

6/20/2014 DATE IN	SUSPENSE	MAM ENGINEER	6/20/2014 LOGGED IN	NSL TYPE	PMAM/417158590 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

Needs  
bonding  
6-16-2014

## 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]**

NSL-5856-A

PALADIN Energy  
Corp  
-164070

well

-Howard Ellet  
#5

30-025-30858

Pool

King, MISSISSIPPIAN  
(GAS)

79540

#### [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.

Charles R. Stephenson  
Print or Type Name

*Charles R. Stephenson*  
Signature

Land Manager  
Title

6-11-2014  
Date

cstephenson@paladinenergy.com  
e-mail Address



## PALADIN ENERGY CORP.

June 11, 2014

### **CERTIFIED MAIL**

Ms. Jami Bailey, 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 Howard Fleet No. 5 Well (API No. 30-025-30855), located 2250 feet from the South line and 600 feet from the East line of Section 35, Township 13 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Bailey:

Paladin Energy Corporation ("Paladin") hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13.B and Rule 19.15.16.14, of an unorthodox well location for its Howard Fleet No. 5 Well located 2250 feet from the South line and 600 feet from the East line of Section 35 (Unit I), Township 13 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The above referenced deviated well with an unorthodox bottom hole location was approved in the Devonian formation by Administrative Order NSL-5856, dated June 19, 2008. Paladin now seeks approval of this location to plug back (up hole) to the King Mississippian formation.

This location in the King Mississippian 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. Whereas, both the surface location (600 feet from said East line) and bottom hole location (422 feet from said East line) do not meet this requirement from the outer boundary of the quarter section. A standard 320-acre spacing unit and proration unit comprised of the E/2 of Section 35 will be dedicated to the well.

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

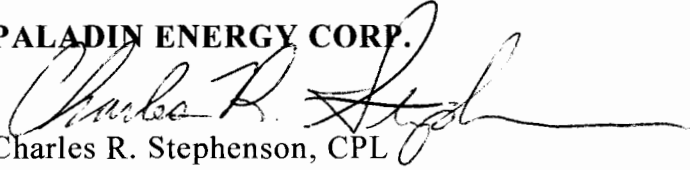
**Exhibit B** is the Form C-102 for the well that shows the surveyed location of the well.

**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 19.15.4.12 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.

Your attention to this application is appreciated.

Very truly yours,

**PALADIN ENERGY CORP.**

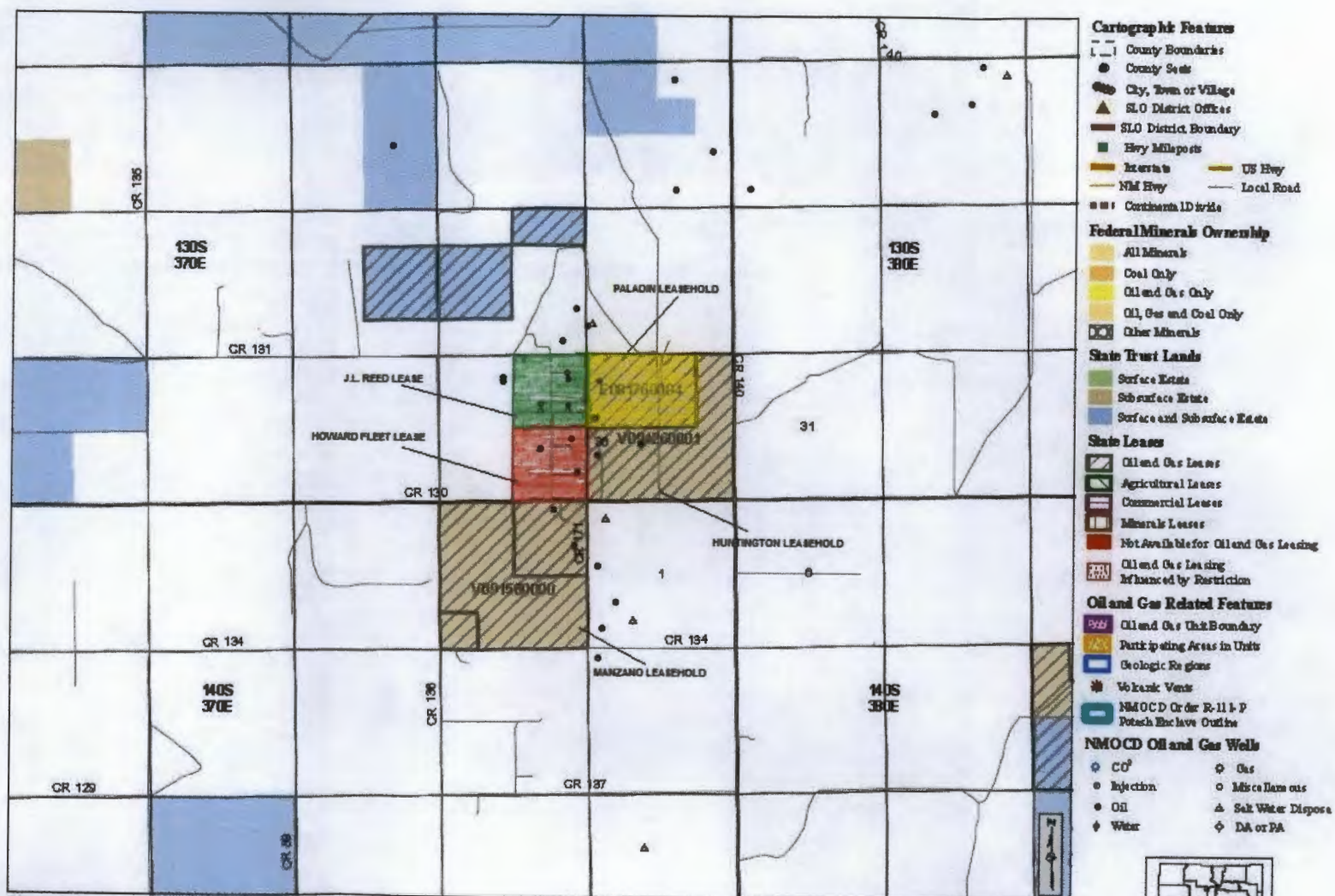


Charles R. Stephenson, CPL  
Land Manager

Enclosures

# Exhibit A

## KING FIELD, LEA COUNTY, NEW MEXICO



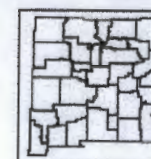
New Mexico State Land Office  
Oil, Gas and Minerals

0 0.2 0.4 0.8 1.2 1.6  
Miles  
Universal Transverse Mercator Projection, Zone 19  
NAD 83 North American Datum

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layer or any other data layer.

Land Office Geographic Information Center  
logis@sla.state.nm.us

Created On: 6/30/14 12:41:38 PM



www.nmstateand.org

# Exhibit B

**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

<sup>1</sup> API Number <b>30-025-30855</b>		<sup>2</sup> Pool Code <b>79540</b>		<sup>3</sup> Pool Name <b>King; Mississippian</b>	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>Howard Fleet</b>			<sup>6</sup> Well Number <b>5</b>
<sup>7</sup> OGRID No. <b>164070</b>		<sup>8</sup> Operator Name <b>Paladin EnergyCorp.</b>			<sup>9</sup> Elevation <b>3843'</b>

### <sup>10</sup> Surface Location


UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>I</b>	<b>35</b>	<b>13-S</b>	<b>37-E</b>		<b>2250</b>	<b>South</b>	<b>600</b>	<b>East</b>	<b>Lea</b>

### <sup>11</sup> 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
<b>I</b>	<b>35</b>	<b>13-S</b>	<b>37-E</b>		<b>2417</b>	<b>South</b>	<b>422</b>	<b>East</b>	<b>Lea</b>

<sup>12</sup> Dedicated Acres <b>40</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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

<sup>16</sup>			<u>Sec 35, T13S, 37E</u>	<sup>17</sup> 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  David Plasiance Printed Name VP Exploration & Production Title 5/30/2014 Date
			 BH  H. Fleet #5 2417 FSL, 422 FEL	<sup>18</sup> 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

**Exhibit C**

Notice List

Paladin Energy Corporation  
Application for Unorthodox Well Location  
Howard Fleet #5 Well

Offset Operators:

Huntington Energy, L.L.C.  
908 N.W. 71st Street  
Oklahoma City, OK 73116

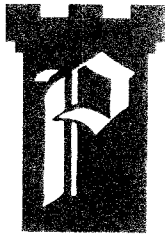
Manzano, LLC  
121 W. 3rd Street  
Roswell, NM 88201

Working Interest Partners:

P.O. & G. Resources, LP  
5847 San Felipe, Suite 3200  
Houston, TX 77057

Willischild Oil & Gas Corp.  
621 E. Street  
Snyder, OK 73566

Milton Holdings, LP  
P.O. Box 600487  
Dallas, TX 75360



**PALADIN ENERGY CORP.**

June 11, 2014

**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 Howard Fleet No. 5 Well (API No. 30-025-30855), located 2250 feet from the South line and 600 feet from the East line of Section 35, Township 13 South, Range 37 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 existing Howard Fleet No. 5 Well (API No. 30-025-30855), to plug back from the Devonian to the King Mississippian formation, at a located 2250 feet from the South line and 600 feet from the East line of Section 35, Township 13 South, Range 37 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,

**PALADIN ENERGY CORP.**

  
Charles R. Stephenson, CPL  
Land Manager

Enclosures

## **McMillan, Michael, EMNRD**

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**From:** Charles Stephenson <cstephenson@paladinenergy.com>  
**Sent:** Thursday, July 10, 2014 1:03 PM  
**To:** McMillan, Michael, EMNRD  
**Subject:** FW: Howard Fleet #5 - Lea County, New Mexico

**From:** Charles Stephenson [<mailto:cstephenson@paladinenergy.com>]  
**Sent:** Thursday, July 10, 2014 2:01 PM  
**To:** 'michael.mcmillan@state.nm.us'  
**Subject:** Howard Fleet #5 - Lea County, New Mexico

Dear Michael,

Per our conversation earlier today, the reason for the plug back (up hole) from the Devonian formation to the Mississippian formation is due to engineering issues. The Devonian production became marginal or uneconomic and we hope that the new zone will have better pressure. Here are the proposed perforations for the new zone:

Top Interval:  
11,420- 11,430 feet

Bottom Interval:  
11,520- 11,580 feet

Please confirm receipt of this email and let me know if you need any further data on this project.

