

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address LATIGO PETROLEUM INC 415 W. Wall, Suite 1900 Midland, TX 79701		² OGRID Number 227001
³ Property Code	⁵ Property Name TWO MARKS 36 STATE	⁴ API Number 30-015-33622
⁹ Proposed Pool 1 Indian Basin, Upper Penn Assoc		⁶ Well No. 1
⁷ Surface Location		¹⁰ Proposed Pool 2

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Westline	County
M	36	21S	24E		660	S	760	W	EDDY

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Westline	County

¹¹ Work Type Code Drill		¹² Well Type Code New Well		¹³ Cable/Rotary R		¹⁴ Lease Type Code S		¹⁵ Ground Level Elevation 3825' Gr	
¹⁶ Multiple		¹⁷ Proposed Depth 8700'		¹⁸ Formation Canyon		¹⁹ Contractor JW/United		²⁰ Spud Date 09/20/2004	
Depth to Groundwater 150'				Distance from nearest fresh water well 9625' NW				Distance from nearest surface water 9 mi NE	
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 6 mil thick Clay <input type="checkbox"/>				Pit Volume: 500 bbls		Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>			
Closed-Loop System <input type="checkbox"/>									

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	9-5/8"	36# - J55	1600'	795 sx	Surface
8-3/4"	7"	26# - L-80	8700'	1520 sx	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.
This is an area of severe lost circulation problems to a depth of approx 1600', therefore intend to drill w/air (JW Drilg Co) to 1600' & set surface csg. MIRT (United) w/fluid system & continue drl to TD of 8700'. Possible DST of Cisco/Canyon interval. BOP diagram of JW attached

As a condition of approval
a detailed closure plan
must be filed before
closure may commence.

NOTIFY OCD TO WITNESS
ALL CASING STRINGS

RECEIVED
SEP 13 2004
OCD-ARTESIA

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

OIL CONSERVATION DIVISION

Approved by:

TIM W. GUM

DISTRICT II SUPERVISOR

Printed name: Bonnie Husband

Title: Production Analyst

E-mail Address: bhusband@latigopetro.com

Date: 09/07/2004

Phone: (432)684-4293

Approval Date: SEP 15 2004

Expiration Date: SEP 15 2005

Conditions of Approval Attached ☐

District I
PO Box 1960, Hobbs, NM 88241-1960
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-10
Revised February 10, 1999
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 33685	Pool Name INDIAN BASIN, UPPER PENN, ASSOCIATED
Property Code	Property Name TWO MARKS 36 STATE	Well Number 1
OCRID No. 227001	Operator Name LATIGO PETROLEUM, INC	Elevation 3825

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M	36	21-5	24-E		660	SOUTH	760	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

