

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

2005 AUG 16 AM 11 17

August 16, 2005

Case 13551

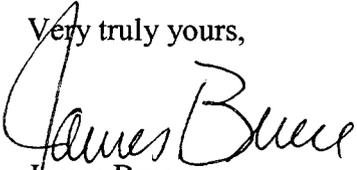
Hand Delivered

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

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 September 8, 2005 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Latigo Petroleum, Inc.

PERSONS BEING POOLED

Occidental Permian Ltd.
Suite 6000
6 Desta Drive
Midland, Texas 79705

Attention: David Evans

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2005 AUG 16 AM 11:40

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

Case No. 13557

APPLICATION

Latigo Petroleum, Inc. applies for an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Atoka formation underlying the E $\frac{1}{2}$ of Section 13, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ of Section 13, and has the right to drill a well thereon.
2. Applicant proposes to drill its North Bank 13 Fed. Well No. 1, at an orthodox well location in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 13, to a depth sufficient to test the Atoka formation, and seeks to dedicate the S $\frac{1}{2}$ of Section 13 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 South Culebra Bluff-Atoka Gas Pool or Undesignated Laguna Salado-Atoka Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ of Section 13 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 E½ of Section 13, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 13, 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 E½ of Section 13, from the top of the Wolfcamp formation to the base of the Atoka 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. 13551 : Latigo Petroleum, Inc. seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Atoka formation underlying the E/2 of Section 13, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico, 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 South Culebra-Atoka Gas Pool or Undesignated Laguna Salado-Atoka Gas Pool. The unit is to be designated to the North Bank 13 Federal Well No. 1, to be located at an orthodox well location in the SW/4SE/4 of Section 13. 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 4 miles east-northeast of Loving, New Mexico.

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