



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

August 20, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Limark Corporation
P. O. Box 10708
Midland, Texas 79702-7708

Attention: **Mark A. Philpy**
mphilpy@limarkcorp.com

Administrative Order NSL-4938

Dear Mr. Philpy:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on August 18, 2003 (**administrative application reference No. pMES0-323239046**); (ii) your two telephone conversations with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer on Tuesday, August 12, 2003 and Monday, August 18, 2003; and (iii) the Division's records in Santa Fe: all concerning Limark Corporation's request for an unorthodox Wolfcamp oil well location for its proposed State "DZ" Well No. 2 (**API No. 30-025-36373**) to be drilled 990 feet from the South line and 1200 feet from the West line (Unit M) of Section 23, Township 12 South, Range 38 East, NMPM, Lea County, New Mexico. The SW/4 SW/4 of Section 23 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Undesignated Trinity-Wolfcamp Pool (**59890**).

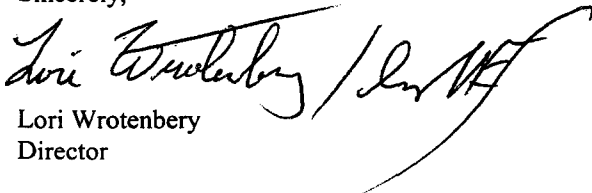
This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding that the S/2 SW/4 of Section 23 is a single state lease issued by the New Mexico State Land Office (State Lease No. VA-1873) in which Limark Corporation is the leasehold operator and all mineral interest is common.

It is further understood that Limark Corporation is seeking this location exception based on 3-D seismic survey of the area, whereby it contends that a well drilled at this location, will be at a more favorable geologic position within the Wolfcamp formation underlying the State "DZ" lease and subject 40-acre oil spacing and proration unit.

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

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe