



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 25, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Paladin Energy Corporation
c/o **Holland & Hart, LLP**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Ocean Munds-Dry
omundsdry@hollandhart.com

Administrative Order NSL-2193-A

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Paladin Energy Corporation of Dallas, Texas ("Paladin") that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on September 22, 2005 (*administrative application reference No. pSEM0-526626768*); (ii) the Division's initial response by e-mail on Wednesday afternoon, October 12, 2005 from Mr. Michael E. Stogner, Engineer with the Division in Santa Fe requesting additional information; (iii) your e-mail response to Mr. Stogner on Friday morning, October 14, 2005 with additional information, insufficient however to complete your application; (iv) yours and Mr. Stogner's numerous subsequent correspondence between October 27, 2005 and November 25, 2005, where the required information to complete your application was finally assimilated; (v) yours and Mr. Stogner's meeting on Thursday morning, November 17, 2005; and (vi) the Division's records in Hobbs and Santa Fe, including the file on Division Administrative Order NSL-2193: all concerning Paladin's request to deepen and recomplete its W. W. Hamilton Well No. 2-Y (*API No. 30-025-29316*), located 1520 feet from the South line and 500 feet from the West line (Unit L) of Section 35, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, into the McKee formation at an unorthodox deep gas well location within a standard lay-down 320-acre gas spacing unit comprising the S/2 of Section 35.

By Division Administrative Order NSL-2193, dated December 3, 1985, Amerada Hess Corporation received authorization to drill and complete the W. W. Hamilton Well No. 2-Y into the Knowles-Devonian Pool (*36290*) within a standard 80-acre stand-up oil spacing and proration unit comprising the E/2 SW/4 of Section 35 at the above-described unorthodox oil well location.

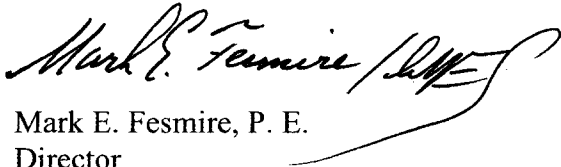
Pursuant to Division Rule 104.C (3), the location of the W. W. Hamilton Well No. 2-Y within the S/2 of Section 35 is also considered an unorthodox wildcat McKee gas well location.

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

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox McKee gas well location for the W. W. Hamilton Well No. 2-Y is hereby approved. Further, Division Administrative Order NSL-2193 shall remain in full force and affect until further notice.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
File: NSL-2193