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PALADIN ENERGY CORP.

RECEIVED  
JUN 21 2001

June 7, 2001

June 18, 2001

State of New Mexico  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

2525

Re: Application for Downhole Commingling  
State ECC #2  
East Caprock Field  
Lea County, New Mexico

*Amended*

Dear Sir/Madam,

Please find enclosed our completed Form C-107A, as well as the necessary supporting documentation for an Application to Downhole Commingle the East Caprock Wolfcamp and East Caprock, Penn formations in the above referenced well.

If you have any questions or require additional information please call Mr. David Plaisance at (214) 654-0132 ext. 8. Thank you.

Sincerely,

*David Plaisance*

David Plaisance  
Production Manager

District I  
1625 N. Frank Drive, Hobbs, NM 88240  
District II  
811 South First Street, Artesia, NM 88210  
District III  
1000 Rio Brason Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised May 15, 2000

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
☒ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING  
AMENDED

Paladin Energy Corp. 10290 Monroe Dr., Ste 301, Dallas, TX 75229  
Operator Address  
State EC C 2 B-11-12S-32E Lea  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 164070 Property Code 24985 API No. 3002500105 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Caprock Wolfcamp, East		Caprock Pennsylvanian, East
Pool Code	09310		09120
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8,394-456'		9,736-796'
Method of Production (Flowing or Artificial Lift)	Rod Pump		Rod Pump
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1.212 BTU		1.267 BTU
Producing, Shut-In or New Zone	Producing		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history applicant shall be required to attach production estimates and supporting data.)	Date: 02/28/01 Rates: 3 BOPD, 37 MCFD, 2 BWPD	Date: Rates:	Date: 05/31/01 Rates: 3 BOPD, 112 MCFD, 5 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 50 % Gas 25 %	Oil % Gas %	Oil 50 % Gas 75 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐  
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐  
Will commingling decrease the value of production? Yes ☐ No ☒  
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐  
NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE David Plaisance TITLE Production Mgr DATE 06/18/01  
TYPE OR PRINT NAME David Plaisance TELEPHONE NO. 214 , 654-0132