

DATE IN 9/22/05	SUSPENSE 10-12-2005	ENGINEER Stogun	LOGGED IN 9/23/05	TYPE NSL	APP NO. PSEM0526626768
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ocean Munds-Dry Ocean Munds-Dry Attorney 9-22-05
 Print or Type Name Signature Title Date
 omundsdry@hollandhart.com
 e-mail Address

2005 SEP 22 PM 2 24

September 22, 2005

HAND DELIVERY

Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Paladin Energy Corporation for administrative approval of an unorthodox well location for its existing Hamilton 2-Y Well (API No. 30-025-29316), located 1520 feet from the South line and 500 feet from the West line of Section 35, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

Paladin Energy Corporation ("Paladin") hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F (2)-(4), of an unorthodox well location for its Hamilton 2-Y Well located 1520 feet from the South line and 500 feet from the West line of Section 35 (Unit L), Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico. An unorthodox well location was approved in the Devonian formation by Administrative Order NSL-2193, dated December 3, 1985. Paladin now seeks approval of this location down hole in the McKee formation, Wildcat McKee Pool. The well will be deepened to approximately 14,200 feet.

This location in the McKee formation is unorthodox because it is governed by the Division's Statewide Rules and Regulations which provide for wells on 320-acre spacing units to be located no closer than 660 feet to any boundary of such unit. The proposed unorthodox well location is only 500 feet from the outer boundary of the quarter section. A standard 320-acre spacing unit and proration unit comprised of the S/2 of Section 35 will be dedicated to the well.

HOLLAND & HART^{LLP}



The proposed unorthodox well location is located in the NW/4 SW/4 of the Section and is 1520 feet from the South line and 500 feet from the West line of the quarter section on which it is located.

Attached hereto as **Exhibit A** is a plat that shows the subject area, the spacing unit comprised of the S/2 of Section 35, the proposed unorthodox well location, and adjoining spacing units and wells.

Exhibit B is the C-102 originally filed for the well that shows the surveyed location of the well.

Exhibit C is a list of affected parties. A copy of this application (with attachments) has been sent to those listed on Exhibit C in accordance with Rule 1207(A)(5) and they have been advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Also enclosed is a proposed administrative order of the Division.

Your attention to this application is appreciated.

Very truly yours,

Ocean Munds-Dry
Attorney for Paladin Energy Corporation

Enclosures

cc: George Fenton, Paladin Energy

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe. NM 87505

Form C-102
 Revised August 15, 2000

Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-29316		² Pool Code	³ Pool Name Vacuum McKee, South 97368
⁴ Property Code	⁵ Property Name W. W. Hamilton		⁶ Well Number 2Y
⁷ OGRID No. 164070	⁸ Operator Name Paladin Energy Corp.		⁹ Elevation 3699'

¹⁰ Surface Location

UL or lot no. L	Section 35	Township 16-S	Range 38-E	Lot Idn	Feet from the 1520	North/South line South	Feet from the 500	East/West line West	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ Order No.					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
 NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 	<u>Sec 35, T16S, 38E</u>			¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature <u>David Plasiance</u> Printed Name <u>VP Exploration & Production</u> Title <u>9/6/2005</u> Date
¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number				

NEW MEXICO OIL EXHIBIT B TION COMMISSION
WELL LOCATION E DEDICATION PLAT

Form C-102
Supersedes C-
Effective 1-1-1

All distances must be from the outer boundaries of the Section.

