



PALADIN ENERGY CORP.

June 12, 2006

To: Working Interest Owners

RE: **Hamilton A-2 Well**
Re-complete in Lower Penn
Knowles Field
Sec 34, T16S, R38E
Lea County, New Mexico

The Hamilton A-2 well was a Devonian producer on submersible pump operations. The last producing rate was about 5 BOPD and 1500 BWPD. Paladin believes there is economic potential in the Lower Penn interval between 10,250-350'. Therefore Paladin proposes to set a CIBP above the Devonian perforations, perforate from 10,260-320', acidize (and possible acid frac) the perforated interval, flow test and/or place on rod pump if necessary. Estimated total AFE costs are **\$393,624.**

At this time Paladin is submitting to the WIO's an AFE and election form for your review and approval. Please indicate your election and return to Paladin both the executed election form and signed AFE, with your proportionate working interest amount, within thirty days of receipt. If you have any questions or need further information, my direct telephone number is (214) 654-0132, ext. 3.

Sincerely,

David Plaisance
VP Exploration & Production

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13823 Exhibit No. 5
Submitted by:
PALADIN ENERGY CORPORATION
Hearing Date: November 30, 2006

To: Working Interest Owners
From: PALADIN ENERGY CORP.
Subject: Participation Election
Hamilton A-2 Well
Re-complete in Lower Penn
Knowles Field
Sec 34, T16S, R38E
Lea County, New Mexico

Please check the appropriate box below:

I do hereby elect to participate in the above proposed workover.

I do hereby elect NOT to participate in the above proposed workover .

Company: _____

Signature: _____

Name: _____

Title: _____

Date: _____

Supplement Original

6/12/2006

Well name Hamilton A-2 Lower Penn		TD 14,170'			
Location Sec. 34, T-16-S, R-38-E, Lea County, New Mexico					
District N/A		Area or Group	Field Knowles		
Objective Lower Pennsylvanian @ 10,250-10,350'		@			
<input checked="" type="checkbox"/> Development <input type="checkbox"/> Exploratory <input type="checkbox"/> Workover/ Recompletion	Gen 9171 9172 9171	<input checked="" type="checkbox"/> Single <input type="checkbox"/> Dual <input type="checkbox"/> Multiple	Data Processing Information <div style="border: 1px solid black; padding: 5px; display: inline-block;"> AFE No. </div> Original/Revision Indicator 1=Original 1 2=Revision		
Tangible Costs - SUB 500 and 550					
1. Tubular goods	Drilling	Evaluation	Completion	Elem	Total Gross Dollars
" OD from _____ ft. to _____				5 1 3	0
" OD from _____ ft. to _____				5 8 5	0
" OD from _____ ft. to _____					0
" OD from _____ ft. to _____				5 5 5	0
" OD from _____ ft. to _____			0 5 2 7	0 5 2 7	0
2 7/8" OD from 0 ft. to 10,200			51,000	5 2 7	51,000
" OD from _____ ft. to _____					0
2. Casinghead, Tubinghead, Christmas Tree			2,500	5 0 4	2,500
3. Tubing Accessories			5,600	5 0 6	5,600
4. Artificial Lift Accessories - Rods, Pump			25,000	5 0 7	25,000
5. Well Protective Structures				5 0 8	0
6. Unclassified				0 0 0	0
7. Additional Basis (Sub 550)				0 0 0	0
Casinghead, Tubinghead, Christmas Tree				5 0 4	0
Tubing Accessories				5 0 6	0
Artificial Lift Accessories - Pumping Unit			60,000	5 0 7	60,000
Well Protective Structures				5 0 8	0
TOTAL TANGIBLES		0	144,100		144,100
Intangible Costs - SUB 600					
8. Contract Engineering Technical		11,400	2,850	0 1 3	14,250
9. Boat Operations				0 5 3	0
10. Minor Supplies				0 7 8	0
11. Electric Power and Light				2 4 1	0
12. Diesel Fuel		2,000		2 4 2	2,000
13. Natural Gas				2 4 3	0
14. Water		2,500		2 4 6	2,500
15. Property and Equipment Rentals		7,500		2 4 8	7,500
16. Security, Safety, and Firefighting				2 5 0	0
17. Tubular Testing, and Inspection			1,800	5 0 3	1,800
18. Trucking Tubulars		1,500	3,500	5 0 9	5,000
19. Casing Accessories				5 1 2	0
20. Site Preparation and Maintenance		2,000		5 1 4	2,000
21. Permits, Insurance, and Damanges		2,500		5 1 5	2,500
22. Rig Moving Expense				5 1 7	0
23. Shorebases				5 2 1	0
24. Camp Housekeeping				5 2 2	0
25. Reclamation			1,500	5 2 5	1,500
26. Air Freight and Transportation				5 2 8	0
27. Disposal and Cleanup			2,000	5 3 1	2,000

