

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

**IN THE MATTER OF THE APPLICATION OF
PALADIN ENERGY CORP. FOR
AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12763

APPLICATION

PALADIN ENERGY CORP. ("Paladin"), through its undersigned attorneys, hereby makes application for an order approving an unorthodox gas well location in the Wolfcamp formation for its State "C" Well No. 1 to be re-entered and re-completed in Unit E of Section 36, Township 13 South, Range 37 East, NMPM, Lea County, New Mexico. In support of its application, Paladin states:

1. Paladin is the operator of the SE/4 NE/4 of Section 35 and the SW/4 NW/4 of Section 36 of Township 13 South, Range 37 East, NMPM, which, in a companion application, it seeks approval to unitize.

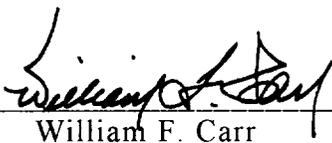
2. Discovery seeks an exception to Division Rule 104.B(1) to permit it to drill its proposed State "C" Well No. 1 at an unorthodox location 1550 feet from the North line and 10 feet from the West line of said Section 36 to a depth sufficient to test the Wolfcamp formation, King-Wolfcamp Pool.

3. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Paladin Energy Corp. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2001 and after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

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AND
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ATTORNEYS FOR PALADIN ENERGY
CORP.

CASE 12763

Application of Paladin Energy Corp. for an unorthodox gas well location, Lea County, New Mexico. Applicant in the above-styled cause seeks approval of an unorthodox well location in the Wolfcamp formation, King-Wolfcamp Pool, for its State "C" Well No. 1 to be re-entered and re-completed at an unorthodox well location 1550 feet from the North line and 10 feet from the West line of said Section 36, Township 13 South, Range 37 East, NMPM. Said well is located approximately 9 miles east of McDonald, New Mexico.