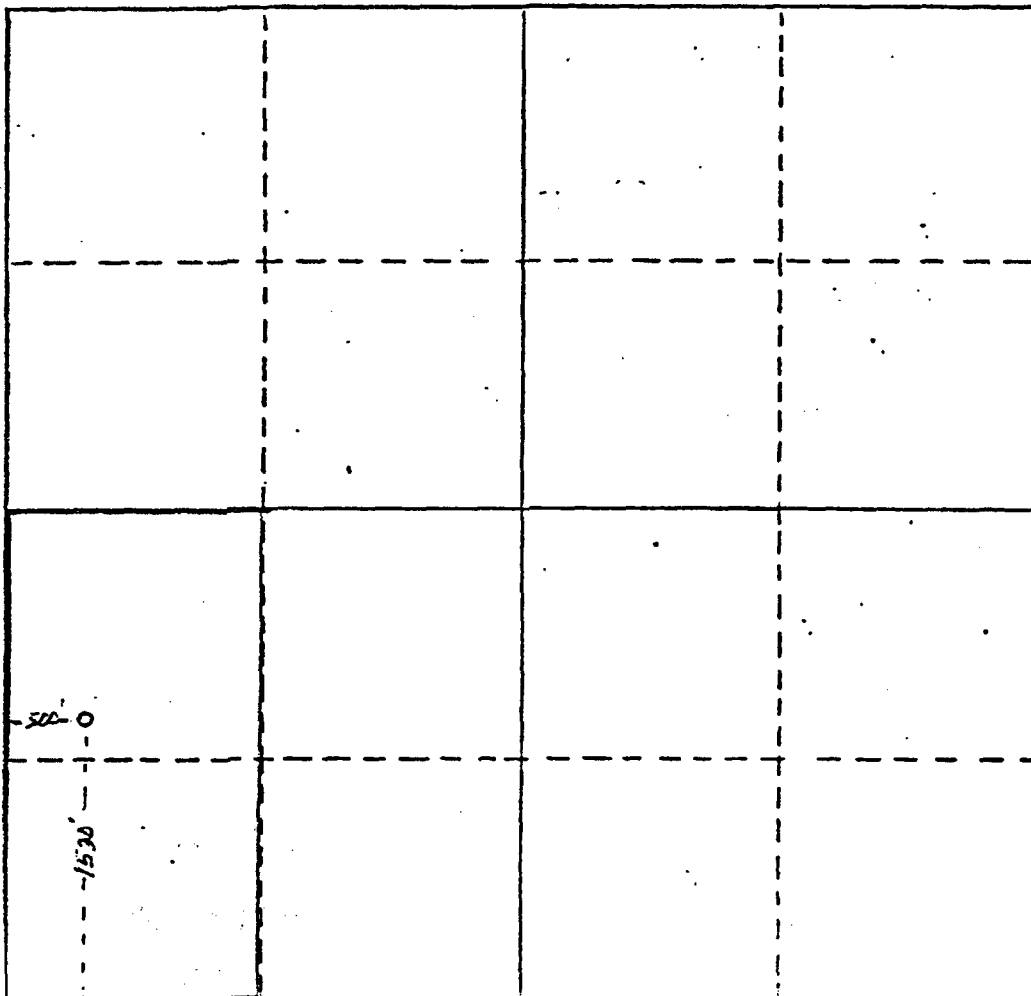
Operator Amerada Hess Corporation			Lease W. W. Hamilton			Well No. 2Y		
Unit Letter L	Section 35	Township 16S	Range 38E	County Lea				
Actual Footage Location of Well: 1520 feet from the South line and 500 feet from the West line								
Ground Level Elev. 3699'	Producing Formation Devonian		Pool Knowles			Dedicated Acreage: 80 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name E. B. Fisher
Position Supv. Adm. Ser.
Company Amerada Hess Corporation
Date 11-8-85

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed _____
Registered Professional Engineer and/or Land Surveyor _____

Certificate No. _____

EXHIBIT B

Exhibit C

Notice List

Paladin Energy Corporation
Application for Unorthodox Well Location
Hamilton 2-Y Well

Mattie Waite	c/o Barry Bainbridge	120 Pinedale Drive	Clanton	AL	35045
Julie	P. O. Box 505		Midland	TX	79702
Steven C.	P. O. Box 505		Midland	TX	79702
V. Elaine	P. O. Box 505		Midland	TX	79702
Laurie B.	P. O. Box 8098		Asheville	NC	28814
Eleanor	9 Pugh Street		Kingston	PA	18704-1632
Roy G.	1919 N. Turner		Hobbs	NM	88240
Quita S.	6737 East Redbird		Cave Creek	AZ	85331
Patricia Palmer	2187 Twin Lakes Blvd.		West Columbia	TX	77486
Ben S.	4804 Knight Place		Midland	TX	79705
Carolyn	4804 Knight Place		Midland	TX	79705
Stephen	P O Box 10321		Lubbock	TX	79408
Steve	1306 Broadway		Lubbock	TX	79401
Frances J.	232 North Washington		Naperville	IL	60540
Sharon R.	3475 State Highway W		Ozark	MO	65721
Keith Pratt	P O Box 190766		Dallas	TX	75219
Farrell	P. O. Box 3061		Midland	TX	79702
Paul	P. O. Box 871		Midland	TX	79702
Thomas and Debra	1240 Jefsumark Circle		Tucson	AZ	85749
Thomas M	c/o 2509 Prosser		Los Angeles	CA	90064
Billy C.	P O Box 1397		Windsor	CO	80550
Jeanne P.	4339 Roanoke Parkway Apt 303		Kansas City	MO	64111
Paul D.	4917 Binderwald Road		Torrance	CA	90505
Lyle B.	8270 4th		Lakewood	CO	80226
V. H.	P. O. Box 572782		Houston	TX	77257
Dorothy	c/o John Richard Hamilton	2910 W County Club Road 116	Midland	TX	79706

