



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 19, 1998

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

Administrative Order NSL-4037

Dear Mr. Wood:

Reference is made to your application on behalf of the operator, Limark Corporation, dated April 28 and May 4, 1998, for an unorthodox oil well to test the Entrada formation with its proposed Navajo "6" Well No. 1 (API No. 30-031-20989) to be drilled 605 feet from the North line and 1215 feet from the East line (Lot 1/Unit A) of Section 6, Township 19 North, Range 9 West, NMPM, McKinley County, New Mexico. Lot 1 (NE/4 NE/4 equivalent) of said Section 6 is to be dedicated to said well in order to form a standard 40.61-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 40.61-acre oil spacing and proration unit.

Further, all of Sections 5 and 6, Township 19 North, Range 9 West, NMPM, McKinley County, New Mexico are included within a single fee lease in which Limark Corporation is the leasehold operator; therefore, there are no affected offsets to the subject 40.61-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,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec