



NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
NSL NSP SD

Navajo Nation O&G's
Hawk 32-N #1

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

[D] Other: Specify _____

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

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] 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
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

BRIAN WOOD
(505) 466-8120
FAX 466-9682

B. Wood

CONSULTANT

9-1-07

e-mail Address

brian@permitswest.com

**REQUEST FOR ADMINISTRATIVE APPROVAL
FOR NONSTANDARD LOCATION
FOR NAVAJO NATION OIL & GAS CO., INC.
HAWK 32-N #1 (API # 30-045-33850)
538' FSL & 1553' FWL SEC. 32, T. 32 N., R. 19 W.
SAN JUAN COUNTY, NM**

I. The well is staked on Navajo Tribal Trust surface and on Navajo Tribal Trust oil and gas lease NO-G-0402-1710. The proposed location is nonstandard for the Wildcat 32N19W32; Leadville Gas due to geology. A standard location must be at least 660' from the quarter section line. This well is staked 122' further south than is standard. (Closest standard location would be 660' FSL and 1553' FWL.) The APD cover sheet is attached as EXHIBIT A.

II. A C-102 showing the well location and pro ration unit (SW4 Section 32) is attached (EXHIBIT B). The Tribal oil and gas lease (12,160 acres) boundary is marked as a solid line on the attached (EXHIBIT C) topographic map. The Navajo Nation is the lessor and the Navajo Nation Oil & Gas Co., Inc. is the lessee for the SW4 Section 32 and all adjacent 8 quarter sections. The well is 3,727' from the closest lease line.

The well encroaches on the NW4 Section 5, T. 31 N., R. 19 W. There are no existing wells, nor any planned wells, in that pro ration unit. Nor are there any existing producing wells in any of the 8 surrounding quarter sections. The only well of any type in the SW4 Section 32 or the adjacent 8 sections is the P & A Navajo 32 #1 which is 444' northeast at 660' FSL & 1980' FWL 32-32n-19w.

III. The closest existing or planned well is the Navajo Nation Oil & Gas Co., Inc. proposed Falcon 6-1 #1 well. That well is staked at 2322' FSL & 207' FEL 6-31n-19w, or 3,914' southwest. EXHIBIT D shows the proposed NSL well, all existing wells (none), all planned wells (none), and existing or possible gas 160 acre spacing units.

There are no offset interest owners. Navajo Nation Oil & Gas Co., Inc. is

the operator all all eight existing or potential offsetting 160 acre pro ration units - all of which are part of the same lease.

IV. A copy of the USGS map is attached (EXHIBIT D). The proposed well site is marked. Pro ration unit (solid line) for the WC31N19W32; Leadville Gas is the 160 acre southwest quarter of Section 32, Township 32 North, Range 19 West, San Juan County, NM.

V. The nonstandard location is due to geology. A standard location would need to be 122' further north. Location is critical. A dry hole (Mesa's Navajo 32 #1; API # 30-045-20364) was drilled 444' away in the center of the quarter-quarter. However, the proposed location is based on 3-D seismic (see Exhibit E (well has since been renamed from Hawk 32-M-1 to Hawk 32-N #1)) and the applicant will try to produce from three zones (Ismay, Desert Creek, and Leadville). The Exhibit F maps shows the P & A Mesa well (dark circle 72393 on maps) off the flank of the algal mound. The same maps show the Hawk 32-N #1 (lighter shaded circle) on the mound.

VI. Archaeology is not an issue.

VII. Surface conditions are not an issue.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice (EXHIBIT G) has been sent to the following agencies, lessees (only Navajo Nation Oil & Gas Co., Inc.), lessors (only Navajo Nation), operators of existing spacing units (only Navajo Nation Oil & Gas Co., Inc.), or owners of undrilled leases (only Navajo Nation Oil & Gas Co., Inc.) 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. (Navajo Nation Oil & Gas Co., Inc. is the operator all all eight existing or potential offsetting 160 acre gas pro ration units.)

BIA

BLM
Navajo Nation Minerals Department

B Wood

Brian Wood, Consultant

9-1-07

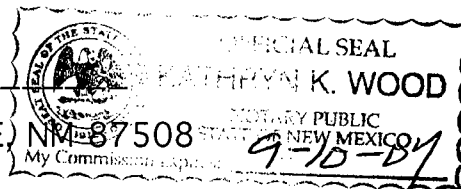
STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 1st day of September, 2007 by Brian Wood. Witness my hand and official seal.

Kathryn K. Wood
Notary Public

My Commission Expires: 9-10-07

Business Address: 37 VERANO LOOP, SANTA FE, NM 87508



cc: Aztec OCD, Groen

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

RCVD MAY18'07
OIL CONS. DIV.

DIST. 3

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NO-G-0402-1710	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		7. If Indian, Allottee or Tribe Name NAVAJO NATION	
2. Name of Operator NAVAJO NATION OIL & GAS CO., INC.		8. Lease Name and Well No. HAWK 32-N #1	
3a. Address P. O. BOX 4439 WINDOW ROCK, AZ 86515		9. API Well No. 30-045-33580 33850	
3b. Phone No. (include area code) (928) 871-4880		10. Field and Pool, or Exploratory WC 32N19W72; Leadville oil US 32N19W72; Leadville gas	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 538' FSL & 1553' FWL At proposed prod. zone SAME		11. Sec., T. R. M. or Blk. and Survey or Area N 32-32N-19W NMPM	
14. Distance in miles and direction from nearest town or post office* 12 AIR MILES NW OF SHIPROCK, NM		12. County or Parish SAN JUAN	13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 3,727'	16. No. of acres in lease 12,160	17. Spacing Unit dedicated to this well SESW (Des. Creek & Is.) & all other (Lead.) 1/60	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 7,200'	20. BLM/BIA Bond No. on file BIA RLB0006712	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,100' GL	22. Approximate date work will start* 09/01/2006	23. Estimated duration 5 WEEKS	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Brian Wood</i>	Name (Printed/Typed) BRIAN WOOD	Date 07/07/2006
------------------------------------	------------------------------------	--------------------

Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) <i>D. Martinez</i>	Name (Printed/Typed)	Date 5/16/07
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Title <i>AFM</i>	Office <i>FFO</i>
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Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

NOTIFY AZTEC OOD 24 HRS.
PRIOR TO CASING & CEMENT

NMOCD

BY

5/18/07

EXHIBIT A

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 33850 30-045-33580	Pool Code 97413 97612	Pool Name WC 32N19W32; WC 32N19W32; Paradox Oil
Property Code 36509	Property Name HAWK 32-N	Well Number 1
GRID No. 242841	Operator Name NAVAJO NATION OIL & GAS CO., INC.	Elevation 5100'

Surface Location

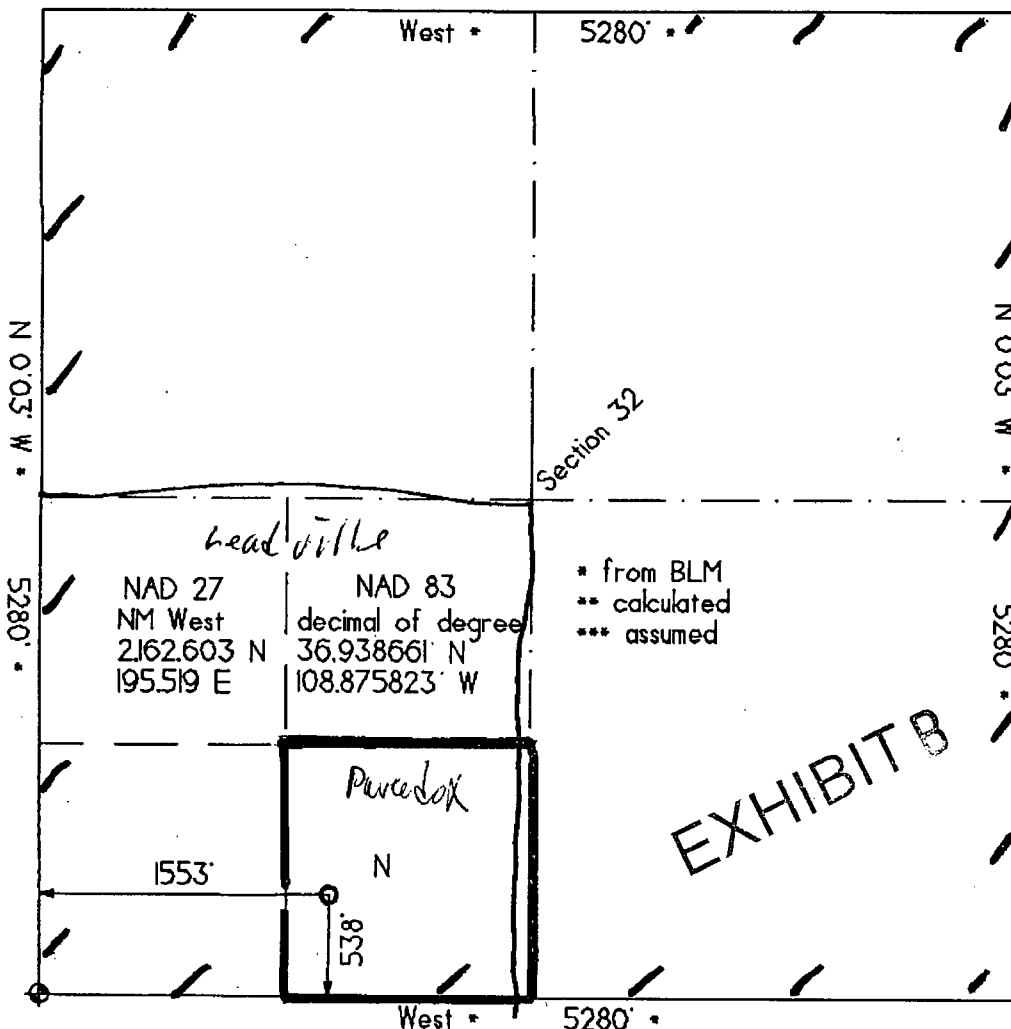
UL or Lot	Sec.	Twp.	Rge.	Lot Lch.	Feet from	North/South	Feet from	East/West	County
N	32	32 N.	19 W.	Uφφ	538'	SOUTH	1553'	WEST	SAN JUAN

