

4/29/98

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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -

Linnark 01

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

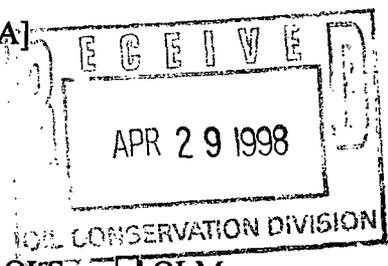
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]:

- [A] Location - Spacing Unit - Directional Drilling [X]NSL []NSP []DD []SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement []DHC []CTB []PLC []PC []OLS []OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery []WFX []PMX []SWD []IPI []EOR []PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [] Does Not Apply

- [A] [] Working, Royalty or Overriding Royalty Interest Owners
[B] [X] Offset Operators, Leaseholders or Surface Owner
[C] [] Application is One Which Requires Published Legal Notice
[D] [] Notification and/or Concurrent Approval by BLM or SLO
[E] [X] For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] [] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

BRIAN WOOD
Print or Type Name

[Signature]
Signature

Consultant
Title

4-28-98
Date

PERMITS WEST, INC.

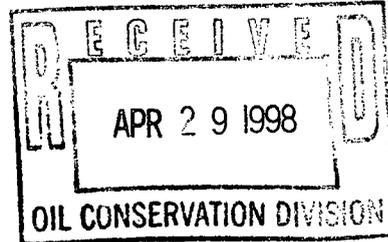
PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

April 28, 1998

Mike Stogner
NM Oil Conservation Div.
2040 S. Pacheco
Santa Fe, NM 87505



Dear Mike,

On behalf of Limark Corporation, I am submitting two copies of an application for a non-standard location for the Navajo 6 #1. It is a wildcat Entrada test and its location is based on seismic.

Please call me if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Brian Wood".

Brian Wood

cc: Aztec OCD
Philpy

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR LIMARK CORPORATION'S NAVAJO 6 #1 OIL WELL
605' FNL & 1215' FEL SEC. 6, T. 19 N., R. 9 W., MCKINKLEY COUNTY, NM

- I. The well is on Navajo Tribal fee surface and a private oil and gas lease. The proposed location is non-standard (105' from the west quarter-quarter line instead of the standard minimum 330'). The APD is attached.
- II. A C-102 showing the well location and proration unit (NENE of Sec. 6 which totals 40.61 acres) and lease (all of Sec. 6 which totals 645.29 ac. and is part of a several thousand acre lease including as a minimum all of 5 & 6-19n-9w and all of 31-20n-9w) is attached.
- III. According to NM Oil Conservation Records, there is no production of any kind within a mile radius. A copy of the Seven Lakes NE 7.5' USGS map is attached showing the proposed well (triangle), spacing units (thin solid lines), and lease (thick solid line). There are only two leases within a minimum 1,357' radius. Limark is the operator of all oil and gas interests in its private lease. The next closest lease (1,357' distant) is state oil and gas lease VA-1475 which is held by Enerdyne, a Limark partner. A registered letter has been sent to Enerdyne and the NM State Land Office (see attached notice).
- IV. A copy of the composite copy of the Seven Lakes NE 7.5' USGS map is attached. The proposed well is marked by a triangle. Proration units (quarter-quarters) are marked by thin lines.
- V. Limark selected its location based on a 1997 3-D seismic survey with lines spaced at quarter mile intervals. A standard drilling window does not overlap the sweet spot of the indicated reservoir (see attached CONFIDENTIAL Entrada reflection map from the seismic survey).
- VI. No archaeology sites were found.
- VII. Surface conditions are not an issue.

