

LATIGO

Petroleum, Inc.

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

PMSL-428753865
Received: 10-4-2004
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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: SW $\frac{1}{4}$ 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 SW $\frac{1}{4}$ 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 $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 1-T25S-R37E by a plugged Glorieta well with a cumulative production of 2.1 BCFG. Also a well in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 2-T25S-R37E has cumulative production from the Glorieta of 1.2 BCFG and a well in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ 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 $\frac{1}{2}$ of sec. 2. The well in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of section 1 is very poor and on the downdip side of the structure and illustrates very little gas remains in the NW $\frac{1}{4}$ of sec. 1. The E $\frac{1}{2}$ of section one is downdip and not productive. The Hodges "B" No. 7 is Latigo's attempt to recover any remaining

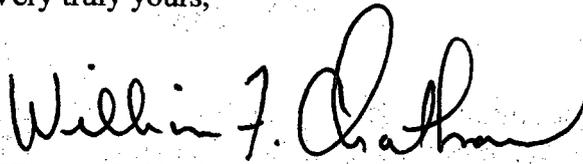
gas reserves in the SW/4 of Sec. 1-T25S-R37E and this well will not adversely effect lands outside of the SW/4 of Section 1.

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,

A handwritten signature in black ink, appearing to read "William F. Chatham". The signature is fluid and cursive, with a large initial "W" and "C".

William F. Chatham, CPL
Sr. Staff Landman

Enclosures

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		² Pool Code		³ Pool Name JUSTIS	
⁴ Property Code		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

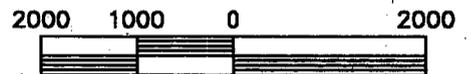
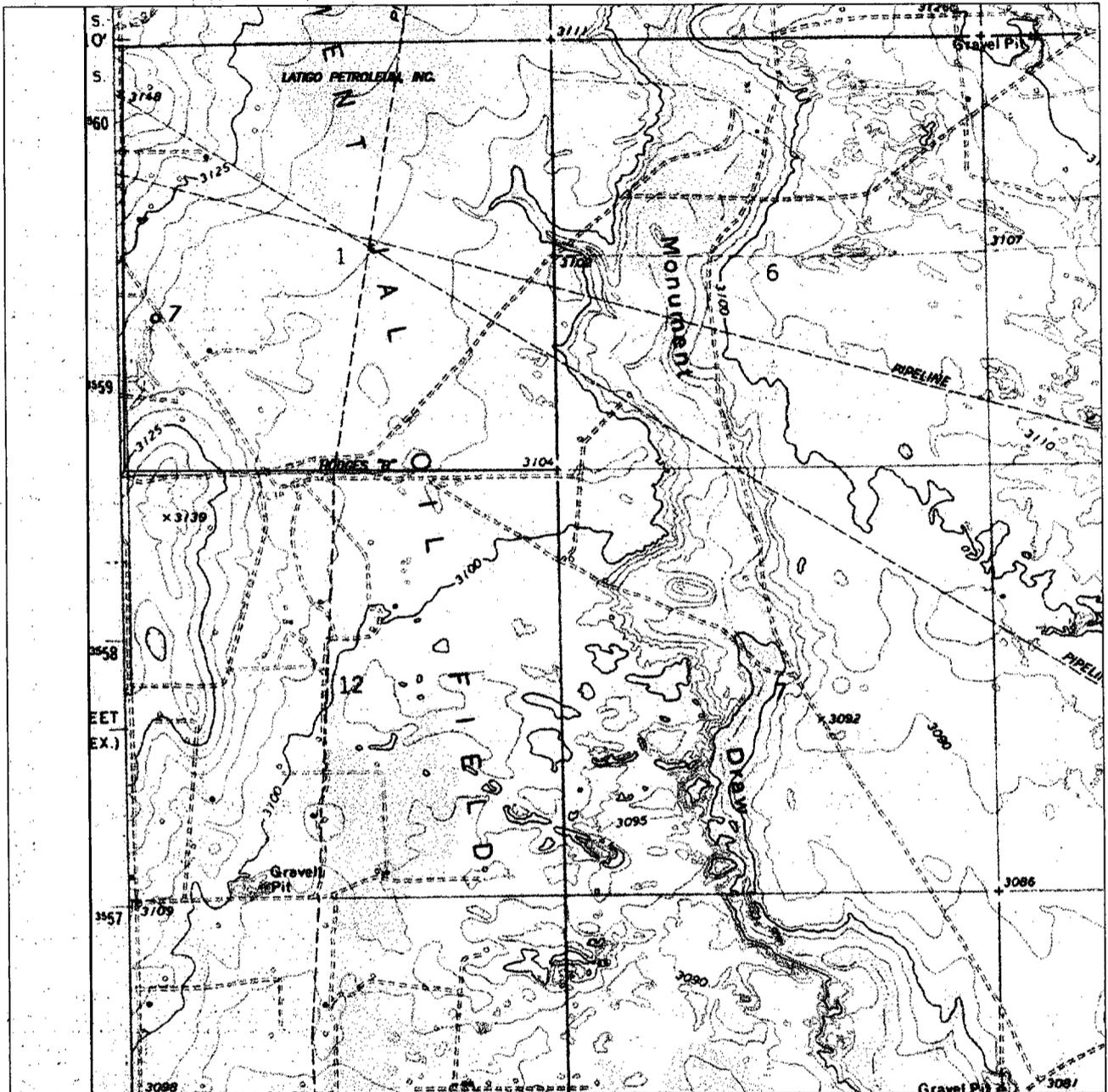
¹¹ Bottom Hole Location If Different From Surface