Bottom Hole Location if Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Lch.	Feet from	North/South	Feet from	East/West	County
									RCVD MAY18'07

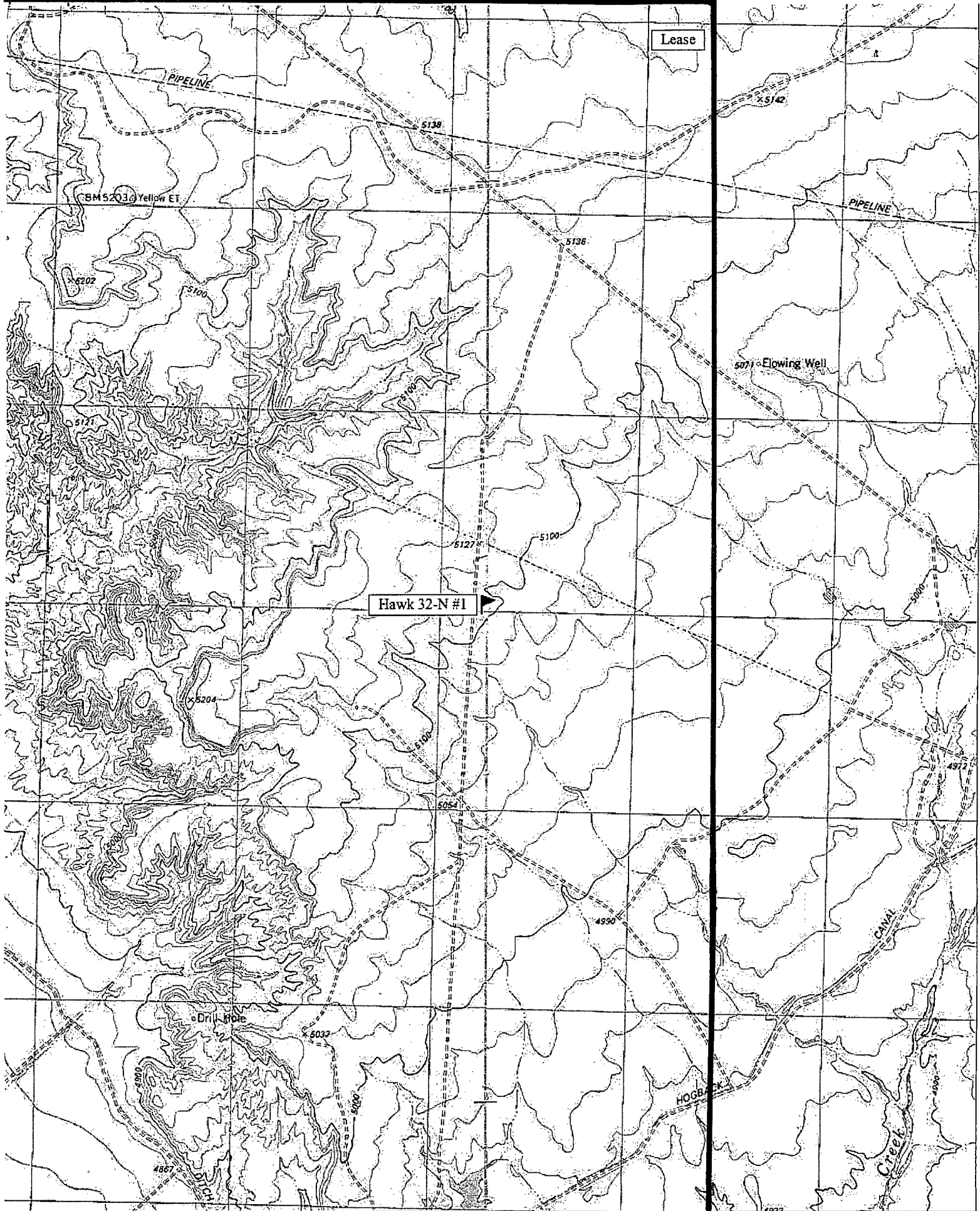
Dedication 160 40 & 120	Joint ?	Consolidation	Order No.	OIL CONS. DIV. DIST. 3
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Brian Wood</i> Printed Name BRIAN WOOD Title CONSULTANT Date JULY 7, 2006	
SURVEYOR CERTIFICATION I hereby certify that the well location 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. Date of Survey 02/22/06 Signature and Seal of Professional Surveyor <i>[Signature]</i> 	

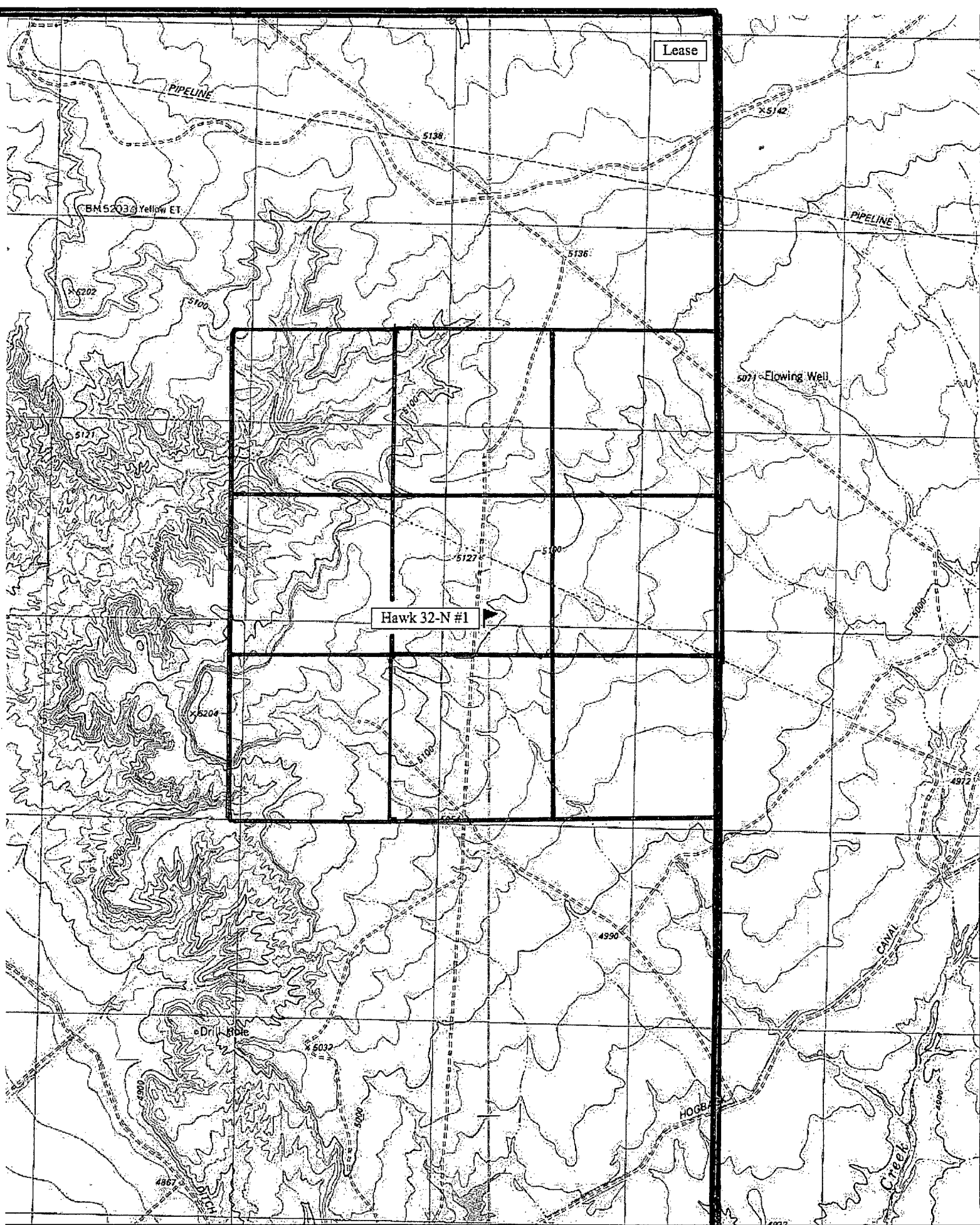
EXHIBIT B



TN MN
11 1/4°

0 1000 FEET 0 500 1000 METERS
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

EXHIBIT C



TN MN
11 1/2°

Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

EXHIBIT D

Canal Creek Project
North-South Line Crossing Hawk Well
Prospect 3

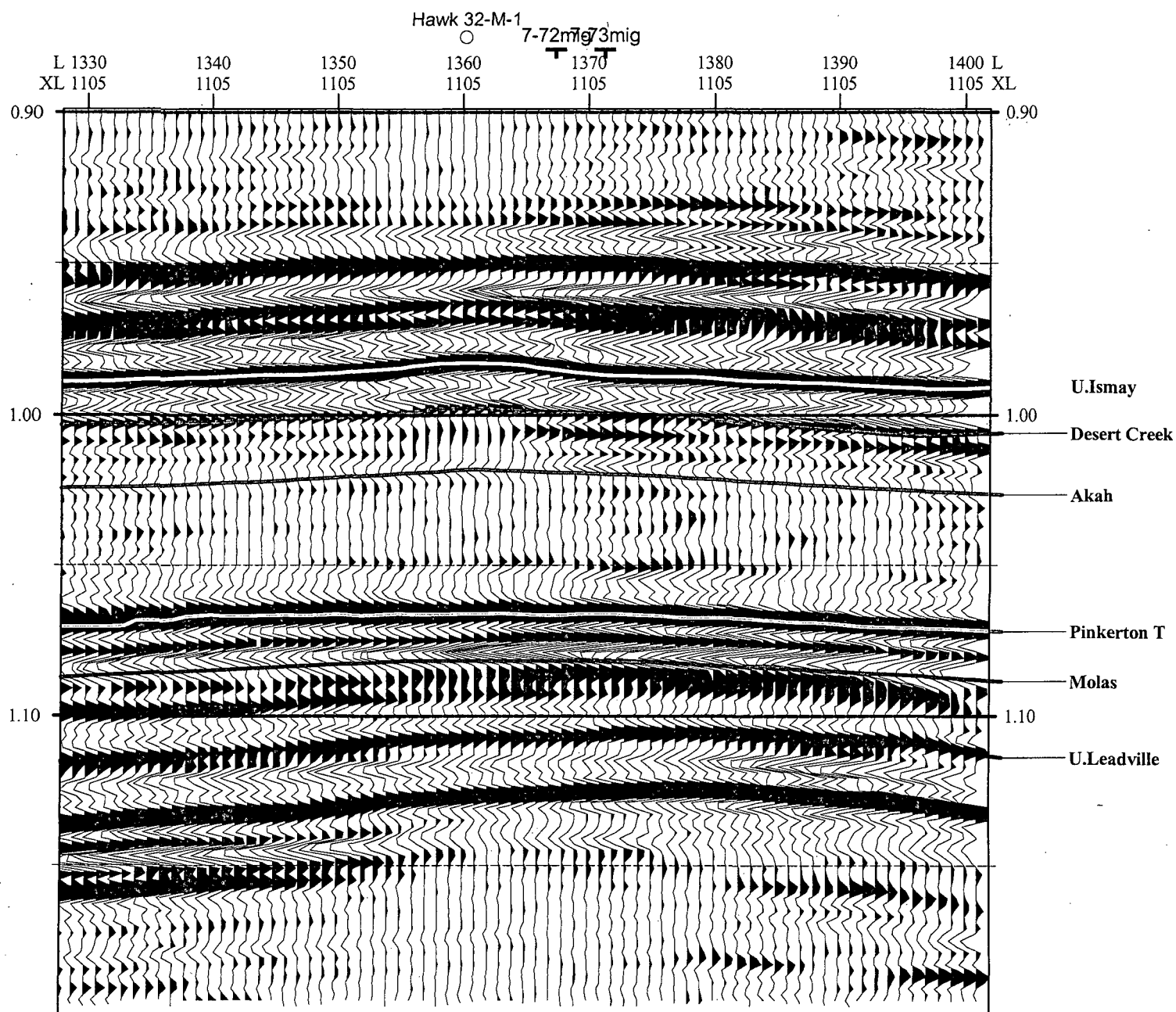


EXHIBIT E

Canal Creek Project
East-West Line crossing Hawk Well
Prospect 3

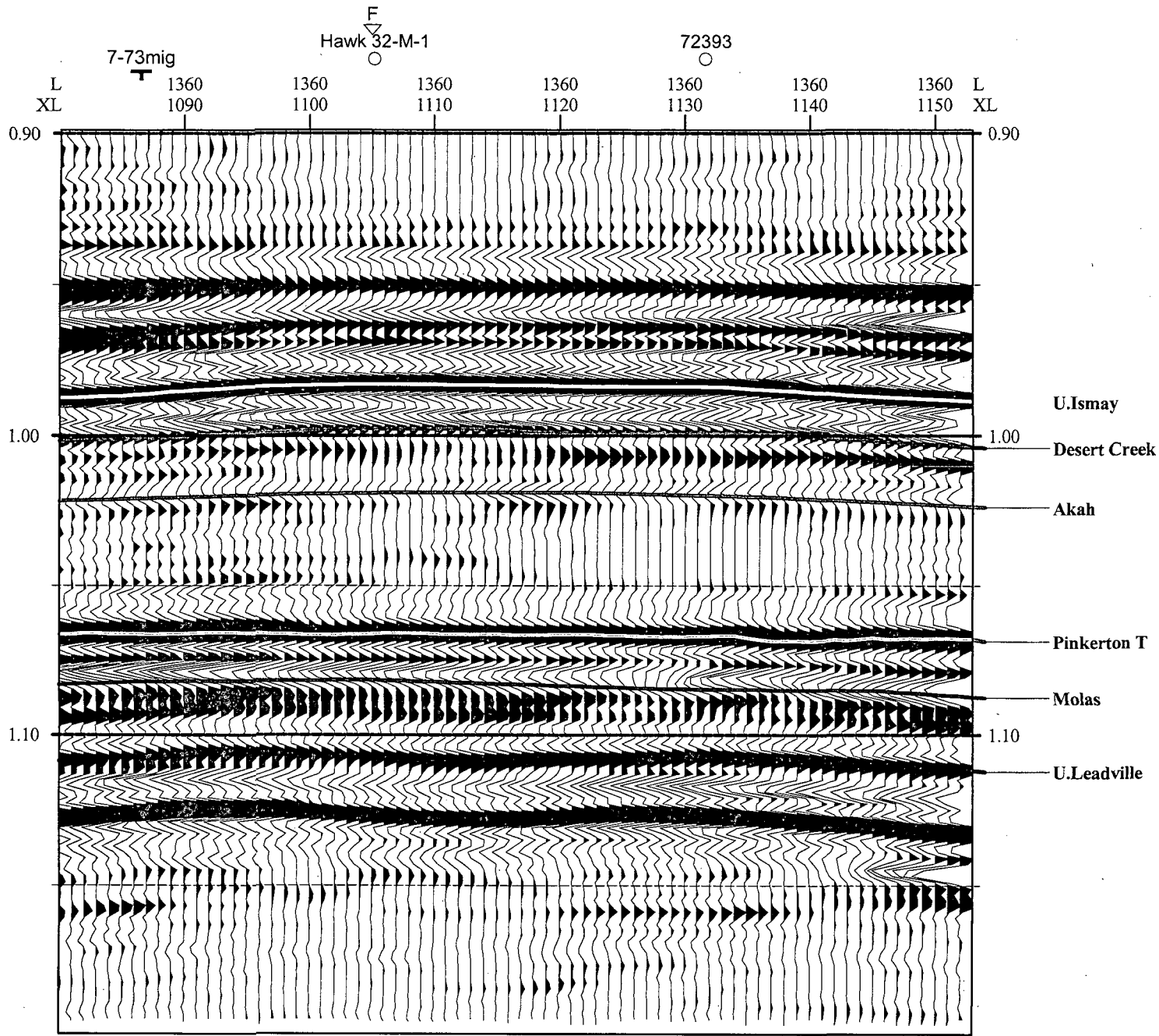
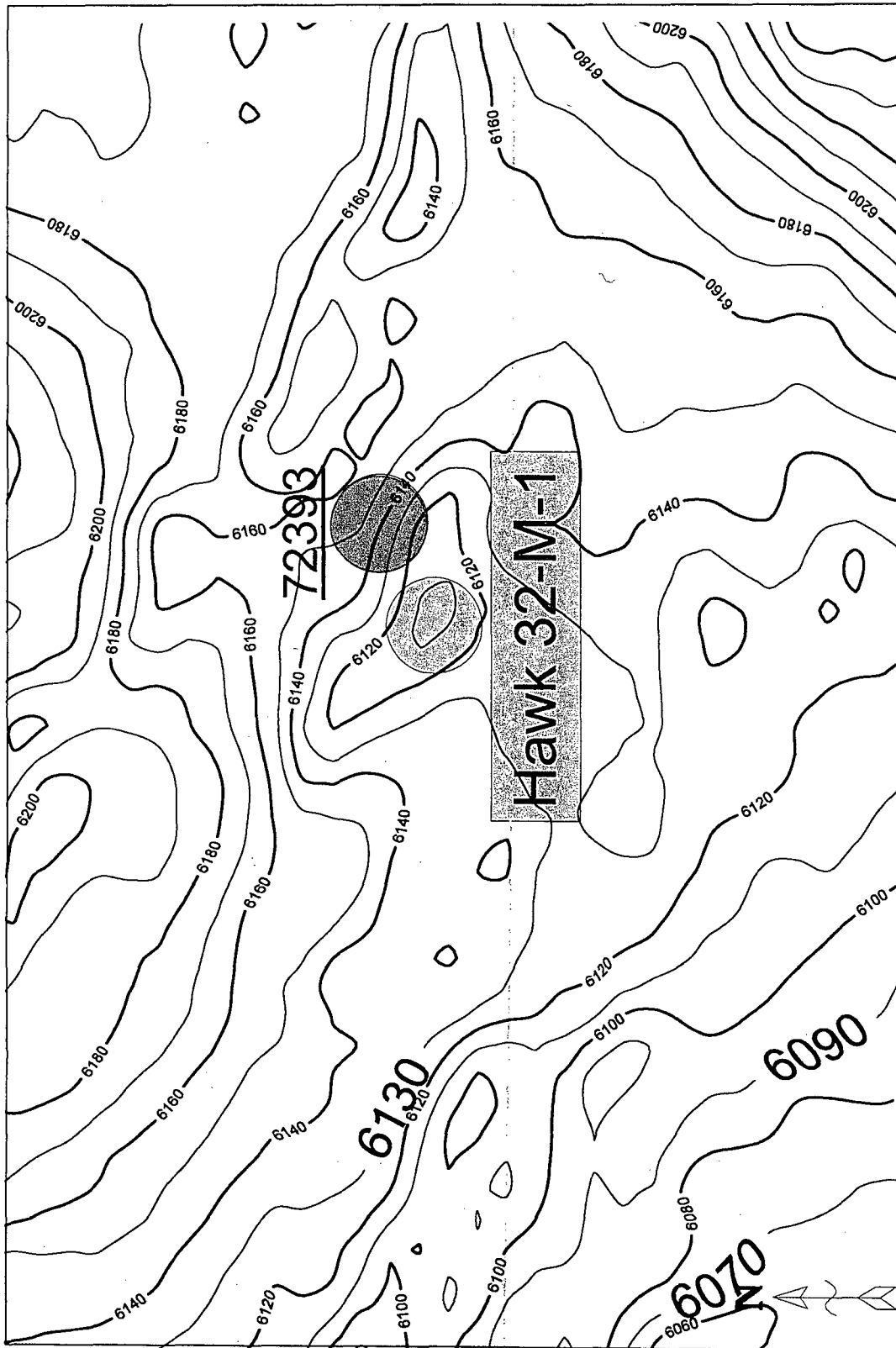


EXHIBIT E



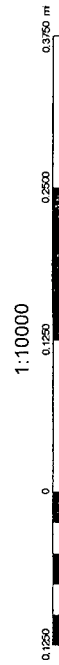
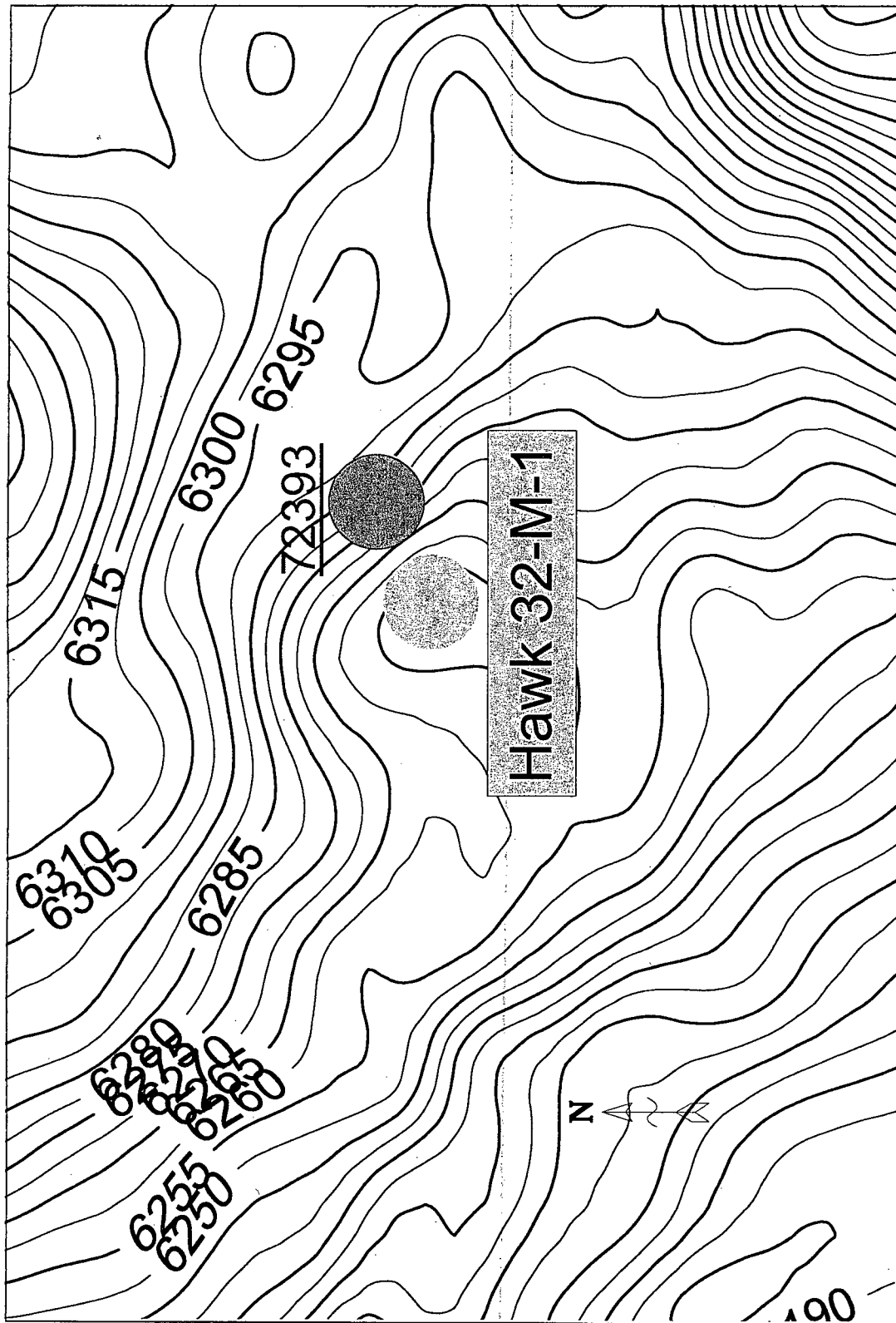
NAVAJO NATION OIL & GAS CO.

