



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 24, 1997

Limark Corporation
c/o Permits West, Inc.
37 Verano Loop
Santa Fe, New Mexico 87505
Attention: Brain Wood

Administrative Order NSL-3922

Dear Mr. Wood:

Reference is made to the following: (i) Limark Corporation's ("Limark") original application filed by Permits West, Inc. with the Division on December 3, 1997; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated December 15, 1997; (iii) my telephone conversation with Mr. Bill Rutter, III on December 16, 1997; and, (vi) Mr. Rutter's response by fax dated December 16, 1997: all concerning Limark's request for an unorthodox oil well to test the Entrada formation with the proposed Federal "27" Well No. 1 to be drilled 1395 feet from the South line and 1575 feet from the East line (Unit J) of Section 27, Township 20 North, Range 4 West, NMPM, Sandoval County, New Mexico. The NE/4 SE/4 of said Section 27 shall be dedicated to the well forming a standard 40-acre oil spacing and proration unit for said interval.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially oil productive interval of the Entrada formation than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

Further, the E/2 of said Section 27 is a single Federal lease (Lease No. NM-98716) in which Limark Corporation is the leasehold operator; therefore, there are no affected offsets to the subject 40-acre tract other than Limark Corporation.

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Albuquerque