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.
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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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>		
	Signature		
	Printed Name		
	Title and E-mail Address		
Date			¹⁸ SURVEYOR CERTIFICATION <i>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.</i> 9-20-04 Date of Survey Signature and Seal of Professional Surveyor
Date of Survey			
Signature and Seal of Professional Surveyor			
Certificate Number LS9062			



SCALE: 1" = 2000'

LATIGO PETROLEUM, INC.

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

BRP ENTERPRISES, INC.

(BRUCE R. PENNELL)

P.O. BOX 51622, MIDLAND, TEXAS 79710

VOICE: (432) 570-8256 FAX: (432) 682-3262 MOBILE: (432) 528-1027

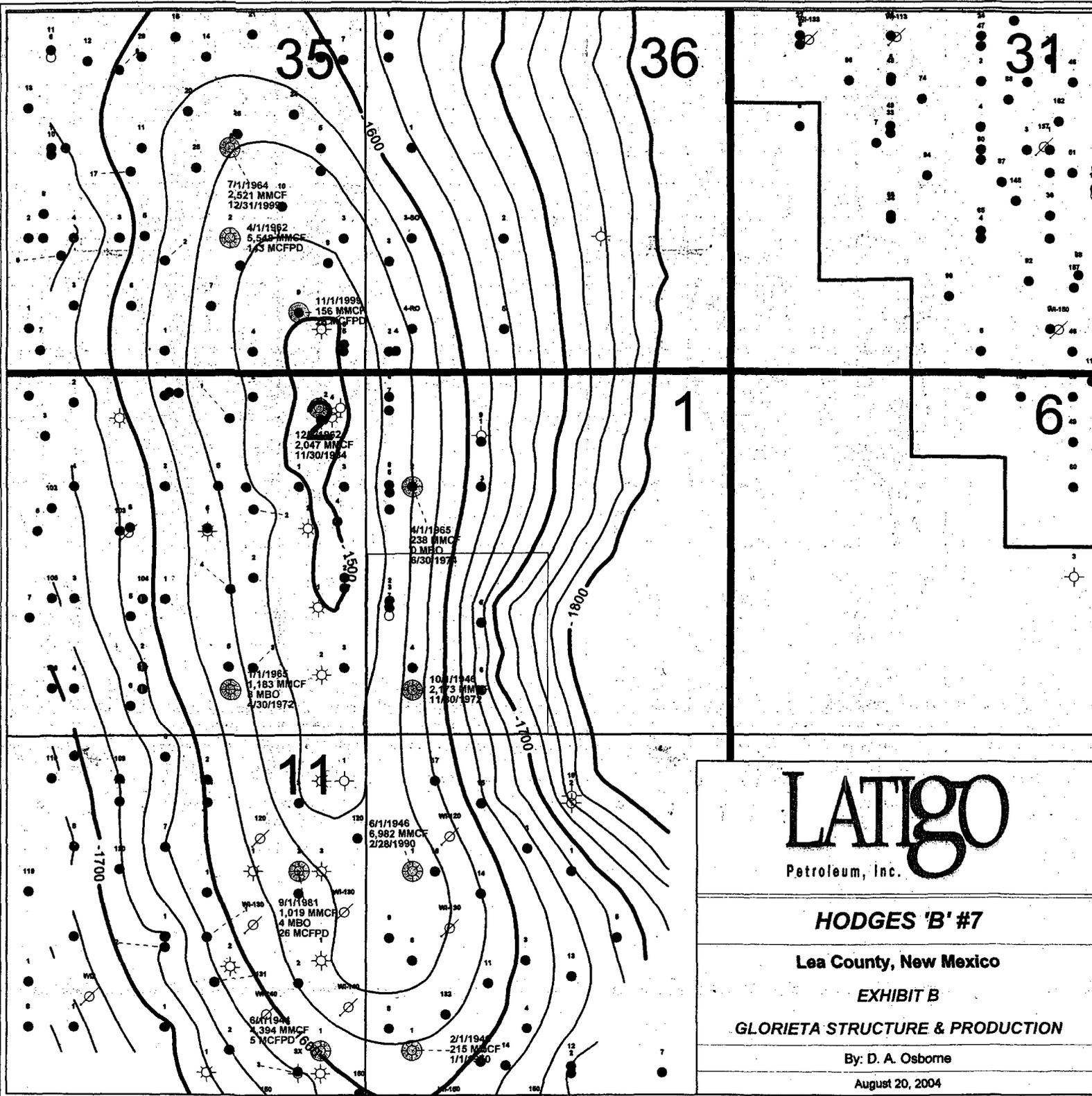
5S-37E.GPS

Date: 9/17/2004

CREW: Marcus Hostas

HODGES B TOPO

DRAWN BY: Marcus H.



LATIGO
Petroleum, Inc.

HODGES 'B' #7

Lea County, New Mexico

EXHIBIT B

GLORIETA STRUCTURE & PRODUCTION

By: D. A. Osborne
August 20, 2004

EXHIBIT "C"

A large grid of small text boxes containing names, addresses, and phone numbers, organized in a structured layout. The grid is divided into several major sections, each with a distinct title.

DUKE O&G (OPER) LANGLIE MATTIX UNIT NO. 1

LANGLIE MATTIX WOOLWORTH UNIT BETWELL CORP. (OPER)

W. DOLLARHIDE QN. UNIT (CHAPARRAL EN. (OPER))

HUMPHREY (QN.) UNIT

GRUY PET (OPER) UNIT

STUART LANGLIE MATTIX UNIT ENERGEN-RES. (OP)

LANGLIE MATTIX QN. UNIT

ISO. LANGLIE JAL UNIT (two) SMITHMARRS (OPER)

MIDLAND

MAP 1

U.S. Pure

U.S. Justice

Earnest AEB Transport

U.S. Pure

EXHIBIT D

LATIGO

Petroleum, Inc.

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 SW $\frac{1}{4}$ 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