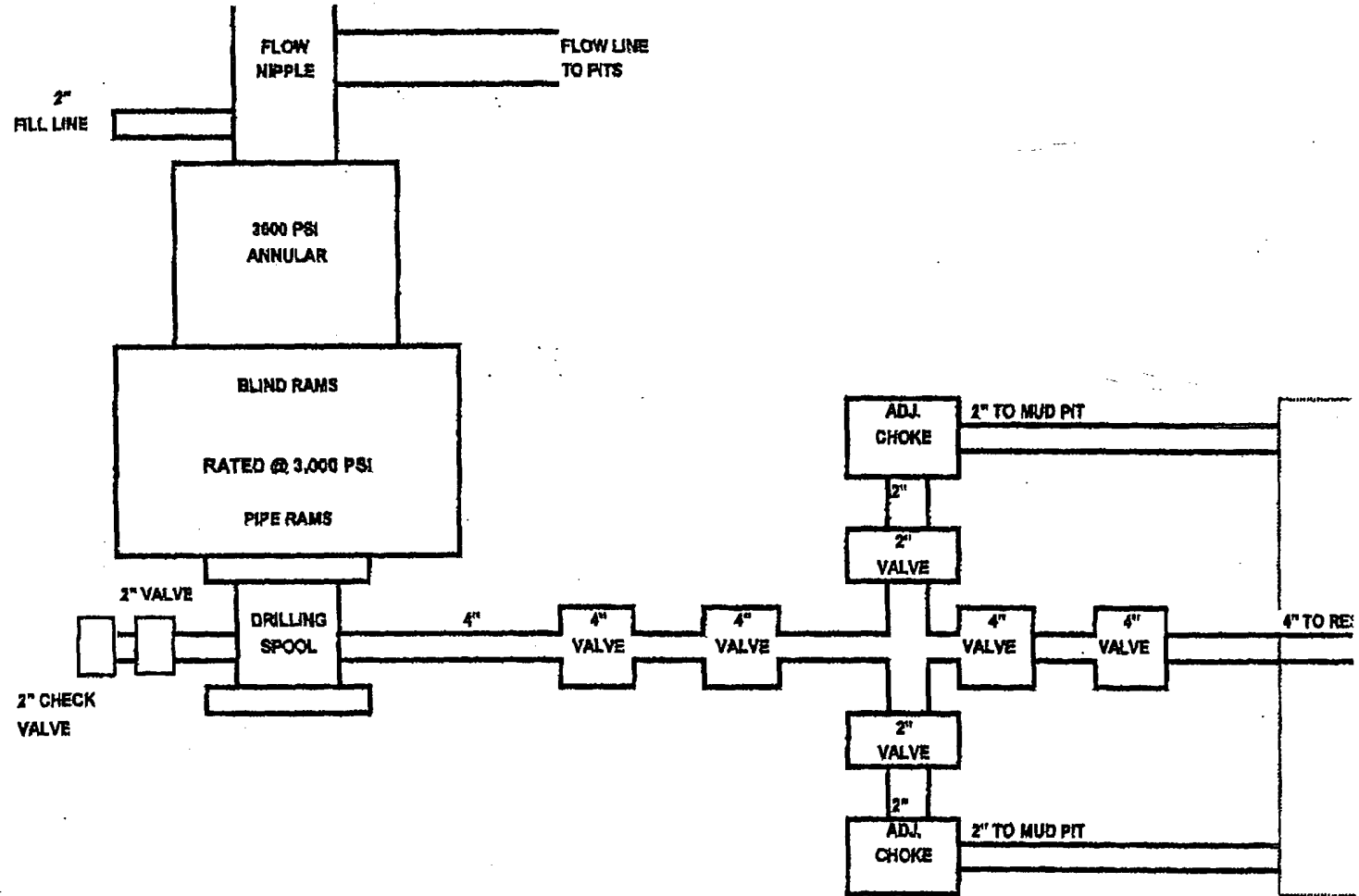
Dedicated Acres 320	Joint or Infill I	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Bonnie Husband Printed Name Production Analyst Title Date Sept 9, 2004	
	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey 8-24-04 Signature and Seal of Professional Surveyor BRUCE R. PENNELL NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 9062 Certificate Number L59062	