Sincerely,

Charles R. Stephenson, CPL  
Land Manager  
Paladin Energy Corp.  
10290 Monroe Drive, Suite 301  
Dallas, Texas 75229  
Office: (214) 654-0132



## McMillan, Michael, EMNRD

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**From:** Charles Stephenson <cstephenson@paladinenergy.com>  
**Sent:** Thursday, July 10, 2014 2:08 PM  
**To:** McMillan, Michael, EMNRD  
**Subject:** RE: Howard Fleet #5 - Lea County, New Mexico

Hi Michael,

I verified the footage calls for both perforated intervals with my supervisor:

Top Interval:  
11,420- 11,430 feet

2,417 feet from the SL,  
422 feet from the EL,  
Section 35, T13S-R37E

Bottom Interval:  
11,520- 11,580 feet

2,402 from the SL,  
425 from the EL,  
Section 35, T13S-R37E

Thanks,

Charles R. Stephenson, CPL  
Land Manager  
Paladin Energy Corp.  
10290 Monroe Drive, Suite 301  
Dallas, Texas 75229  
Office: (214) 654-0132

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**From:** McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]  
**Sent:** Thursday, July 10, 2014 2:26 PM  
**To:** Charles Stephenson  
**Subject:** RE: Howard Fleet #5 - Lea County, New Mexico

Thank You  
Michael McMillan

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**From:** Charles Stephenson [<mailto:cstephenson@paladinenergy.com>]  
**Sent:** Thursday, July 10, 2014 1:21 PM  
**To:** McMillan, Michael, EMNRD  
**Subject:** RE: Howard Fleet #5 - Lea County, New Mexico

I know the bottom interval is 2,417 feet from the SL and 422 feet from the EL of Section 35, T13S-R37E. I will check on the footage on the top interval.



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Joanna Prukop**  
Cabinet Secretary  
**Reese Fullerton**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



June 19, 2008

Ms. Ocean Munds-Dry  
Holland & Hart, LLP  
P.O. Box 2208  
Santa Fe, NM 87504

**Administrative Order NSL-5856**

**Re: Paladin Energy Corporation**  
**Howard Fleet Well No. 5**  
**API No. 30-025-30855**  
**2250 FSL and 600 FEL**  
**Unit I, Section 35-13S-37E**  
**Lea County**

Dear Ms Munds-Dry:

Reference is made to the following:

(a) your application (administrative application reference No. **pTDS08-14437903**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Paladin Energy Corporation (Paladin) on May 22, 2008, and

(b) the Division's records pertinent to this request.

Paladin has requested to re-complete the above-referenced well as a deviated well from the surface location described in the caption of this letter, to an unorthodox bottom hole location in the Devonian formation, 2364 feet from the South line and 473 feet from the East line (Unit I) of Section 35, Township 13 South, Range 37 East, in Lea County, New Mexico. The NE/4 SE/4 of Section 35 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the King-Devonian Pool (35910). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the northern unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).



June 19, 2008  
Page 2

It is our understanding that you are seeking this location because, in the process of deepening this well to re-complete in the Devonian formation, it was inadvertently deviated, and the actual bottom hole location is more than 50 feet from the projected location.

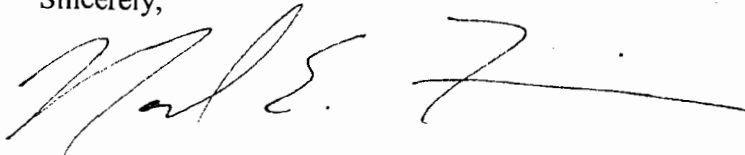
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed bottom-hole location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', followed by a long horizontal flourish.

Mark E. Fesmire, P.E.  
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs

**McMillan, Michael, EMNRD**

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**From:** Kautz, Paul, EMNRD  
**Sent:** Thursday, July 10, 2014 3:48 PM  
**To:** McMillan, Michael, EMNRD  
**Subject:** RE: Section 35 13S 37E pool

Mike

That would be the KING;MISSISSIPPIAN (GAS) [79540]

Paul

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**From:** McMillan, Michael, EMNRD  
**Sent:** Thursday, July 10, 2014 3:00 PM  
**To:** Kautz, Paul, EMNRD  
**Subject:** Section 35 13S 37E pool

Paul:

Can you tell me what pool a well location in E/2 Section 35 13S 37E in the Mississippian would be in? Would it be the King Mississippian?

Thanks

Mike