ACO
ad
xas 79705

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

IPS
97
xas 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

Inter Production Inc.
Inas Boulevard East
S 75039

Devon Energy Corporation
20 N. Broadway Ave., Suite 1500
Oklahoma City, OK 73102-8296

Bruno & Marshall Investments
P. O. Box 590
Midland, Texas 79702

Ranch Corporation
US
xas 77402-0458

Ronald E. Slover
3614 Royal Road
Amarillo, Texas 79109

OXY USA Inc.
P. O. Box 50250
Midland, Texas 79710-1810

Resources Oil & Gas Company
LB 10
xas 79710-1810

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

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

Donald Cone, Jr., Trustee of the
Donald Cone Trust I
Avenue P
xas 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
P. Street
MIO 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
747
xas 79702

Hanaho, Ltd.
P. O. Box 1747
Midland, Texas 79702

Leland Davidson
P. O. Box 1146
Midland, Texas 79702

HI Ltd.
St. #1700
xas 78657

Primavera Resources Inc.
4040 Broadway, Suite 419
San Antonio, Texas 78209

Lantexco Inc.
P. O. Box 2730
Midland, Texas 79702

Davidson
94
xas 79702

Robert W. Lansford
908 Cochiti
Hobbs, NM 88204

Jack D. Mussett
5302 Teakwood Trace
Midland, Texas 79707

RECEIVED
 NOV 12 1953
 OIL CONSERVATION COMMISSION
 HOBBS OFFICE

NEW MEXICO Gas Well Plat
 OIL CONSERVATION COMMISSION

Date 11-11-53

Hobbs Oil Company Hodges "B" Lease 1 Well No.
 Operator
 Name of Producing Formation Padaock (Glorietta) Pool Justis Gas

No. Acres Dedicated to the Well 160

SECTION 1 TOWNSHIP 25-S RANGE 37-E

1.			

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

Name Charles M. Harker
 Position District Superintendent
 Representing Cities Service Oil Co.
 Address Box 97, Hobbs, New Mexico