VIII. Directional drilling is not feasible because it is not cost effective for this wildcat well.

IX. I hereby certify that notice has been sent to the following lessees, lessors, surface management agencies, operators of spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct:

Enerdyne
Navajo Nation Minerals Dept.
NM State Land Office

Brian Wood

Consultant

4-28-98

Signature, Title, & Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

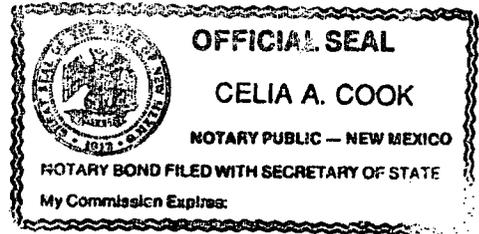
The foregoing instrument was acknowledged before me this 28 day of April,
1998 by Brian Wood. Witness my hand and official seal.

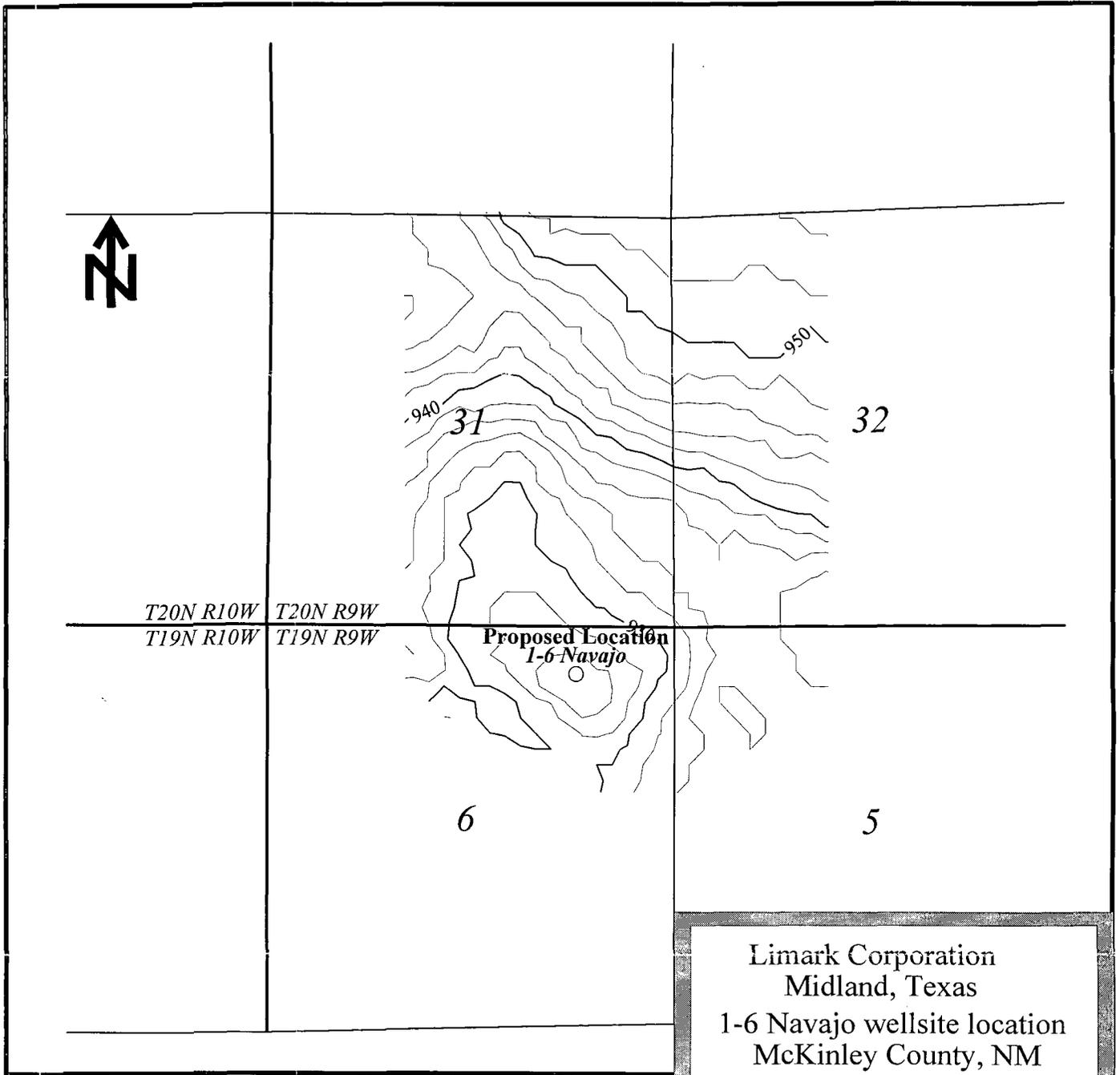
Celia A. Cook

Notary Public

My Commission Expires: DECEMBER 11, 2001

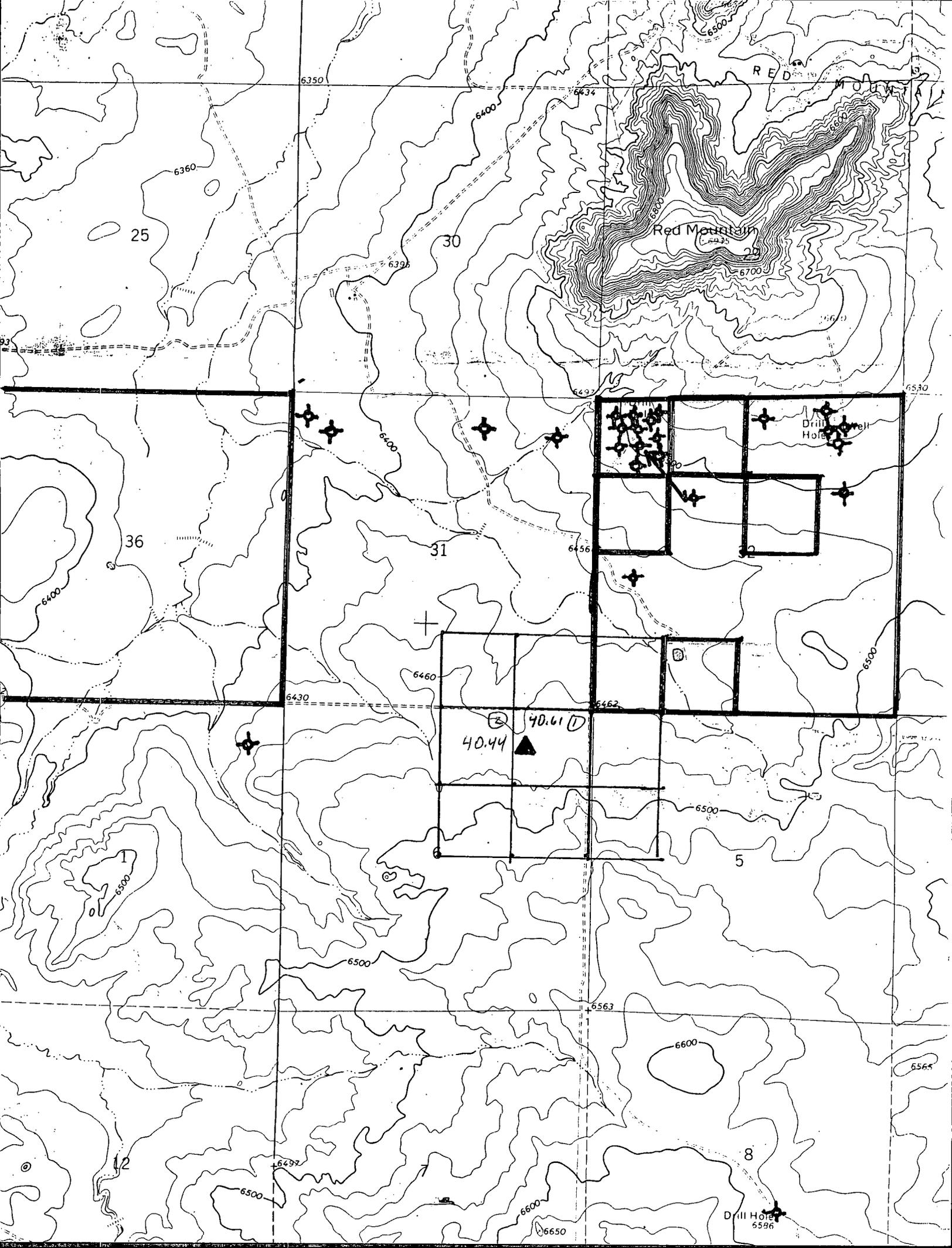
Business Address: 37 VERANO LOOP, SANTA FE, NM 87505





