

**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](mailto:jamesbruc@aol.com)

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March 16, 2006

Hand Delivered

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

*Case 13697*

Dear Florene:

Enclosed for filing, on behalf of Latigo Petroleum, Inc., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the April 27, 2006 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Latigo Petroleum, Inc.

PERSONS BEING POOLED

Tsaba Royalty, Inc.  
1511 Dresser  
Graham, Texas 76450

Hunt Oil Company  
1445 Ross at Field  
Dallas, Texas 75202

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF LATIGO PETROLEUM,  
INC. FOR COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO.**

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Case No. 13697

**APPLICATION**

Latigo Petroleum, Inc. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N½ of Section 9, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

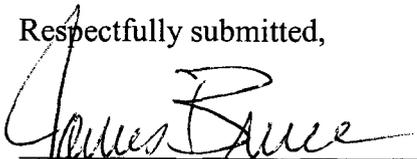
1. Applicant is an interest owner in the N½ of Section 9, and has the right to drill a well thereon.
2. Applicant proposes to drill its Anderson Ranch "9" State Well No. 1, at an orthodox gas well location in the NE¼NE¼ of Section 9, to a depth sufficient to test the Morrow formation, and seeks to dedicate the N½ of Section 9 to the well to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Anderson Ranch-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 9 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 9, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 9, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the N½ of Section 9, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Latigo Petroleum, Inc.

PROPOSED ADVERTISEMENT

Case No. 13697 : **Application of Latigo Petroleum, Inc. for compulsory pooling, Lea County, New Mexico:** Latigo Petroleum, Inc. seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 9, Township 16 South, Range 32 East, NMPM, 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 Undesignated Anderson Ranch-Morrow Gas Pool. The unit is to be designated to the Anderson Ranch "9" State Well No. 1, to be drilled at an orthodox gas well location in the NE/4NE/4 of Section 9. 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 unit is located approximately 6 miles north-northwest of Maljamar, New Mexico.

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