



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.

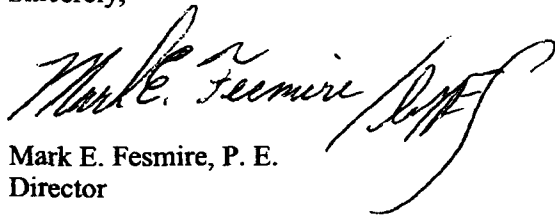
Latigo Petroleum, Inc.
December 20, 2004
Page 2

Division Administrative Order NSP-1882 (L)

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,



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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Latigo Petroleum, Inc.

c/o James Bruce

P. O. Box 1056

Santa Fe, New Mexico 87504

January 24, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

AMENDED Administrative Order NSP-1882 (L)

Dear Mr. Bruce:

Reference is made to your letter dated December 31, 2004, requesting that Division Administrative Order NSP-1882 (L), dated December 20, 2004, be amended to reflect a location change for Latigo Petroleum, Inc.'s proposed Hodges "B" Well No. 7. It is the Division's understanding that a move 40 feet east from the proposed well site is needed in order *"to move the well further from an existing pipeline."*

By authority granted me under the provisions of Division Rules 605.B (2) (b), 104.F (2), and the applicable provisions of the special pool rules governing the Justis (Glorieta) Gas Pool, Division Administrative Order NSP-1882 (L) is hereby amended to reflect a location change for Latigo's proposed Hodges "B" Well No. 7 to be drilled at a less-unorthodox oil well location 1880 feet from the South line and 430 feet from the West line (Unit L) of Section 1, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

All other provisions of Division Order NSP-1882 (L) shall remain in full force and effect until further notice.

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

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division - Hobbs
File: Case No. 13387
Case No. 1293
NSP-1882 (L)

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 Proposed Pool 1 Glorieta Justis Gas Pool | | ⁷ Well No. 7 |

Surface Location

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

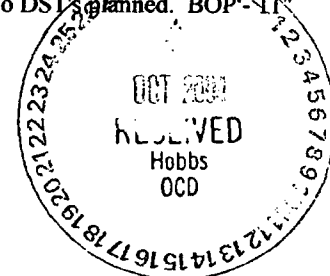
| | | | | |
|--|---------------------------------------|---|------------------------------------|---|
| ¹¹ Work Type Code New Drill | ¹² Well Type Code G | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code P | ¹⁵ Ground Level Elevation 3118' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 5100' | ¹⁸ Formation Glorieta | 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 milst thick Clay <input type="checkbox"/> Pit Volume: 500 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> 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. Drilling 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 DSTs 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 NMOC guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | | OIL CONSERVATION DIVISION | |
| Printed name: Donna Frazier | | Approved by: <i>Donna Frazier</i> | |
| Title: Production Analyst | | Title: PETROLEUM ENGINEER | |
| E-mail Address: dfrazier@latigopetro.com | | Approval Date: DEC 28 2004 | |
| Date: 10/26/2004 | | Expiration Date: | |
| Phone: (432)684-4293 | | Conditions of Approval Attached <input type="checkbox"/> | |

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 Glorieta |
| 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. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L | 1 | 25-S | 37-E | | 1880 | SOUTH | 390 | WEST | LEA |

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. N5P-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: <i>Donna Frazier</i> 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: <i>Bruce R. Pennell</i> Certificate Number: LS9062 |

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

| | |
|--------------------------------------|--|
| WELL API NO. | 30-025-37016 |
| 5. Indicate Type of Lease | STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. | |
| 7. Lease Name or Unit Agreement Name | Hodges "B" |
| 8. Well Number | 7 |
| 9. OGRID Number | 227001 |
| 10. Pool name or Wildcat | Justis Glorieta Gas Pool (79360) |

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type Synthetic Depth to Groundwater 90' Distance from nearest fresh water well 13,000 Distance from nearest surface water 6 miles SW

Pit Liner Thickness: 12 mil mil Below-Grade Tank: Volume 500 bbls; Construction Material Synthetic

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Latigo Petroleum, Inc.

