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44744-0005

April 15, 2003

VIA HAND DELIVERY

Lori Wrotenbery  
Director - OCD  
NM Energy, Minerals & Natural Resources Dept.  
1220 South St. Francis Drive  
Santa Fe, NM 87505

RECEIVED

APR 15 2003

Oil Conservation Division

Case 13064

Re: Application of Paladin Energy Corporation to Abolish the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool, Lea County, New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Paladin Energy Corp. in the above-referenced case as well as a copy of the legal advertisement. Paladin Energy Corp. requests that this matter be placed on the docket for the May 8, 2003 Examiner hearings.

Sincerely,



Michael H. Feldewert

MHF:jlj

cc: Mr. George Fenton  
Mr. David Plaisance

Enclosures

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

**RECEIVED**

APR 15 2003

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.

CASE NO. 13064

APPLICATION

PALADIN ENERGY CORP. ("Paladin"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order abolishing the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool. In support of this application, Paladin states:

1. The Bagley Siluro-Devonian Pool was established by Division in 1950 under Order No. 850 and has been extended from time to time to include the following acreage in Lea County, New Mexico:

Township 11 South, Range 33 East, N.M.P.M.

Section 33:	SE/4
Section 34:	S/2, NE/4
Section 35:	S/2, NW/4, S/2 NE/4
Section 36:	SW/4

Township 11 South, Range 33 East, N.M.P.M.

Section 1:	W/2
Section 2 and 3:	All
Section 4:	E/2
Section 10:	E/2
Section 11:	All
Section 12:	W/2

2. The Bagley Siluro-Devonian Pool is governed by Special Pool Rules adopted by Oil Conservation Division in 1954 under Order No. R-69-D (Case No. 249). These Special Pool Rules 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.

3. Because of numerous exceptions to the Special Pool Rules and infill drilling of wells, the Bagley Siluro-Devonian Pool has effectively been developed on 40-acre spacing.

4. The Bagley Siluro-Devonian Pool is in an advanced state of depletion. Recent experience with wells in the Bagley Siluro-Devonian Pool show that they do not produce at the current allowable and drain small areas.

5. 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.

6. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

7. A list of the persons to whom notice has been sent is attached hereto.

WHEREFORE, Paladin Energy Corp. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 8, 2003, that notice be given as required by law and the rules of the Division, and that this application be approved.

Respectfully submitted,  
HOLLAND & HART, LLP

By: 

Michael H. Feldewert  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR PALADIN ENERGY CORP.

CASE 13064:

**Application of Paladin Energy Corp. to Abolish Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool, Lea County, New Mexico.** Applicant, in the above-styled cause seeks to abolish the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool located in portions of Sections 33 through 36 of Township 11 South, Range 33 East, and Sections 1 through 4, and 10 through 12 of Township 12 South, Range 33 East, NMPM. Said pool is located approximately 17 miles west of Tatum, New Mexico.

## **NOTIFICATION LIST**

Application of Paladin Energy Corporation To Abolish The Special Pool Rules And Regulations For The Bagley Siluro-Devonian Pool, Lea County, New Mexico

Apache Corporation  
1700 Lincoln Street, Suite 700  
Denver, Colorado 80703-4520

Anderson Oil & Gas Co.  
5005 Woodway, Suite 300  
Houston, TX 77056

Asher Enterprises Company, Ltd.  
P. O. Box 423  
Artesia, New Mexico 88211

Belco Oil & Gas Corp.  
5735 Pineland Street, Suite 300\  
Dallas, TX 79231

Goodrich Oil Co.  
1001 Fannin Street, #4670  
Houston, TX 77002-6799

JPH Oil Producers  
P. O. Box 755  
Hobbs, NM 88241

Layton Enterprises  
3103 79<sup>th</sup> Street  
Lubbock, TX 79423

Merit Energy Co.  
1222 Merit Drive, Suite 1500  
Dallas, TX 75251

Saga Petroleum LLC  
415 W. Wall Street, Suite 1900  
Midland, TX 73701

Samson Resources Company  
2 W. Second Street  
Tulsa, OK 74103

Skyline Energy  
2301 Dublin Circle  
Pearland, TX 77587

Smith & Marrs, Inc.  
P. O. Box 863  
Kermit, TX 79745

Yates Petroleum Corp.  
105 S. Fourth Street  
Artesia, NM 88210