

Susp: 1-24-2005
PME3D-501840731

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RECEIVED

JAN 03 2005

OIL CONSERVATION
DIVISION

December 31, 2004

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

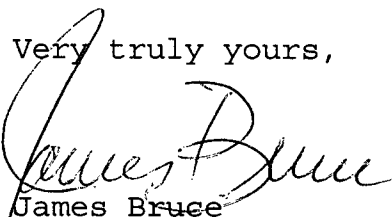
Re: Administrative Order NSP-1882(L)

Dear Mr. Stogner:

Latigo Petroleum, Inc. requests an amendment of the above order. The order approved, among other things, an unorthodox location 1880 feet FSL and 390 feet FWL. The applicant just discovered that it needed to move the well further away from an existing pipeline, and thus requests a location 1880 feet FSL and 430 feet FWL.

Since the location is less unorthodox than the original location, notice has not been given to any offset.

Very truly yours,



James Bruce

Attorney for Latigo Petroleum, Inc.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 20, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Latigo Petroleum, Inc.
415 West Wall – Suite 1900
Midland, Texas 79701

Attention: William F. Chatham, CPL
Sr. Staff Landman
hchatham@latigopetro.com

Administrative Order NSP-1882 (L)

Dear Mr. Chatham:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on October 4, 2004 (***administrative application reference No. pMES0-428753865***); and (ii) the Division's records in Hobbs and Santa Fe, including the file in Division Case No. 13387: all concerning Latigo Petroleum, Inc.'s ("Latigo") request to reinstate a previously approved non-standard 160-acre gas spacing and proration unit ("GPU") in the Justis (Glorieta) Gas Pool (**76360**) comprising the SW/4 of Section 1, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, and to dedicate this GPU to Latigo's proposed Hodges "B" Well No. 7 to be drilled at an unorthodox gas well location 1880 feet from the South line and 390 feet from the West line (Unit L) of Section 1.

This application has been duly filed under the provisions of: (i) Division Rules 104.F and 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the Justis Gas Pool*," as promulgated by Division Order No. R-8170, as amended.

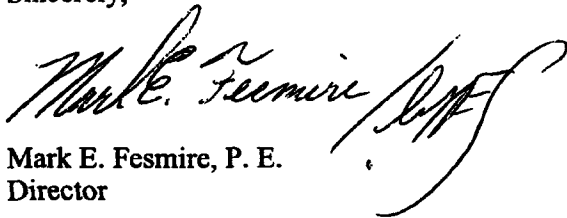
From the Division's records and from the information provided in your application, it is our understanding that by Division Order No. R-586-C, issued in Case No. 1293 on October 3, 1957, this 160-acre non-standard GPU was "grandfathered" in as approved for Justis (Glorieta) gas production from the Cities Service Oil Company's Hodges "B" Well No. 1 (**API No. 30-025-11395**) located at a standard gas well location 660 feet from the South and West lines (Unit M) of Section 1. This well was initially completed in the Glorieta formation in the late 1940's and was subsequently plugged and abandoned in 1975.

By authority granted me under the provisions of Division Rules 605.B (2) (b), 104.F (2), and 104.D (2) and the applicable provisions of the special pool rules governing the Justis (Glorieta) Gas Pool, the: (i) above-described 160-acre non-standard GPU is restored; and (ii) Latigo's proposed Hodges "B" Well No. 7 to be drilled at the above-described unorthodox gas well location is hereby approved.

Further, Latigo is permitted to produce the allowable assigned this 160-acre GPU from the Hodges "B" Well No. 7 in accordance with Rule 5 of the special rules governing the Justis (Glorieta) Gas Pool and Division Rule 605.D (4) (a).

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", followed by a large, stylized flourish or initial.

Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division - Hobbs
File: Case No. 13387
Case No. 1293
James Bruce, Legal Counsel for Latigo Petroleum, Inc. – Santa Fe

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

Form C-101
May 27, 2004

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

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. 550 W. Texas, Suite 700, Midland, TX 79701		² OGRID Number 227001
³ Property Code 300320	⁴ Property Name Hodges "B"	⁵ API Number 30-025-37016 ⁶ Well No. 7
⁷ Proposed Pool 1 Glorieta Justis Gas Pool		⁸ Proposed Pool 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	1	25S	37E		1880	South	390	West	Lea

Proposed Bottom Hole Location If Different From Surface

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

Additional Well Information

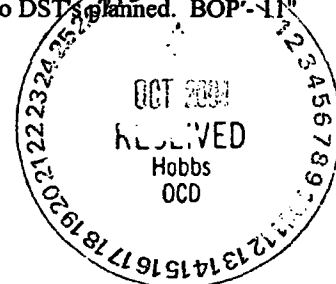
¹¹ Work Type Code New Drill	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3118'
¹⁶ Multiple No	¹⁷ Proposed Depth 5100'	¹⁸ Formation Glorieta	¹⁹ Contractor United	²⁰ Spud Date 11/15/2004
Depth to Groundwater 90'		Distance from nearest fresh water well 13,000'		Distance from nearest surface water 6 miles SW
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mil thick Clay <input type="checkbox"/>		Pit Volume: 500 bbls		
Closed-Loop System <input type="checkbox"/>		Drilling Method: Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8 5/8"	24	1000'	400	Surface
7 7/8"	5 1/2"	15.5	5100'	675	1000'

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.
Drill an 11" hole to 1000', run 8 5/8" 24# J55 casing. Cement w/400 sx Class C cement + additives. WOC 12 hrs. Drill 7 7/8" hole to 5100', run 5 1/2" 15.5# J55 casing. Cement w/675 sx Class C + additives. Estimated TOC 1000'. No DST planned. BOP - 11" 3000# Shaffer LWS Double, annular: Hydril GK 10" x 3000psi.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway



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 ☐.

Printed name: Donna Frazier
Title: Production Analyst
E-mail Address: dfrazier@latigopetro.com
Date: 10/26/2004
Phone: (432)684-4293

OIL CONSERVATION DIVISION

Approved by:

Title: PETROLEUM ENGINEER

Approval Date:

Expiration Date:

DEC 28 2004

Conditions of Approval Attached ☐

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-37010	² Pool Code 78360	³ Pool Name JUSTIS Gloria
⁴ Property Code 300320	⁵ Property Name HODGES "B"	⁶ Well Number # 7
⁷ OGRID No. 227001	⁸ Operator Name LATIGO PETROLEUM INC.	⁹ Elevation 3118

¹⁰ Surface Location

UL or lot no. L	Section 1	Township 25-S	Range 37-E	Lot Idn	Feet from the 1880	North/South line SOUTH	Feet from the 390	East/West line WEST	County LEA
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSP-188254						

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: Donna Frazier Printed Name: Donna Frazier Title and E-mail Address: Production Analyst Date: 10/28/04
	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. 9-20-04 Date of Survey Signature and Seal of Professional Surveyor: Bruce R. Pennell Certificate Number: LS9062