BOP STACK

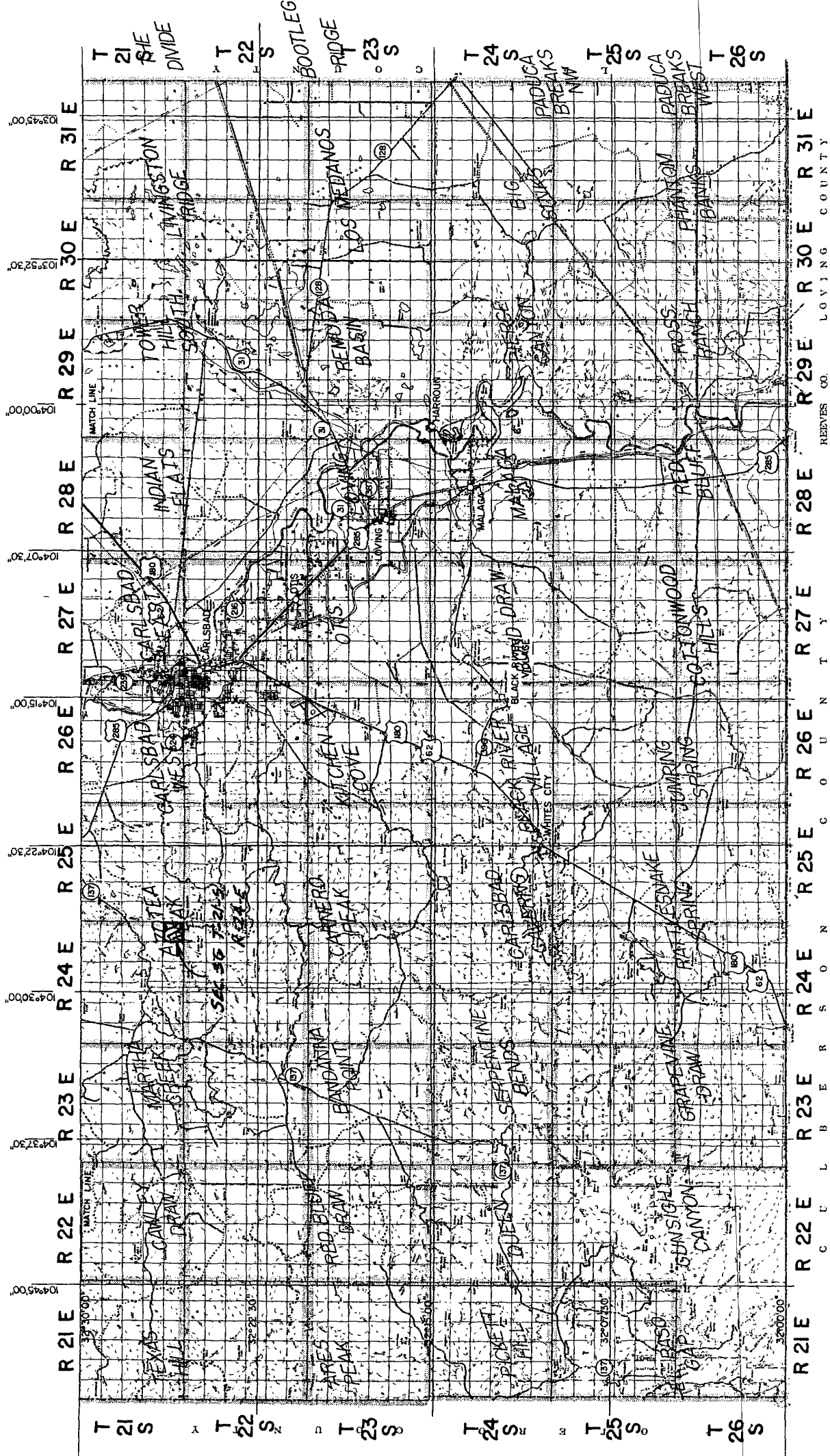
JW DRILLING, INC. RIG # 4



JWDRILLING

5057488719

09/06/2004 22:30



LEGEND

- U.S. NUMBERED HIGHWAY
- STATE HIGHWAY
- RED = LIMITS OF USGS TOPOGRAPHIC MAP COVERAGE (7 1/2' SERIES)

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
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INDEX OF
U.S.G.S. TOPOGRAPHIC MAP
COVERAGE AND
GENERAL HIGHWAY MAP
FDDY COUNTY



Latigo Petroleum, Inc.
415 West Wall Street, Suite 1900
Midland, Texas 79701
432-684-4293

**Hydrogen Sulfide (H₂S)
Contingency
Plan
for**

Two Marks 36 State No. 1

660' FSL and 760 FWL

Sec 36, T21S, R24E

Eddy County, NM



Two Marks 36 State No. 1

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for the protection against the gas, equipment used for protection and emergency response. Additionally, the responders must be equipped with H₂S monitors and air packs in order to control the release. Use the 'Buddy System' to ensure no injuries occur during the response.

Gas Source Ignition (Firing)

Should control of the well be considered lost and ignition considered, care to protect against Sulfur Dioxide, SO₂, must be taken by all. Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command(ers) on scene of any major release. An ignition of gas requires that all downwind be protected.

Gas Characteristics

Common Name	Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Conc.
Hydrogen Sulfide	H ₂ S	1.189, Air=1	10 ppm	100 ppm/Hr	600 ppm
Sulfur Dioxide	SO ₂	2.21, Air=1	2 ppm	N/A	1000 ppm

Contacting Authorities

Latigo Petroleum, Inc. personnel must and will liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours after the occurrence of the event. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. The following call list, next page, of essential and potential responders has been prepared for use during a release. Latigo Petroleum, Inc. response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER).

Two Marks 36 State No. 1

Latigo Petroleum Contacts

Name	Office	Cellular	Home
Bruce Woodard, Operations Manager	432-684-4293	432-894-2640	432-697-6243
Rodeny Long, Field Foreman	505-391-9291	432-894-2648	432-524-3822
Ronnie Pryer, Field Foreman	505-391-9291	432-894-2650	505-391-8698
Mark A. Fairchild, Engineer	432-684-4293	432-894-2558	432-684-0524

Agency Contacts

City	Entity	Number
Artesia	State Police	505-746-2703
	City Police	505-746-2703
	Sheriff's Office	505-746-9888
	Ambulance	911
	Fire Department	505-746-2701
	Local Emergency Planning Committee	505-746-2122
Carlsbad	NMOCD	505-748-1283
	State Police	505-885-3137
	City Police	505-885-2111
	Sheriff's Office	505-887-7551
	Ambulance	911
	Fire Department	505-885-2111
Sana Fe	Local Emergency Planning Committee	505-887-3798
	US Bureau of Land Management	505-887-6544
	NM Emergency Response Commission	505-827-9126
Washington, DC	US Emergency Response Center	800-424-8802

Other Contacts

Entity	Location	Number
Cudd Pressure Control	Midland/Odessa, TX	432-699-0139
Halliburton	New Mexico Yard	505-746-2757
Flight for Life	Lubbock, TX	806-743-9911
Med Flight Air Ambulance	Albuquerque, New Mexico	505-842-4433