Jerry Glen	501 East Campbell Street		Hobbs	NM	88240
John Richard	2910 W County Club Road 116		Midland	TX	79706
Raymond Walter	1212 North 6th		La Mesa	TX	79331
Alan R.	518 17th Street	#5210	Denver	CO	80202
Shawn P.	518 17th Street	#5210	Denver	CO	80202
Hellen Childers			Pima	AZ	
Harry B.	3918 Harry Hines Blvd	Suite 206	Dallas	TX	75219
Harlan	1st National Bank Building		Lubbock	TX	
Katherine Jean	612 East Yucca		Hobbs	NM	88240
Kathy Keil	P O Box 1654		Wimberly	TX	78676
Oliver	P O Box 1654		Wimberly	TX	78676
E. L.	5427 7th Street		Lubbock	TX	79416
Jack Daniels	P O Box 1258		Hobbs	NM	88241
Christine B.	P. O. Box 505		Midland	TX	79702
Alfred	1415 Kingstree		Houston	TX	77058
James F	3909 Reche Road	Space 129	Fallbrook	CA	needs zip
Hollie G.	P O Box 670		Gilmer	TX	75644
George Glenn	4017 93rd Street		Lubbock	TX	79423
Maxine	6021 Golden Center Court	#211	Placerville	CA	95667
Michael Harrison	310 West Wall Street	Suite 404	Midland	TX	79704
Richard L.	310 West Wall Street	Suite 404	Midland	TX	79704
Richard Lyons	Trustees u/w/o of Stephen Scott Moore, 310 West Wall Street	Suite 404	Midland	TX	79704
Jane	712 Main Street #2200		Houston	TX	77002-3290
John David	Melrose 500 on Melrose Avenue		Grenwich	CT	6830
Emil	Melrose 500 on Melrose Avenue		Grenwich	CT	6830

Mark J.	Mourne Oil & Gas	1500 Four Mile Lane	Canon City	CO	81212-9130
Dorothy Coe	517 Mary Street		Gilmer	TX	75644
Richard	P O Box 67605		Los Angeles	CA	90067
L. E.	1505 Neely		Midland	TX	79705
John K.	4131 Spicewood Springs #A-3 Road		Austin	TX	78759
Lorna G.	3504 Asbury Avenue		Dallas	TX	75205
Marjorie Coe	212 Crescent		Longview	TX	75602
Jane D.	P. O. Box 10505		Midland	TX	79702
Linda Pratt	1202 Marlee Lane		Arlington	TX	76014
James Riddle III	4247 Goodfellow		Dallas	TX	75229
Sam and Lisa	13207 Calle Alto		Hobbs	NM	88242
Charlotte	P O Box 2124		Tijeras	NM	87059
Joshua Raynolds	P O Box 26900		Albuquerque	NM	87125
Ruth Raynolds	P O Box 26900		Albuquerque	NM	87125
Thomas Hamilton	P O Box 553		Black Canyon	AZ	85324
John Fields	c/o Joshua R. Simms	P O Box 25421	Albuquerque	NM	87125
Joseph Montcalm	45446 22nd Street		Phoenix	AZ	85027
Collins Partners Ltd.	5000 Burnet Road		Austin	TX	78756
Paul L. Davis Ltd.	P O Box 871		Midland	TX	79702
June Danglade	P. O. Drawer 1687		Lovington	NM	88260
Joan Skelly	c/o John R. Stuart	4590 East 29th Street	Tulsa	OK	74114
James Cleo	325 N. St. Paul Street	Suite 4300	Dallas	TX	75201
J Cleo	325 N. St. Paul Street	Suite 4300	Dallas	TX	75201
J. Cleo	Estate of J. Cleo Thompson, deceased	325 N. St. Paul, Suite 4300	Dallas	TX	75201
J. Cleo	325 N. St. Paul, Suite 4300		Dallas	TX	75201

Mike	P O Box 1258		Hobbs	NM	88241
Bernice Pearson	6112 East 21st Street		Tulsa	OK	74128
First National Bank of Lubbock	P O Box 1241		Lubbock	TX	79408-1241
Betty M.	Betty M. Tylander RC Trust	3401 Washington Road	Palm Beach	FL	33405-1937
Jont	1306 Broadway		Lubbock	TX	79401
L. H.	c/o Jon Tyson	1306 Broadway	Lubbock	TX	79401
Alison Eversole	c/o 2509 Prosser		Los Angeles	CA	90064
Patricia N.	P O Box 670368		Dallas	TX	75367-0368
Randolph E.	P O Box 670368		Dallas	TX	75367-0368
Herbert and Hazel	6201 North Clark Street		Chicago	IL	60660
Shirley B.	4925 Greenville Avenue	Suite 900	Dallas	TX	75206
Joan Pearson	11856 East 15th Place		Tulsa	OK	74128
Alcus James Carter III	894 FM 237		Victoria	TX	77905
Amanda Drew Loud Living Trust	P O Box 724		Holderness	NH	3245
Bank of America, Trustee	St. Joseph's Orphanage	P. O. Box 830308	Dallas	TX	75283
Bank One Investment Management Group	P. O. Box 2605		Fort Worth	TX	76113-2605
BOA, Trustee of University of Kansas u/w of Gertrude Pearce	Attn: Oil and Gas Division	P O Box 830308	Dallas	TX	75283
Brennan Energy Ltd.	1360 Post Oak, Suite 1400		Houston	TX	77056