3. Address of Operator 550 W. Texas, Suite 700
Midland, TX 79701

4. Well Location
Unit Letter L : 1880 feet from the South line and 447 390 feet from the West line
Section 1 Township 25S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3118 GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Spud Well ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Drill & complete Glorieta Gas Well

01/26/2005 Wednesday (Day 1)

Depth: 400'. MW 8.3. Bit #1: 12 1/4" SEC 4680 SN#949473 13-13-13 in @ 40' w/10 total hrs & 360' total footage on bit. Drld 360' in last 24 hrs @ 36 ft/hr. At report time: drlg. Mud added: 35 FW gel, 5 paper & 2 lime. Spudded well @ 8:00 p.m. on 01-25-05. RU & spudded w/12 1/4" bit from 40' - 400'. Time breakdown: 14 hrs RU & 10 hrs drlg.



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Donna Frazier

TITLE Production Analyst

DATE 01/27/2005

Type or print name Donna Frazier
For State Use Only

E-mail address: dfrazier@latigopetro.com

Telephone No. (432)684-4293

APPROVED BY: Harry W. White
Conditions of Approval (if any):

OC FIELD REPRESENTATIVE II/STAFF MANAGER
TITLE
DATE FEB 03 2005

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

| | |
|--------------------------------------|--|
| WELL API NO. | 30-025-37016 |
| 5. Indicate Type of Lease | STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. | |
| 7. Lease Name or Unit Agreement Name | Hodges "B" |
| 8. Well Number | 7 |
| 9. OGRID Number | 227001 |
| 10. Pool name or Wildcat | Justis Glorieta Gas Pool (79360) |

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Latigo Petroleum, Inc.

3. Address of Operator 550 W. Texas, Suite 700
Midland, TX 79701

4. Well Location
Unit Letter L : 1859' feet from the South line and 447' 390' feet from the West line
Section 1 Township 25S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3118 GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type Synthetic Depth to Groundwater 90' Distance from nearest fresh water well 13,000 Distance from nearest surface water 6 miles SW

Pit Liner Thickness: 12 mil mil Below-Grade Tank: Volume 500 bbls; Construction Material Synthetic

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

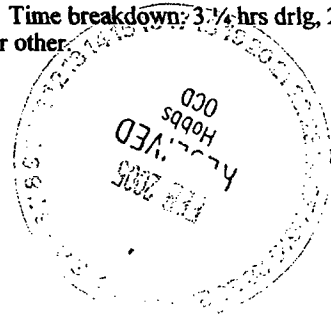
SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Run 8 5/8" csg ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

01/28/2005 Depth: 1030'. MW 8.3. Bit #1: 12 1/4" SEC 4680 SN#949473 13-13-13 in @ 40' & out @ 1030' w/36 1/4 total hrs & 990' total footage on bit. Drld 69' in last 24 hrs @ 3 1/4 ft/hr. At report time: WOC & BOP. Mud added: 5 paper. Drld from 961' - 1030'. Circ & sweep hole. Dropped Totco. TOH to run 8 5/8" csg (tight hole) & LD 8" DC's & S. sub. RU csg crew & ran 23 jts 8 5/8" csg & set @ 1026'. RD csg crew. Broke circ & circulated. RU cmt tools & cmt surface w/362 sxs Class C w/2% bwoc + 81.4% fresh water, tail w/ 100 sxs Class C + 2% bwoc Calcium Chloride. Plug down @ 5:00 p.m. RD cmt tools. WOC. Welder arrived on location & started cutting off conductor & 8 5/8" csg. Welded WH. WOC & BOP. Time breakdown: 3 1/4 hrs drlg, 2 hrs trips, 1/2 hr cond/circ, 9 1/4 hr WOC, 1 1/2 hrs drld cmt, 2 3/4 hrs ran csg, 4 1/2 hrs weld head & 1/4 hr other



