

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

May 9, 2002

Hand Delivered

Lori Wrottenbery
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 12864; application of Manzano Oil Corporation
("Manzano") for an unorthodox oil well location, Lea
County, New Mexico

Dear Ms. Wrottenbery:

Due to a conflict, Mr. Carr had to withdraw from representing the
applicant, and I now represent Manzano in this matter.

The above application was filed due to an objection from Paladin
Energy Corp. ("Paladin"). Paladin was notified of the hearing in
this matter, as shown on Exhibit A, but has now waived objection to
the location, as shown on Exhibit B.

Due to the waiver, Manzano requests that the above case be
dismissed, and that the matter be processed administratively. By
this letter, Manzano hereby requests that Amended Administrative
Order NSL-4568 be amended a second time to approve an unorthodox
location in the Wolfcamp formation.

The well has already been drilled, and Manzano is recompleting the
well in an uphole zone. However, if additional information is
required to process this request, please contact me. Thank you.

Very truly yours,



James Bruce

Attorney for Manzano Oil Corporation

30-025-35449

330'FNL-1200'FEL

(1/A)

2-7145-R37E

02 MAY -9 AM 11:43

OIL CONSERVATION DIV.

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

April 25, 2002

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Paladin Energy Corp.
Suite 301
10290 Monroe Drive
Dallas, Texas 75229

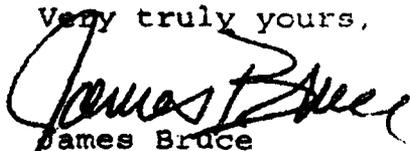
Attention: George G. Fenton

Ladies and Gentlemen:

Manzano Oil Corporation has filed an application with the New Mexico Oil Conservation Division requesting approval of an unorthodox oil well location for its Rum Point State Well No. 1, located at a 163 feet from the north line and 1155 feet from the east line of Section 2, Township 14 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The well will be completed in the Wolfcamp formation (King-Wolfcamp Pool), and Lot 1 of Section 2 will be dedicated to the well. A copy of the application is enclosed. This application is scheduled to be heard at 8:15 a.m. on Thursday, May 16, 2002 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an offset interest owner, you have the right to appear at the hearing and present evidence. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are requested to notify the Division, and the undersigned, by Friday, May 10, 2002, if you intend to enter an appearance and participate in the case.

Very truly yours,


James Bruce

Attorney for Manzano Oil Corporation



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Paladin Energy Corp.
Suite 301
10290 Monroe Drive
Dallas, Texas 75229

2. Article Number:

(Transfer from service lat. 7001 2510 0006 5981 2775)

PS Form-3811, August 2001

Domestic Return Receipt

Mansano

102595-01-4-0381

COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Signature]* Agent Addressee

B. Received by (Printed Name) *FENTON* C. Date of Delivery *4/29/02*

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type

Certified Mail Express Mail

Registered Return Receipt for Merchandise

Insured Mail C.O.D.

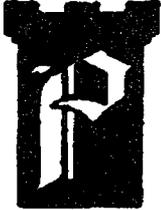
4. Restricted Delivery? (Extra Fee) Yes No

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Postage	\$ 0.57	
Certified Fee	2.00	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)	4.17	
Total Postage & Fees	\$ 8.24	

Sent To: Paladin Energy Corp.
Suite 301
10290 Monroe Drive
Dallas, Texas 75229

7001 2510 0006 5981 2775



PALADIN ENERGY CORP.

FACSIMILE

<u>DATE</u>	<u>TIME</u>	<u>TOTAL PAGES</u>
5/3/02	1600	2

TO: Mr. Ken Barbe / Manzano LLC / (505) 625-2620

FROM: George Fenton

SUBJECT: Manzano's Rum Point State #1, Lea County, NM

Attached is your letter agreement of May 2, 2002, duly executed by Paladin. I would appreciate receiving the well logs as soon as possible. I'm glad we saw eye-to-eye on what appears to be a win-win situation.

Regards,

George G. Fenton



10290 MONROE DRIVE, SUITE 301 - DALLAS, TEXAS 75229-6718
TELEPHONE: (214) 654-0132 FAX: (214) 654-0133

MANZANO, LLC

**P.O. Box 2107
Roswell, New Mexico 88202-2107
Office: (505) 623-1996**

**121 West Third Street
Roswell, New Mexico 88201
Fax: (505) 625-2620**

May 2, 2002

**Dr. George Fenton
Paladin Energy Corp.
10200 Monroe Drive, Suite 301
Dallas, TX 75229**

Fax: (214) 654-0133

**Re: Manzano's Rum Point State #1
Section 2, T14S, R37E
Lea County, New Mexico**

Dear George:

Pursuant to our conversation, Manzano agrees to provide to Paladin well logs and all completion information regarding the Rum Point State #1 in exchange for Paladin's waiver of objection to our attempted Wolfcamp recompletion.

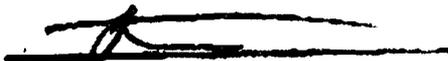
If this is your understanding of our agreement, please execute below and return by fax at your earliest convenience. Thanks again for your cooperation in this prospect. Hopefully we'll both make some oil in this field.

Very truly yours,


Kenneth Barbe, Jr.

Agreed to and accepted this 3rd day of May, 2002.

Paladin Energy Corp.


George G. Fenton, President