Bush Overbey Oil, c/o John Overbey	4131 Spicewood Springs #A-3 Road		Austin	TX	78759
Christmann Mineral Co.	3110 FM Road, 113 North		Weatherford	TX	76088
Estate of Iris Platt			Eddy	NM	
Estate of Lutishie Brewer					
FFF Inc.	P O Box 8687		Denver	CO	80201-8687
Frances Cuneo Jr. Trust	232 North Washington		Naperville	IL	60540
Geodyne Nominee Corp.	Samson Plaza	Two West Second Street	Tulsa	OK	74103
J C Barnes Jr. Testamentary Trust	c/o Julie Barnes	P O Box 505	Midland	TX	79702
Mourne Oil and Gas Co.	1500 Four Mile Lane		Canyon City	CO	81212
MW Oil and Investment	Attn: Land Department	P O Box 8687	Denver	CO	80201-8687
Petro Tiger I Ltd.	P O Box 3166		Tulsa	OK	74101-3166
Roy G. Barton & Opal Barton Trust UTA 1/28/82	P O Box 978		Hobbs	NM	88240
Scottish Rite Hospital for Crippled Children	Attn: Oil and Gas Division	2222 Welborn Street	Dallas	TX	75219
Shriners Hospital for Crippled Children	Attn: Oil and Gas Department	P O Box 31356	Tampa	FL	33631-3356

The Madd Ranch	P O Box 536		Hobbs	NM	88241
Winona Jones, Trustee of Frederick Jones Trust 8/30/89	P O Box 195		Burrton	KS	67020
Woodrow W. Carter Trust	P O Box 3992		Long Beach	CA	90803
	Jim Wellborne Trust	P O Box 1401	Lubbock	TX	79408-1401
	Mekusukey Oil Co., Inc.	P. O. Box 816	Wewoka	OK	74884-0816
Corsicana National Bank & Trust	Agent for J.L. Collins Educational Fund	P. O. Box 624	Corsicana	TX	75151-9004
John R. Stuart Interest, LLC	4590 East 29th Street		Tulsa	OK	74114
Collins Partners, Ltd.	5000 Burnet Road		Austin	TX	78756
James D. Ramsland Oil & Gas P/S Ltd.	P. O. Box 10505		Midland	TX	79702
J. Hiram Moore, et al, Trustees	J. Hiram Moore Trust 7/1/71	P. O. Box 10908	Midland	TX	79702
Roy G. Barton and	Opal Barton Trust	1919 N. Turner	Hobbs	NM	88240
J.M. Welborn Trust 10/23/92	P. O. Box 1041		Lubbock	TX	79408-1401
Christmann Mineral Co.	P. O. Box 66		Pinedale	WY	82941-0066
LMA Royalty Ltd.	P. O. Box 1778		Colorado Springs	CO	80901-1778
North Central Oil Corp.	6001 Savoy, Suite 600		Houston	TX	77036-3381

Mosbacher
USA, Inc.

712 Main Street

#2200

Houston

TX

77002-3290

Attention: Mr. George Fenton

Administrative Order NSL-_____

Dear Mr. Fenton:

Reference is made to your application dated September 22, 2005 for an unorthodox well location for a well to be re-completed to the McKee formation, Wildcat McKee Pool, for your Hamilton 2-Y Well. This well will be re-entered and drilled to the McKee formation at an unorthodox gas well location 1520 feet from the South line and 500 feet from the West line of Section 35, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico.

A 320-acre spacing and proration unit in the McKee formation comprising the S/2 of said Section 35 is to be dedicated to said well.

This application has been duly filed under the provisions of Rule 104.F of the General Rules of the Oil Conservation Division revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By authority granted me under the provisions of Rule 104.F(2), the above-described unorthodox gas well location within this 320-acre unit in the McKee formation is hereby approved.

Sincerely,

Mark E. Fesmire, P.E.
Director

cc: Oil Conservation Division - Hobbs/Artesia

September 22, 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS

Re: Application of Paladin Energy Corporation for administrative approval of an unorthodox well location for its existing Hamilton 2-Y Well, located 1520 feet from the South line and 5005 feet from the West line of Section 35, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Dear Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Paladin Energy Corporation for administrative approval of an unorthodox well location for its Hamilton 2-Y Well, to be re-completed to the McKee formation, Wildcat McKee Pool, at a location 1520 feet from the South line and 500 feet from the West line of Section 35, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Very truly yours,

Gail Cotton
Consulting Landman

Enclosures