

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

NMOCD - ACOI 117-B

IN THE MATTER OF PALADIN ENERGY CORP.,

Respondent.

**SECOND AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 4 of Agreed Compliance Order 117 (“ACOI 117” or “Order”), the Director of the Oil Conservation Division (“OCD”) hereby amends that Order as follows:

FINDINGS

1. ACOI 117 required Paladin Energy Corp. (“Operator”) to return at least 4 of the wells identified in the Order to compliance with OCD Rule 201 by September 20, 2006 (the first period). Operator returned the following six wells to compliance in the first period:

- Howard Fleet #005 30-025-30855
- Lowe #001 30-025-30702
- New Mexico BH State #001 30-025-08007
- State C #003 30-025-34239
- WW Hamilton A #002 30-025-12485
- WE Mathers A #002 30-025-01048

2. Because Operator met and exceeded its 4-well goal for the first 6-month period, the OCD amended the Order to extend its terms by 6 months, and required Operator to return 2 additional wells identified in the Order to compliance by March 20, 2007 to meet its 4-well goal for the second period.

3. Operator returned the following wells identified in the Order to compliance in the second period:

- State ECC #001 30-025-00104
- C.W. Robinson #001 30-025-00053

4. The following wells identified in the Order remain out of compliance:

- New Mexico BH State #002 30-025-08008

CONCLUSIONS

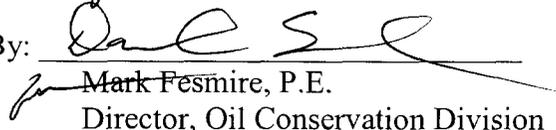
1. Operator has met its goal of returning 4 wells to compliance in the second period (two wells carried over from the first period, and two additional wells).
2. The OCD should amend ACOI 117 to extend its terms through September 20, 2007 and require Operator to return to compliance by that date the 2 wells identified in the Order that remain out of compliance.

ORDER

1. Operator shall return to compliance by September 20, 2007 the 2 wells identified in Findings Paragraph 4, above.
2. Operator shall file a written compliance report identifying the well(s) it returned to compliance in the third period, and stating how the well(s) were returned to compliance (returned to production or other beneficial use; wellbore plugged; or placed on approved temporary abandonment status). The report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager so that it is received by September 20, 2007.
3. The terms of ACOI 117 otherwise remain in effect.

Done at Santa Fe, New Mexico this 2nd day of April, 2007

By:


Mark Fesmire, P.E.
Director, Oil Conservation Division