta test in the Justis Gas Pool. The Glorieta is a dolomite with production being controlled by enhanced porosity on top of a structure as well as being lifted out of the water column by the structure. The proposed well is offset to the south in the SW/4SW/4 of Sec. 1-T25S-R37E by a plugged Glorieta well with a cumulative production of 2.1 BCFG. Also a well in the SW/4SE/4 of Sec. 2-T25S-R37E has cumulative production from the Glorieta of 1.2 BCFG and a well in the NE/4NE/4 of Sec. 2-T25S-R37E has cumulative production from the Glorieta of 2.1 BCFG. These wells indicate very little gas remains to be recovered from the E/2 of sec. 2. The well in the SE/4NW/4 of section 1 is very poor and on the downdip side of the structure and illustrates very little gas remains in the NW/4 of sec. 1. The E/2 of section one is downdip and not productive. The Hodges "B" No. 7 is Latigo's attempt to recover any remaining

Michael E. Stogner
Oil Conservation Division
September 30, 2004
Page 2

gas reserves in the SW/4 of Sec. 1-T25S-R37E and this well will not adversely effect lands outside of the SW/4 of Section 1.

Attached as Exhibit C is a land plat. There are no offset working interest owners or operators in the Justis Gas Pool.

Notice has been given to the offsets as shown on Exhibit D.

Please do not hesitate to give me a call if you have questions at (432) 684-4293 or email me at bchatham@latigopetro.com.

Very truly yours,

William F. Chatham, CPL

Sr. Staff Landman

**Enclosures** 

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

UL or lot no.

12 Dedicated Acres

160

1220 S. St. Francis Dr., Santa Fe, NM 87505

Section Township

<sup>13</sup> Joint or Infill

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

		W	ÆLL LC	CATION	I AND ACR	EAGE DEDIC	CATION PLA	.T	
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4 Property	Code				5 Property HODGES			٠,٧	Vell Number #7
<sup>7</sup> OGRID 227001					<sup>8</sup> Operator LATIGO PETRO				Elevation 3118
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			<sup>11</sup> Bo	ttom Hol	le Location I	f Different Fro	m Surface		
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Feet from the

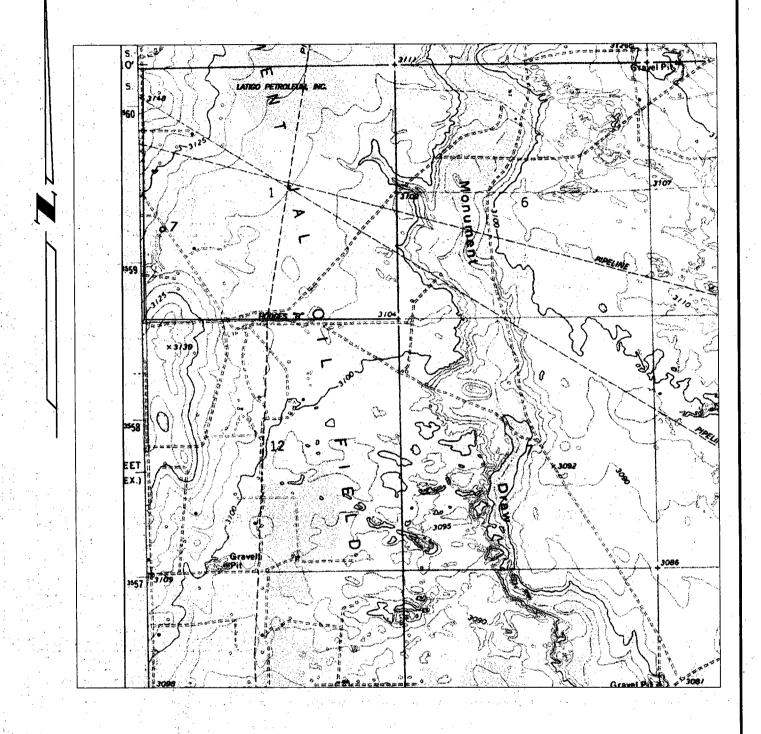
15 Order No.

Range

4 Consolidation Code

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-

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					<u> </u>
				·	Signature
					Printed Name
					<u> </u>
		,			Title and E-mail Address
			,		Date
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390'_	LC	ONG.: 103°07'24.31"			plat was plotted from field notes of actual surveys
× 390	#7				made by me or under my supervision, and that the same is true and correct to the best of my belief.
	, ,,		:. :	·	9-20-04 Size R. PENA
					9-20-04  Date of Survey  Signature and Seal of Professional Survey
	1880°				Signature and Seal of Professional Superior Seal of Professional S
					Certificate Number LS9062



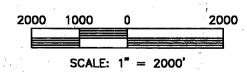
LATIGO PETROLEUM, INC.

