

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

IN THE MATTER OF THE APPLICATION OF
PALADIN ENERGY CORPORATION TO ABOLISH
THE SPECIAL POOL RULES AND REGULATIONS
FOR THE BAGLEY SILURO-DEVONIAN POOL,
LEA COUNTY, NEW MEXICO.

RECEIVED

MAY 16 2003

Oil Conservation Division

CASE NO. 13064

APPLICANT'S PRE-HEARING STATEMENT

Applicant hereby submits this Pre-Hearing Statement as required by the rules of the New Mexico Oil Conservation Division.

APPEARANCES

APPLICANT

Paladin Energy Corporation

ATTORNEY

Michael H. Feldewert, Esq.
Holland & Hart, LLP
P. O. Box 2208
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505/988-4421

OPPONENT

None

OPPONENT'S ATTORNEY

None

APPLICANT'S STATEMENT OF CASE

Applicant seeks an order abolishing the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool in favor of the general state-wide rules. The Division adopted these Special Pool Rules in 1954 under Order No. R-69-D (Case No. 249) and provide for the following:

- 80-acre spacing units comprised of either the E/2 or the W/2 of a quarter section with wells to be located within 150 feet of the center of a quarter-quarter section, and

- An allowable equal to the top allowable for wells in the Bagley Siluro-Devonian depth range calculated by the use of the 80-acre proportional factor set forth in Rule 505.

Because of numerous exceptions to the Special Pool Rules and infill drilling, the Bagley Siluro-Devonian Pool has effectively been developed on 40-acre spacing. Moreover, the Bagley Siluro-Devonian Pool is in an advanced state of depletion. The remaining wells in the Bagley Siluro-Devonian Pool do not produce at the current allowable and recent experience demonstrates any new wells or re-completions will drain only small areas.

There are only two operators in the Bagley Siluro-Devonian Pool: Paladin and Samson Resources, Inc. Samson Resources concurs with Paladin's proposal to abolish the Special Pool Rules in favor of 40-acre spacing under statewide rules. The Bagley Siluro-Devonian Pool is a unique situation with respect to ownership and development that favors approval of this application. The current operators agree that approval of this application will not have an adverse affect on any interest owner, will encourage further development, and allow for the recovery of additional reserves that may otherwise be bypassed.

APPLICANT'S PROPOSED EVIDENCE


<u>WITNESS</u> (Name and Expertise)	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
David Plaisance, Geologist	Approx. 15 minutes	Approx. 5
Craig Adams, Engineer	Approx. 10 minutes	Approx. 3

PROCEDURAL MATTERS

None.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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Attorneys for Paladin Energy Corporation

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