CANAL CREEK
3D Seismic Interpretation
E. James Topographic Map
Hawk 32-M-1 Location

Horizontal Scale: 1:10000
Contour Interval: 5 ft

Author: G. M. J. J. J.
Date: 6 April 2004

EXHIBIT E



1:10000



NAVAJO NATION OIL & GAS CO.
CANAL CREEK
3D Seismic Interpretation
Bentley Creek Ridge Map
Hawk & Wolf Location

Author: Dr. M. Walsh
Date: 7 April 2008
Horizontal Scale: 1:10000
Contour Interval: 5 ft

EXHIBIT E

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 1, 2007

Chuck Yarbrough
BIA Real Estate Services
P. O. Box 1060
Gallup, NM 87305

Dear Chuck,

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

Navajo Nation Oil & Gas Co., Inc. is applying to drill its Hawk 32-N #1 well. The minimum state distance for such a wildcat Leadville gas well is 660' from a quarter section line. The proposed well is 122' further south than is standard. Thus, it is a nonstandard location. The NSL is due to geology.

Well Name: Hawk 32-N #1 (API # 30-045-33850) Total Depth: 7,200'

Proposed NSL Zone: Leadville gas

NSL Acreage Dedication: 160 acres (SW4 Section 32)

Location: 538' FSL & 1553' FWL Sec. 32, T. 32 N., R. 19 W.,

San Juan County, NM on Navajo Tribal lease NO-G-0402-1710

Approximate Location: ≈12 air miles northwest of Shiprock, NM

Applicant Name: Navajo Nation Oil & Gas Co., Inc. (928) 871-4880

Applicant's Address: P. O. Box 4439, Window Rock, AZ 86515

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application regulations, then it will be approved. The New address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Phone is (505) 476-3440.

Questions.

Sincerely,

Brian Wood
Brian Wood

EXHIBIT F

052 0004 1418 5790

U.S. Postal Service[™]
CERTIFIED MAIL[®] RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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Postage	\$ 2.41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

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SEP 01 2007
USPS

Sent To
BIA
PO Box 1060
Gallup 87305

PS Form 3800, June 2002 See Reverse for Instructions

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 1, 2007

BLM
1235 LaPlata Highway
Farmington, NM 87401

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

Navajo Nation Oil & Gas Co., Inc. is applying to drill its Hawk 32-N #1 well. The minimum state distance for such a wildcat Leadville gas well is 660' from a quarter section line. The proposed well is 122' further south than is standard. Thus, it is a nonstandard location. The NSL is due to geology.

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Proposed NSL Zone: Leadville gas

NSL Acreage Dedication: 160 acres (SW4 Section 32)

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Applicant Name: Navajo Nation Oil & Gas Co., Inc. (928) 871-4880

Applicant's Address: P. O. Box 4439, Window Rock, AZ 86515

Submittal Information: Application for a nonstandard 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 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

estions.

Sincerely,

Brian Wood

Brian Wood

EXHIBIT F

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

OFFICIAL USE	
Postage	\$ 4.11
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 8.91

Postmark Here
SEP 01 2007
USPS

Sent To
BLM
1235 LaPlata
Farmington 87401

PS Form 3800, June 2002 See Reverse for Instructions

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

September 1, 2007

Akhtar Zaman
Navajo Nation Minerals Dept.
P. O. Box 1910
Window Rock, AZ 86515

Dear Akhtar,

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

Navajo Nation Oil & Gas Co., Inc. is applying to drill its Hawk 32-N #1 well. The minimum state distance for such a wildcat Leadville gas well is 660' from a quarter section line. The proposed well is 122' further south than is standard. Thus, it is a nonstandard location. The NSL is due to geology.

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Proposed NSL Zone: Leadville gas

NSL Acreage Dedication: 160 acres (SW4 Section 32)

Location: 538' FSL & 1553' FWL Sec. 32, T. 32 N., R. 19 W.,

San Juan County, NM on Navajo Tribal lease NO-G-0402-1710

Approximate Location: ~12 air miles northwest of Shiprock, NM

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Applicant's Address: P. O. Box 4439, Window Rock, AZ 86515

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Questions.

Sincerely,

B. Wood

Brian Wood

EXHIBIT F

2004 2510 0004 1418 5783

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 4.11
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
Sent To	
Navajo Nation	
Street, Apt. No., or PO Box No.	
PO Box 1910	
City, State, ZIP+4	
Window Rock 86515	

PS Form 3800, June 2002 See Reverse for Instructions