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October 23, 2001

HAND-DELIVERED

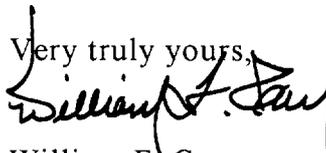
Case 12762

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: Application of Paladin Energy Corp. for approval of a unit
agreement, Lea County, New Mexico.

Dear Ms Wrotenbery:

Enclosed in triplicate is the Application of Paladin Energy Corp. in the above-referenced case as well as a copy of a legal advertisement. Paladin requests that this application be placed on the docket for the November 15, 2001 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Louisa Becker (w/ enclosures)

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

OIL CONSERVATION DIV.
OCT 23 PM 4:37

**APPLICATION OF PALADIN ENERGY CORP.
FOR APPROVAL OF A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12762

APPLICATION

PALADIN ENERGY CORP. ("Paladin"), through its undersigned attorneys, hereby makes application for an order approving its Paladin Wolfcamp Exploratory Unit and in support of this application states:

1. That the proposed Unit consists of 80 acres, more or less, of State and fee lands, situated in Lea County, New Mexico. The horizontal limits of said unit are described as follows:

Township 13 South, Range 37 East, N.M.P.M.

Section 35: SE/4 NE/4
Section 36: SW/4 NW/4

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Paladin Energy Corp., is designated as Unit Operator in said Unit Agreement and the Wolfcamp formation is the only formation unitized.

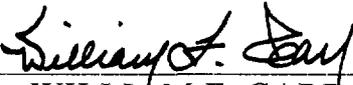
4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, Paladin Energy Corp. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2000, that notice be given as required by law and the rules of the Division, and that the Paladin Wolfcamp Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART LLP
AND
CAMPBELL & CARR

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
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ATTORNEYS FOR PALADIN ENERGY CORP.

CASE NO. 12762: Application of Paladin Energy Corp. for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Paladin Wolfcamp Exploratory Unit for an area comprising 80 acres of state and fee lands in Sections 35 and 36 of Township 13 South, Range 37 East, NMPM which is located approximately 9 miles east of McDonald, New Mexico.