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Donna Frazier TITLE Production Analyst DATE 01/31/2005

Type or print name Donna Frazier
For State Use Only

E-mail address: dfrazier@latigopetro.com Telephone No. (432)684-4293
FIELD REPRESENTATIVE II/STAFF MANAGER

APPROVED BY: Harold W. Wink TITLE _____ DATE FEB 03 2005

Conditions of Approval (if any):

FEB 03 2005

Submit 3 Copies To Appropriate District
Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

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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-103

May 27, 2004

| | |
|--------------------------------------|--|
| WELL API NO. | 30-025-37016 |
| 5. Indicate Type of Lease | STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No. | |
| 7. Lease Name or Unit Agreement Name | Hodges "B" |
| 8. Well Number | 7 |
| 9. OGRID Number | 227001 |
| 10. Pool name or Wildcat | Justis Glorieta Gas Pool (79360) |

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type Synthetic Depth to Groundwater 90' Distance from nearest fresh water well 13,000 Distance from nearest surface water 6 miles SW

Pit Liner Thickness: 12 mil mil Below-Grade Tank: Volume 500 bbls; Construction Material Synthetic

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
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PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Latigo Petroleum, Inc.

3. Address of Operator 550 W. Texas, Suite 700
Midland, TX 79701

4. Well Location
Unit Letter L : 1859' feet from the South line and 447' feet from the West line
Section 1 Township 25S Range 37E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3118 GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

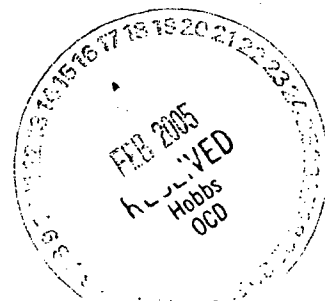
SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Run 5 1/2" csg ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

02/08/2005 Depth: 4950'. RU csg crew & ran 125 jts 5 1/2" csg & set @ 4949'. RD csg crew. Broke circ & circulated. RU cmt tools & cmt w/500 sxs Class C light, tail w/ 397 sxs Class C 50/50 pos. RD cmt tools. WOC. WO temp survey.



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Donna Frazier

TITLE Production Analyst

DATE 02/10/2005

Type or print name Donna Frazier
For State Use Only

E-mail address: dfrazier@latigopetro.com

Telephone No. (432)684-4293

APPROVED BY: [Signature]

TITLE

PETROLEUM ENGINEER

DATE

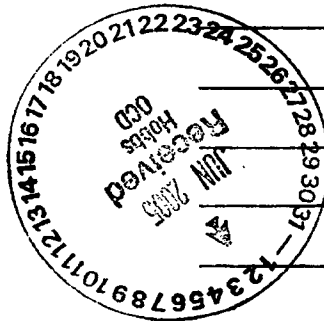
FEB 17 2005

Conditions of Approval (if any):

WELL NAME AND NUMBER Hodges "B" No. 7 Unit 1
LOCATION 1880' FSL & 390' FWL, Section 125S, R37E, Lea County NM
OPERATOR Latigo Petroleum, Inc. 30-025-37016
DRILLING CONTRACTOR United Drilling, Inc.

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and had conducted deviation tests and obtained the following results:

| <u>Degrees @ Depth</u> | <u>Degrees @ Depth</u> | <u>Degrees @ Depth</u> |
|------------------------|-----------------------------|-----------------------------|
| <u>1/2° 502'</u> | <u>1-1/2° 4517'</u> | <u> </u> |
| <u>3/4° 1023'</u> | <u>2° 4930'</u> | <u> </u> |
| <u>1° 1502'</u> | <u> </u> | <u> </u> |
| <u>1-1/4° 2008'</u> | <u> </u> | <u> </u> |
| <u>1/2° 2516'</u> | <u> </u> | <u> </u> |
| <u>1-1/4° 2996'</u> | <u> </u> | <u> </u> |
| <u>1-1/2° 3503'</u> | <u> </u> | <u> </u> |
| <u>1-3/4° 4010'</u> | <u> </u> | <u> </u> |



Drilling Contractor United Drilling, Inc.
By: George A. Aho
Title: Business Manager

Subscribed and sworn to before me this 14th day of February,
2002.