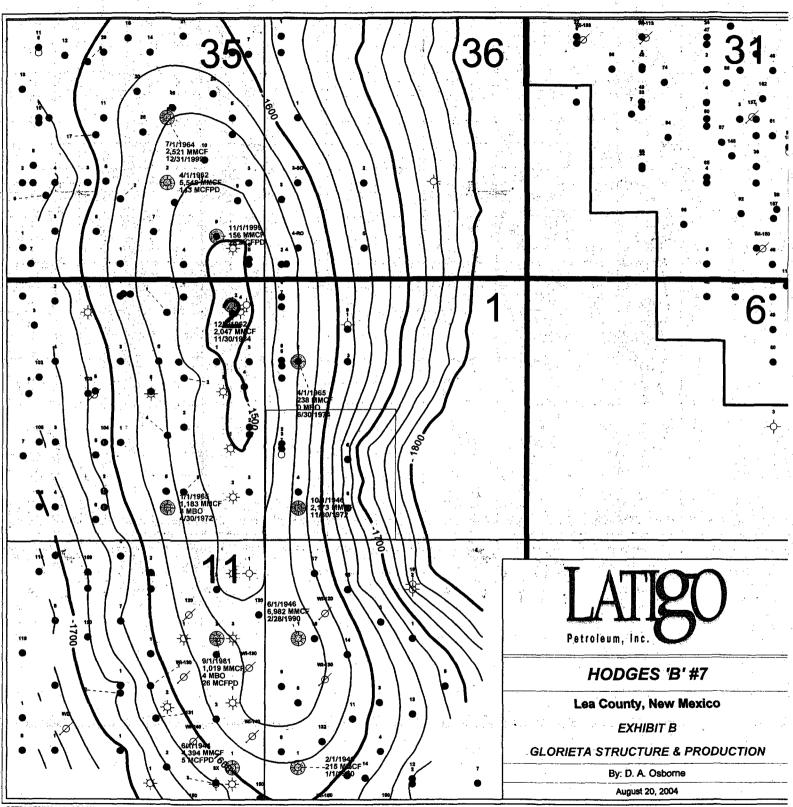
Hodges "B" WELL NO. 1 1880 FSL, 390 FWL T-25-S, R-37-E, LEA COUNTY, NEW MEXICO

BRP	ENTE	RPF	RISES,	. INC.
		_		\

(BRUCE R. PENNELL)
P.O. BOX 51622, MIDLAND, TEXAS 79710
VOICE:(432)570-6256 FAX: (432)682-3262 MOBILE: (432)528-1027

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415 W, Wall, Suite 1900 • Midland, Texas 79701 • 432-684-4293 • 432-684-0829 FAX

## Via Certified Mail - Return Receipt Requested

September 30, 2004

To: Owners listed on attached page

Attn: Land Department

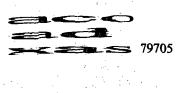
Dear Sir or Madam:

Enclosed is a copy of an application, filed with the New Mexico Oil Conservation Division by Latigo Petroleum, Inc., requesting approval of a non-standard gas spacing and proration unit and an unorthodox gas well location in the Justis Gas Pool in the SW¼ of Section 1, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico. As an offset operator or interest owner, you have the right to object to the application. Any objection must be in writing and filed with the Division (1220 South St. Francis Drive, Santa Fe, New Mexico 87505) no later than 20 days from the date of receipt of this letter. Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,

William F. Chatham Sr. Staff Landman

Enclosure



Apache Corporation 2000 Post Oak Blvd., Suite 100 Houston, Texas 77056 Citation Oil & Gas Corp. 8223 Willow Place Drive South, Suite 25 Houston, Texas 77070

\$ 77252

Nadel and Gussman Permian LLC 601 North Marienfeld, Suite 508 Midland, Texas 79701 JFG Enterprises, A Partnership P.O. Box 100 Artesia, NM 88211-0100

r Production Inc.
s Boulevard East
5039

Devon Energy Corporation 20 N. Broadway Ave., Suite 1500 Oklahoma City, OK 73102-8296 Bruno & Marshall Investments P. O. Box 590 Midland, Texas 79702

77402-0458

Ronald E. Slover 3614 Royal Road Amarillo, Texas 79109 OXY USA Inc. P. O. Box 50250 Midland, Texas 79710-1810

ources Oil & Gas Company

79710-1810

J. H. Herd 415 W. Wall, Suite 300 Midland, Texas 79701

Waikiki Partners LP P. O. Box 2127 Midland, Texas 79702

d Cone, Jr., Trustee of the d Cone Trust I enue P s 79403

NMO & G LTD., A Texas Limited Partnership 1423 North Avenue P Lubbock, Texas 79403 Manon Markham McMullen c/o Roderick Allen Markham 1500 Broadway Suite 1212 Lubbock, Texas 79401

Sands II
Street
64067

J. M. Welborn Trust 1500 Broadway, Suite 1212 Lubbock, Texas 79401 Kerr McGee Oil & Gas - US Onshore 16666 Northchase Houston, Texas 77060

Gas Company

Hanaho, Ltd. P. O. Box 1747 Midland, Texas 79702 Leland Davidson P. O. Box 1146 Midland, Texas 79702

Ltd. 1.,#1700 2. 78657

Primavera Resources Inc. 4040 Broadway, Suite 419 San Antonio, Texas 78209 Lanexco Inc. P. O. Box 2730 Midland, Texas 79702

dson s 79702

Robert W. Lansford 908 Cochiti Hobbs, NM 88204 Jack D. Mussett 5302 Teakwood Trace Midland, Texas 79707

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Operator	Lease	Well I	10.
Name of Producing Formation	Paduock (Gloriett	a) Pool Justis	Gas

No. Acres Dedicated to the Well TOWNSHIP RANGE SECTION

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name falls ff. Tall Position District Superintendent

Representing Cities Service Oil Co. Address Box 97, Hobbs, New Mexico