Proposed location:
 sec 6, 650'FNL, 1220'FEL
 T19N, R9W

Limark Corporation
 Midland, Texas
 1-6 Navajo wellsite location
 McKinley County, NM
 TIME: Entrada reflection
 Proposed drillsite shown
 A.W.Rutter III map scale: 1"=2,000'
 W.C.Robinson contour interval = 2 ms
 September, 1997



January 24, 1998

Don Hanosh
 Enerdyne Corp.
 P.O. Box 502
 Albuquerque, NM 87103

Dear Mr. Hanosh:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Limark Corporation is applying to drill the Navajo 6 #1 oil well. The wellbore is 105' from the closest quarter-quarter line. This is less than the state minimum 330' from a quarter-quarter line. It is 1,357' from the closest lease line.

Well Name: Navajo 6 #1

Proposed Producing Zone: Entrada

Legal Location: 605' FNL & 1215' FEL Sec. 6, T. 19 N., R. 9 W.,

McKinley County, NM on a private lease

Approximate Locations: ≈10 air miles SW of Pueblo Pintado, NM

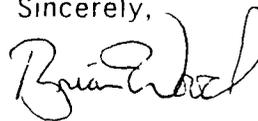
Applicant Name: Limark Corporation (915) 684-5765

Applicant's Address: P.O. Box 10708, Midland, Tx. 79702-7708

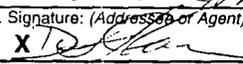
Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 2040 S. Pacheco, Santa Fe, NM 87504. Their phone number is (505) 827-7131.

Please call me if you have any questions.

Sincerely,



Brian Wood

Is your RETURN ADDRESS completed on the reverse side?	SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
	3. Article Addressed to: Don Hanosh Enerdyne Corp. P.O. Box 502 Albuquerque, NM 87103	4a. Article Number Z 290 071 488	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
	5. Received By: (Print Name) Don L. Hanosh	7. Date of Delivery	
	6. Signature: (Addresser or Agent) X 	8. Addressee's Address (Only if requested and fee is paid)	

Thank you for using Return Receipt Service.

January 24, 1998

Dr. Ray Powell
 NM State Land Office
 P.O. Box 1148
 Santa Fe, NM 87504

Dear Dr. Powell:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Limark Corporation is applying to drill the Navajo 6 #1 oil well. The wellbore is 105' from the closest quarter-quarter line. This is less than the state minimum 330' from a quarter-quarter line. It is 1,357' from the closest lease line.

Well Name: Navajo 6 #1

Proposed Producing Zone: Entrada

Legal Location: 605' FNL & 1215' FEL Sec. 6, T. 19 N., R. 9 W.,
 McKinley County, NM on a private lease

Approximate Locations: ≈10 air miles SW of Pueblo Pintado, NM

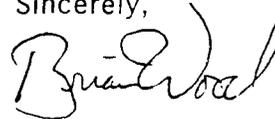
Applicant Name: Limark Corporation (915) 684-5765

Applicant's Address: P.O. Box 10708, Midland, Tx. 79702-7708

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 2040 S. Pacheco, Santa Fe, NM 87504. Their phone number is (505) 827-7131.