Carlue Martin
Notary Public

My Commission Expires: 10-08-08

Chaves New Mexico
County State

KC

| | | |
|--|---|--|
| Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies 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 and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 | Form C-105 Revised June 10, 2003 |
| | | WELL API NO. 30-025-37016 |
| | | 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| | | State Oil & Gas Lease No. |
| WELL COMPLETION OR RECOMPLETION REPORT AND LOG | | |
| 1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____ | | 7. Lease Name or Unit Agreement Name Hodges "B" |
| b. Type of Completion: NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER | | |
| 2. Name of Operator Latigo Petroleum, Inc. | | 8. Well No. #7 |
| 3. Address of Operator 550 W. Texas, Suite 700 Midland, TX 79701 | | 9. Pool name or Wildcat Justis Glorieta Gas Pool (79360) |
| 4. Well Location Unit Letter <u>L</u> <u>1880</u> Feet From The <u>South</u> Line and <u>390</u> Feet From The <u>West</u> Line | | |
| Section <u>1</u> Township <u>25S</u> Range <u>37E</u> NMPM Lea County | | |
| 10. Date Spudded 01/25/2005 | 11. Date T.D. Reached 02/06/2005 | 12. Date Compl. (Ready to Prod.) 04/18/2005 |
| 13. Elevations (DF& RKB, RT, GR, etc.) 3115 GR | | 14. Elev. Casinghead |
| 15. Total Depth 4950' | 16. Plug Back T.D. 4889' WL | 17. If Multiple Compl. How Many Zones? |
| 18. Intervals Drilled By Rotary | | 19. Producing Interval(s), of this completion - Top, Bottom, Name 4760' - 4787' Justis Glorieta Pool |
| 20. Was Directional Survey Made No | | 21. Type Electric and Other Logs Run SGR-CN-FD, GR-Induction, CBL |
| 22. Was Well Cored No | | 23. CASING RECORD (Report all strings set in well) |
| CASING SIZE | WEIGHT LB./FT. | DEPTH SET |
| 8 5/8" | 24# | 1026' |
| 5 1/2" | 15.5# | 4949' |
| 24. LINER RECORD | | |
| SIZE | TOP | BOTTOM |
| | | |
| 25. TUBING RECORD | | |
| SIZE | DEPTH SET | PACKER SET |
| 2 3/8" | 4832' | |
| 26. Perforation record (interval, size, and number) 4670' - 4687' w/4 SPF (total 68 holes) 4760' - 4787' w/4 SPF (total 108 holes) | | |
| 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED 4670' - 4687' sqz'd w/ 270 sxs cmt 4760' - 4787' 3000 gal 15% NEFE, Foam Frac w/290bbbls H2O, 358 bbbls CO2 & 54042# 16/30 Brady | | |
| 28. PRODUCTION | | |
| Date First Production 04/20/2005 | | Production Method (Flowing, gas lift, pumping - Size and type pump) Pumping Lufkin C114D-173-64 unit w/15 hp motor |
| Well Status (Prod. or Shut-in) Prod. | | |
| Date of Test 05/04/2005 | Hours Tested 24 | Choke Size |
| Prod'n For Test Period | Oil - Bbl 8 | Gas - MCF 45 |
| Water - Bbl. 31 | Gas - Oil Ratio 5630 | |
| Flow Tubing Press. | Casing Pressure | Calculated 24-Hour Rate |
| | | |
| Oil - Bbl. 8 | Gas - MCF 45 | Water - Bbl. 31 |
| Oil Gravity - API - (Corr.) 36.4 | | |
| 29. Disposition of Gas (Sold, used for fuel, vented, etc.) Venting until CO2 concentration drops | | Test Witnessed By |
| 30. List Attachments | | |
| 31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief | | |
| Signature <u>Donna Huddleston</u> | | Printed Name <u>Donna Huddleston</u> |
| E-mail Address <u>dhuddleston@latigopetro.com</u> | | Title <u>Production Analyst</u> |
| | | Date <u>05/06/2005</u> |

