

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



July 11, 2014

Paladin Energy Corp.
Attn: Mr. Charles Stephenson

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-5856-A
Administrative Application Reference No. pMAM1417158590

Paladin Energy Corp.
OGRID 164070
Howard Fleet Well No. 5
API No. 30-025-30855

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	2250 FSL & 600 FEL	I	35	13S	37E	Lea
Top perforations	2417 FSL & 422 FEL	I	35	13S	37E	Lea
Bottom perforations	2402 FSL & 425FEL	I	35	13S	37E	Lea
Bottom Hole	2417 FSL & 422 FEL	I	35	13S	37E	Lea

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 of Section 35	320	King; Mississippian (Gas)	79540

Reference is made to your application received on June 20, 2014.

You have requested to drill this well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.10.B NMAC, which provides for 320-acre units with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from a unit outer boundary.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location due to engineering issues. The Devonian production has become marginal or uneconomic and the operator hopes that the new zone will have better pressures.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 9.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This Order supersedes Division Order No. NSL-5856, issued on June 19, 2008.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on July 11, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs