

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 API Number 30-025-37078 |
| ⁴ Property Code 300356 | ⁵ Property Name Degas "6" State Com | ⁶ Well No. 2 |
| ⁹ Proposed Pool 1 Edison North | | ¹⁰ Proposed Pool 2 Towsend |

7 Surface Location

| | | | | | | | | | |
|----------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|------------------------|-----------------------|---------------|
| UL or lot no. F/6 | Section 06 | Township 16S | Range 35E | Lot Idn | Feet from the 1980' | North/South line North | Feet from the 1980' | East/Westline West | County Lea |
|----------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|------------------------|-----------------------|---------------|

8 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/Westline | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|---------------|--------|

Additional Well Information

| | | | | |
|--|--|--|--|---|
| ¹¹ Work Type Code New Drill | ¹² Well Type Code G | ¹³ Cable/Rotary Rotary | ¹⁴ Lease Type Code State | ¹⁵ Ground Level Elevation 4067' |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 13,100 | ¹⁸ Formation Morrow | ¹⁹ Contractor | ²⁰ Spud Date |
| Depth to Groundwater 65' | | Distance from nearest fresh water well 3,375' South | | Distance from nearest surface water 8.5 miles SE |
| Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 milst thick Clay <input type="checkbox"/> Pit Volume: _____ 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"/> | | | | |

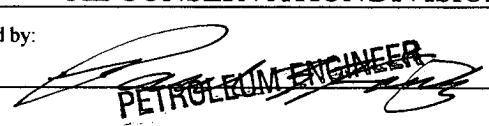
21 Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 17 1/2" | 13 3/8" | 48# | 450' | 410 sxs | Surface |
| 12 1/4" | 9 5/8" | 36/40# | 4565' | 750 sxs | Surface |
| 7 7/8" | 5 1/2" | 20# | 13,100' | 1100 sxs | 4400' |
| | | | | | |
| | | | | | |

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.
Drl 17 1/2" hole to 450', run 13 3/8" 48# csg to 450' cmt w/410 sx Cls C + adds, circ to surf. WOC 12 hrs. Drl 12 1/4" hole to 4565', run 9 5/8" 36 & 40# intermediate csg to 4565', cmt w/750 sx lead Cls C - WOC 12 hrs. Drl 7 7/8" hole to 13,100', run 5 1/2" 20# csg, set @ 13,100'. Cmt w/1100 sxs to an estimated 4400', WOC. No DST's planned.

Bowout Preventers 1 Shaffer LWS 10" X 3000# w/closing unit, choke manifold 3" X 3000# or 10" X 5000# w/closing unit and Choke manifold 3" X 5000#.

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 <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:  | |
| Title: Production Analyst | | Title: PETROLEUM ENGINEER | |
| E-mail Address: dfrazier@latigopetro.com | | Approval Date: _____ Expiration Date: 2/4/06 | |
| Date: 01/28/2005 | Phone: (432)684-4293 | Conditions of Approval Attached <input type="checkbox"/> | |

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|---|---|
| API Number 30-025-37078 | Pool Code 76360 | Pool Name Edison, North (GAS) |
| Property Code 300356 | Property Name DEGAS "6" STATE COM | Well Number 2 |
| OGRID No. 227001 | Operator Name LATIGO PETROLEUM INC. | Elevation 4067' |

Surface Location

| | | | | | | | | | |
|-------------------------------|---------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|----------------------|
| UL or lot No. LOT 6 | Section 6 | Township 16 S | Range 35 E | Lot Idn | Feet from the 1980 | North/South line NORTH | Feet from the 1980 | East/West line WEST | County LEA |
|-------------------------------|---------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|----------------------|

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 |
| | | | | | | | | | |
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. | | | | | | |

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

| | | | |
|--------------------|--------------------|--------------------|--------------------|
| LOT 4 - 41.94 AC. | LOT 3 - 44.52 AC. | LOT 2 - 44.78 AC. | LOT 1 - 45.05 AC. |
| | | | |
| LOT 5 - 38.05 AC. | LOT 6 - 40.00 AC. | LOT 7 - 40.00 AC. | LOT 8 - 40.00 AC. |
| LOT 12 - 38.19 AC. | LOT 11 - 40.00 AC. | LOT 10 - 40.00 AC. | LOT 9 - 40.00 AC. |
| LOT 13 - 38.33 AC. | LOT 14 - 40.00 AC. | LOT 15 - 40.00 AC. | LOT 16 - 40.00 AC. |

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Donna Frazier

Printed Name
Production Analyst

Title
01/28/05

Date

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.

JANUARY 25, 2005

Date Surveyed
Signature & Seal of Professional Surveyor
GARY L. JONES
7977
Certificate No. **5055**

BASIN SURVEYS

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

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

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

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☐

Operator: Latigo Petroleum, Inc. Telephone: (432)684-4293 e-mail address: dfrazier@latigopetro.com
Address: 550 W. Texas, Suite 700 Midland, TX 79701
Facility or well name: Degas "6" State Com #2 API#: 30-025-31078 U/l or Qtr/Qtr F SE/NW06 T 16S R 35E
County: Lea Latitude 32.960806 Longitude 103.499194 NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 12 mil Clay ☐

Pit Volume 500 bbl

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not. _____

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

| | |
|---|-------------|
| Less than 50 feet | (20 points) |
| 50 feet or more, but less than 100 feet | (10 points) |
| 100 feet or more | (0 points) |

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

| | |
|-----|-------------|
| Yes | (20 points) |
| No | (0 points) |

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

| | |
|---|-------------|
| Less than 200 feet | (20 points) |
| 200 feet or more, but less than 1000 feet | (10 points) |
| 1000 feet or more | (0 points) |

Ranking Score (Total Points)

10

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described 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 ☐.

Date: 01/28/2005

Printed Name/Title Donna Frazier Production Analyst

Signature Donna Frazier

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title _____

Signature PETROLEUM ENGINEER

Date: FEB 07 2005