Please call me if you have any questions.

Sincerely,



Brian Wood

Is your RETURN ADDRESS completed on the reverse side?	SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
	3. Article Addressed to: Dr. Ray Powell NM State Land Office P.O. Box 1148 Santa Fe, NM 87504		4a. Article Number	
	5. Received By: (Print Name) Anne Griego		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
	6. Signature: (Addressee or Agent) X <i>Anne Griego</i>		7. Date of Delivery	
		8. Addressee's Address (Only if requested and fee is paid)		

Thank you for using Return Receipt Service.

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-101
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 6 Copies
 Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. Limark Corporation (915) 684-5765 P. O. Box 10708, Midland, Tx. 79702-7708		² OGRID Number 152527
		³ API Number 30 - 0
⁴ Property Code	⁵ Property Name Navajo 6	⁶ Well No. #1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	6	19n	9w		605	North	1215	East	McKnlly.

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/West line	County
⁹ Proposed Pool 1 Wildcat (Entrada)					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 6473'
¹⁶ Multiple No	¹⁷ Proposed Depth 5,200'	¹⁸ Formation Entrada	¹⁹ Contractor	²⁰ Spud Date ASAP

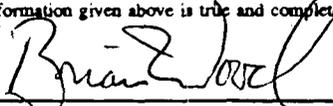
²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	9-5/8"	36	250'	200 sx	Surface
8-3/4"	7"	23&26	5,200'	785 sx	Surface

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.

Will use 3000# BOP, run logs, test, and complete.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: 
 Printed name: Brian Wood
 Title: Consultant
 Date: April 26, 1998
 Phone: (505) 466-8120

OIL CONSERVATION DIVISION	
Approved by:	
Title:	
Approval Date:	Expiration Date:
Conditions of Approval: Attached <input type="checkbox"/>	

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ APT Number		² Pool Code		³ Pool Name WILDCAT (Entrada)	
⁴ Property Code		⁵ Property Name Navajo 6			⁶ Well Number 1
⁷ OGRID No. 152527		⁸ Operator Name LIMARK CORPORATION			⁹ Elevation 6473'

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
A	6	19 N.	9 W.		605'	North	1215'	East	McKinley

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	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

16				<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Brian Wood</i></p> <p>Signature BRIAN WOOD</p> <p>Printed Name CONSULTANT</p> <p>Title APRIL 26, 1998</p> <p>Date</p>
				<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>11-2-98</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p><i>[Signature]</i></p> <p>6844</p> <p>Certificate Number</p>

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

May 4, 1998

Mike Stogner
NM Oil Conservation Div.
2040 S. Pacheco
Santa Fe, NM 87505

Dear Mike,

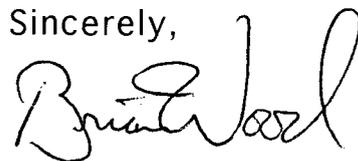
I am supplying the following lease information to supplement Limark's Navajo 6 #1 (6-19n-9w, McKinley County) non-standard location application.

Lessor is the Santa Fe Railroad. The lease, as a whole, comprises several hundred thousand acres. For management purposes, the lease has been broken into smaller segments. The segment around the proposed well (triangle on map) is made up of 46 sections ($\approx 29,440$ acres). This segment has only one lessor (Santa Fe Railroad) and one lessee (Limark). While the lease area includes the Red Mountain oil fields, Limark's lease rights pertain just to the Entrada.

Limark's well is 1,357' from the closest non-Santa Fe lease (state land in 32-20n-9w). A standard location would actually be closer to the state lease than the proposed location. Four state sections are within the perimeter of the segment, but are excluded from the $\approx 29,440$ acres. These state lands are the only non-Santa Fe minerals within the perimeter.

Please call me if you have any other questions.

Sincerely,



Brian Wood

cc: Hodge