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

| Southeastern New Mexico | | Northwestern New Mexico | |
|-------------------------|------------------|-------------------------|------------------|
| T. Anhy 985 | T. Canyon | T. Ojo Alamo | T. Penn "B" |
| T. Salt 1770 | T. Strawn | T. Kirtland-Fruitland | T. Penn. "C" |
| B. Salt | T. Atoka | T. Pictured Cliffs | T. Penn. "D" |
| T. Yates 2370 | T. Miss | T. Cliff House | T. Leadville |
| T. 7 Rivers 2610 | T. Devonian | T. Menefee | T. Madison |
| T. Queen 3135 | T. Silurian | T. Point Lookout | T. Elbert |
| T. Grayburg 3380 | T. Montoya | T. Mancos | T. McCracken |
| T. San Andres 3605 | T. Simpson | T. Gallup | T. Ignacio Otzte |
| T. Glorieta 4675 | T. McKee | Base Greenhorn | T. Granite |
| T. Paddock | T. Ellenburger | T. Dakota | T. |
| T. Blinebry | T. Gr. Wash | T. Morrison | T. |
| T. Tubb | T. Delaware Sand | T. Todilto | T. |
| T. Drinkard | T. Bone Springs | T. Entrada | T. |
| T. Abo | T. | T. Wingate | T. |
| T. Wolfcamp | T. | T. Chinle | T. |
| T. Penn | T. | T. Permian | T. |
| T. Cisco (Bough C) | T. | T. Penn "A" | T. |

**OIL OR GAS
SANDS OR ZONES**

No. 1, from 4760' to 4790' No. 3, from to
No. 2, from to No. 4, from to

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from to feet
 No. 2, from to feet
 No. 3, from to feet

LITHOLOGY RECORD (Attach additional sheet if necessary)

| From | To | Thickness In Feet | Lithology |
|------|------|----------------------|---------------------|
| 2000 | 2170 | 170 | Salt |
| 2170 | 2580 | 410 | Anhydrite, Shale |
| 2580 | 3820 | 1240 | Anhydrite, Dolomite |
| 3820 | 4950 | 1130 | Dolomite |

| | | | | | | | | | | | |
|--|--|---------------------------------|--|----------------------------|--|--|--|------------------|--|---------------------|--|
| 35 Date New Oil 04/20/2005 | | 36 Gas Delivery Date Venting | | 37 Test Date 05/04/2005 | | 38 Test Length 24 hr | | 39 Tbg. Pressure | | 40 Csg. Pressure | |
| 41 Choke Size | | 42 Oil 8 bbls | | 43 Water 31 bbls | | 44 Gas 45 mcf | | 45 AOF | | 46 Test Method P | |
| 47 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: Donna Huddleston | | | | | | OIL CONSERVATION DIVISION Approved by: [Signature] Title: PETROLEUM ENGINEER Approval Date: JUN 06 2005 | | | | | |
| Printed name: Donna Huddleston | | | | | | | | | | | |
| Title: Production Analyst | | | | | | | | | | | |
| E-mail Address: dhuddleston@latigopetro.com | | | | | | | | | | | |
| Date: 05/31/2005 | | | | Phone: (432)684-4293 | | | | | | | |