

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

January 8, 2008

Permits West, Inc.
Attn: Mr. Brian Wood
37 Verano Loop
Santa Fe, NM 87508

Administrative Order NSL-5754

Re: Maralex Resources, Inc.
Dome Federal FC 17 Well No. 1-T
API No. 30-045-34080
Unit N, Section 17-27N-13W
San Juan County

Dear Mr. Wood:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-27033984**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Maralex Resources, Inc. (Maralex), on September 25, 2007,

(b) supplemental documentation furnished with your letter of November 12, 2007, and

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

Maralex has requested to drill the above-referenced well at an unorthodox Fruitland Coal gas well location, 806 feet from the South line and 2270 feet from the West line (Unit N) of Section 17, Township 27 North, Range 13 West, N.M.P.M., in San Juan County, New Mexico. The W/2 of Section 17 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool (71629). This location is governed by Rule 7.A(1) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provides that a well shall be located at least 660 feet from any unit boundary. This location is less than 660 feet from the eastern unit boundary.

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

It is our understanding that you are seeking this location in order to accommodate existing surface uses.


It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

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', with a stylized flourish at the end.

 Mark E. Fesmire, P.E.
Director

MEF/db

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