



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 2, 2007

Navajo Nation Oil & Gas Co., Inc.
c/o Brian Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87508

Administrative Order NSL-5691

**Re: Hawk 32-N Well No. 1
API No. 30-045-33850
Unit N, Section 32-32N-19W
San Juan County**

Dear Mr. Wood:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-24836175**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 4, 2007, on behalf of Navajo Nation Oil & Gas Co., Inc. (Navajo), and

(b) the Division's records pertinent to this request.

Navajo has requested to drill its Hawk 32-N Well No. 1 (API No. 30-045-33850) at an unorthodox gas well location, 538 feet from the South line and 1553 feet from the West line (Unit N) of Section 32, Township 32 North, Range 19 West, N.M.P.M., in San Juan County, New Mexico. The SW/4 of Section 32 will be dedicated to this well in order to form a standard 160-acre wildcat Leadville gas spacing unit. This pool is governed by statewide Rule 104.C(3), which provides for 160-acres units, with wells located at least 660 feet from a unit outer boundary. This location is approximately 538 feet from the southern unit boundary.

Your application on behalf of Navajo has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

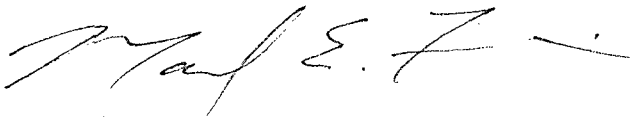
It is our understanding that Navajo is seeking this location for geologic reasons based on analysis of 3-D seismic data.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because Navajo is the sole working interest owner in all offsetting spacing units.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", followed by a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington