

116552097 DHC

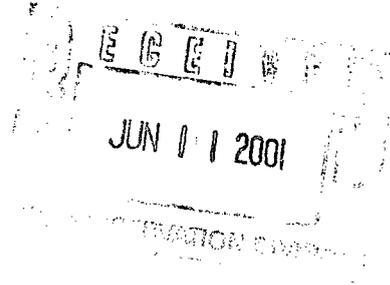
7/2/01



PALADIN ENERGY CORP.

June 7, 2001

State of New Mexico
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505



Re: Application for Downhole Commingling
State ECC #2
East Caprock Field
Lea County, New Mexico

Dear Sir/Madam,

Please find enclosed our completed Form C-107A, as well as the necessary supporting documentation for an Application to Downhole Commingle the East Caprock Wolfcamp and East Caprock, Penn formations in the above referenced well.

If you have any questions or require additional information please call Mr. David Plaisance at (214) 654-0132 ext. 8. Thank you.

Sincerely,

David Plaisance
Production Manager

District I
1425 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
811 South Ford Street, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1020 Rio Grande Blvd., Aztec, NM 87410

District IV
1720 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Paladin Energy Corp. 10290 Monroe Dr, Ste 301, Dallas, TX 75229

Operator Address
State EC C 2 B-11-12S-32E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 164070 Property Code 24985 API No. 3002500105 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Caprock Wolfcamp, East		Caprock Penn, East
Pool Code	09310		09120
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8,394-456'		9736-796'
Method of Production (Flowing or Artificial Lift)	Rod Pump		Rod Pump
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 1.50% of the depth of the top perforation in the upper zone.)</small>			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1.212 BTU		1.267 BTU
Producing, Shut-In or New Zone	Producing		New Zone
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: 2/28/01 Rates: 3 BOPD, 37 MCFD, 2 BWPD	Date: Rates:	Date: 5/31/01 Rates: 5 BOPD, 149 MCFD, 5 BWPD
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil 50 % Gas 75 %	Oil % Gas %	Oil 50 % Gas 75 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
Are all produced fluids from all commingled zones compatible with each other? Yes No
Will commingling decrease the value of production? Yes No
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE David Plaisance TITLE Production Mngr DATE 6/7/01
TYPE OR PRINT NAME David Plaisance TELEPHONE NO. 214, 654-0132

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

District II
811 South First, Artesia, NM 88210

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

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

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-00105	² Pool Code 09120	³ Pool Name East Caprock, Penn
⁴ Property Code	⁵ Property Name State ECC	
⁷ OGRID No. 164070	⁸ Operator Name Paladin EnergyCorp.	⁶ Well Number 2
⁹ Elevation 4343'		

¹⁰ 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	11	12-S	32-E		660	North	1980	East	Lea

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 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

¹⁶ 	<u>Sec 11, T12S, 32E</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 David Plasiance Printed Name Production Manager Title 5/8/11 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

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

District II
811 South First, Artesia, NM 88210

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

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1000 Rio Brazos Rd., Aztec, NM 87410

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-00105		² Pool Code 09310		³ Pool Name East Caprock, Wolfcamp	
⁴ Property Code		⁵ Property Name State ECC			⁶ Well Number 2
⁷ OGRID No. 164070		⁸ Operator Name Paladin EnergyCorp.			⁹ Elevation 4343'

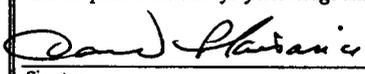
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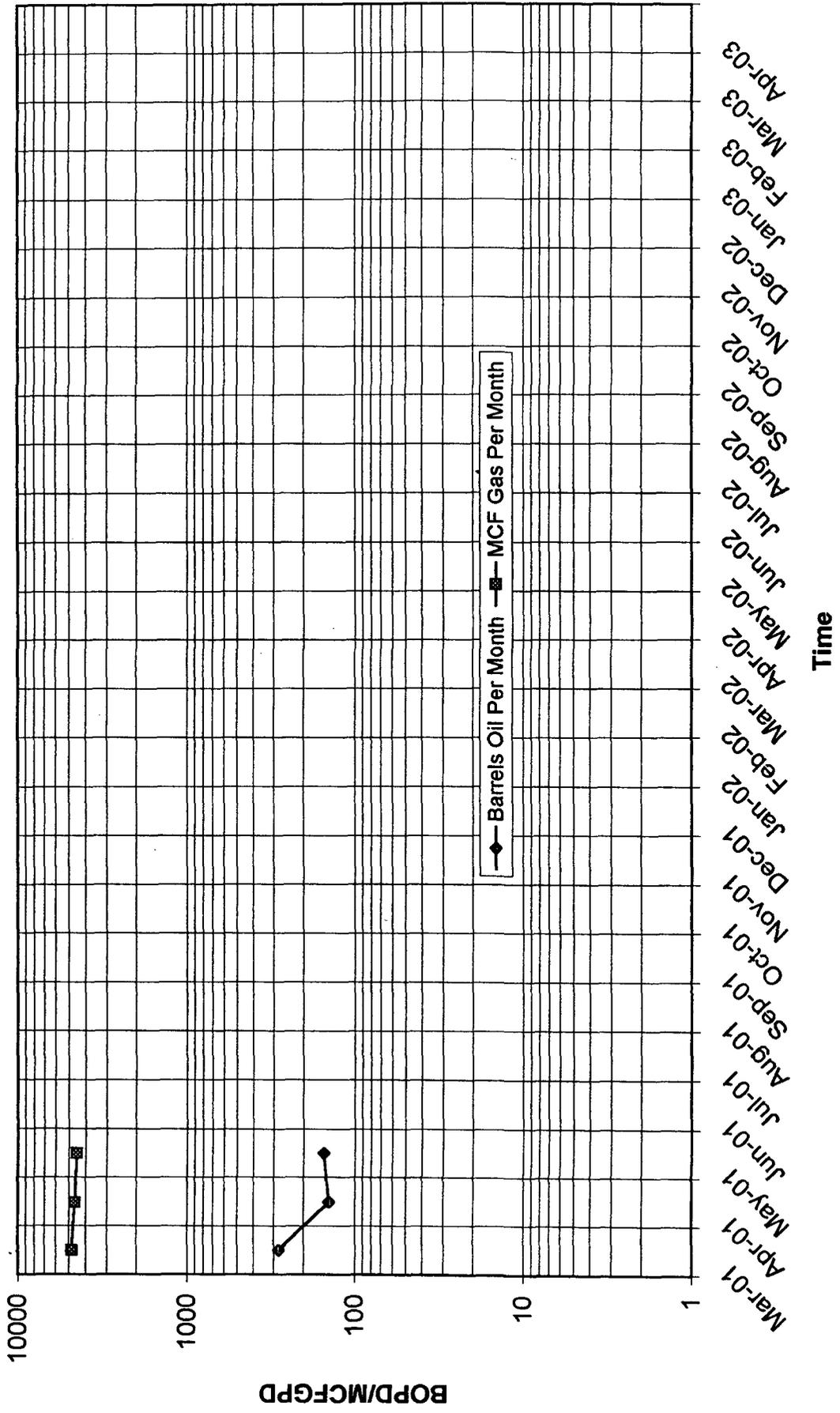
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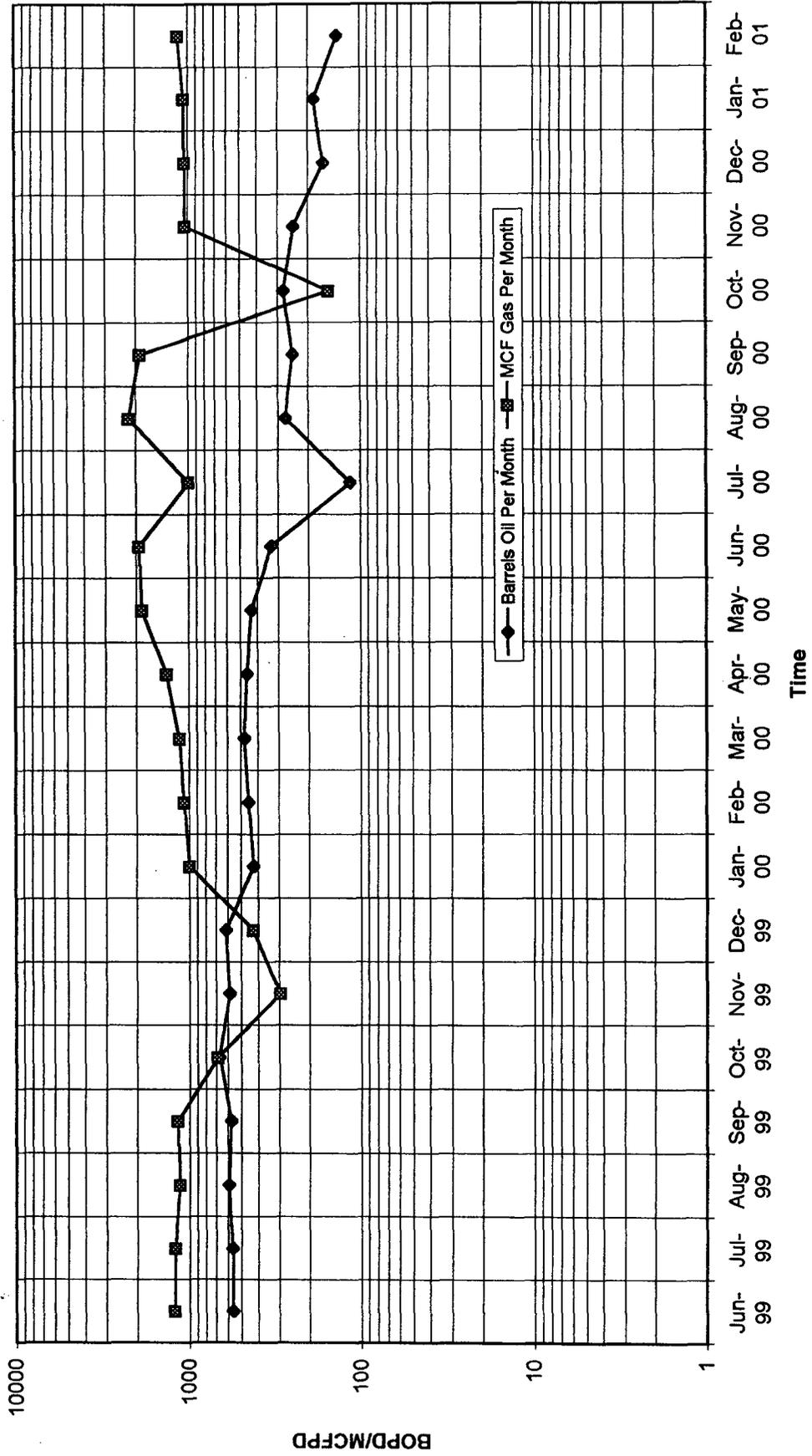
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16	ECC #2 Well	Sec 11, T12S, 32E	- 40 Acre State ECC Tract	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> 
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Paladin Energy Corp. - Monthly Production
 State ECC #2 E. Caprock, Penn Formation



Monthly Production - State ECC #2
Wolfcamp Formation



District I
1625 N. French Drive, Hobbs, NM 87401

District II
111 South First Street, Artesia, NM 88210

District III
1000 Rio Bravo Road, Artesia, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

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 TYPE OR PRINT NAME David Plaisance TELEPHONE NO. 214 , 654-0132

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1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

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811 South First, Artesia, NM 88210

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

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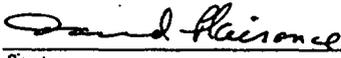
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16	ECC #2 Well	Sec 11, T12S, 32E	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature David Plasiance Printed Name Production Manager Title 5/8/11 Date
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1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

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OIL CONSERVATION DIVISION
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Santa Fe. NM 87505

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1000 Rio Brazos Rd., Aztec, NM 87410

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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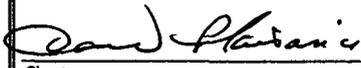
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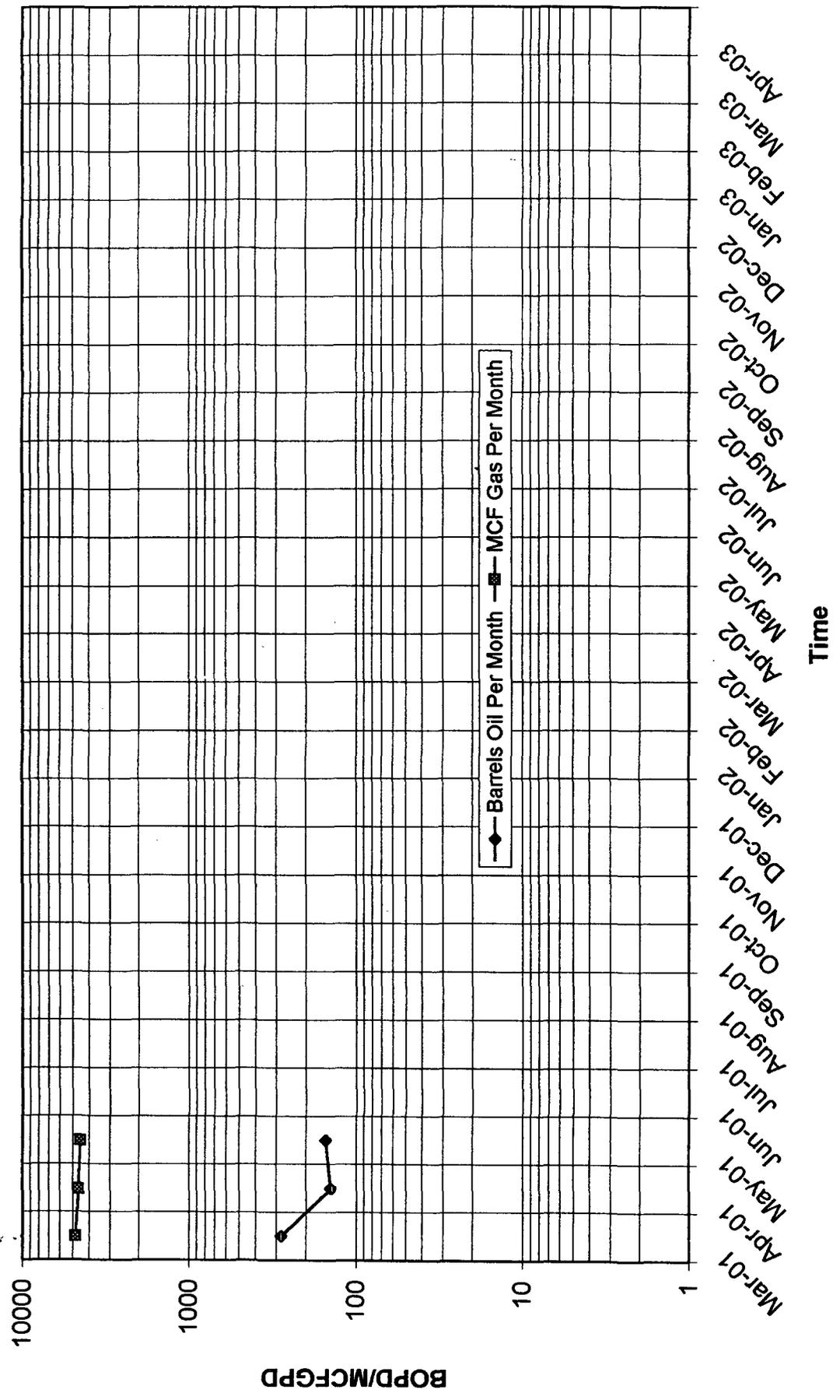
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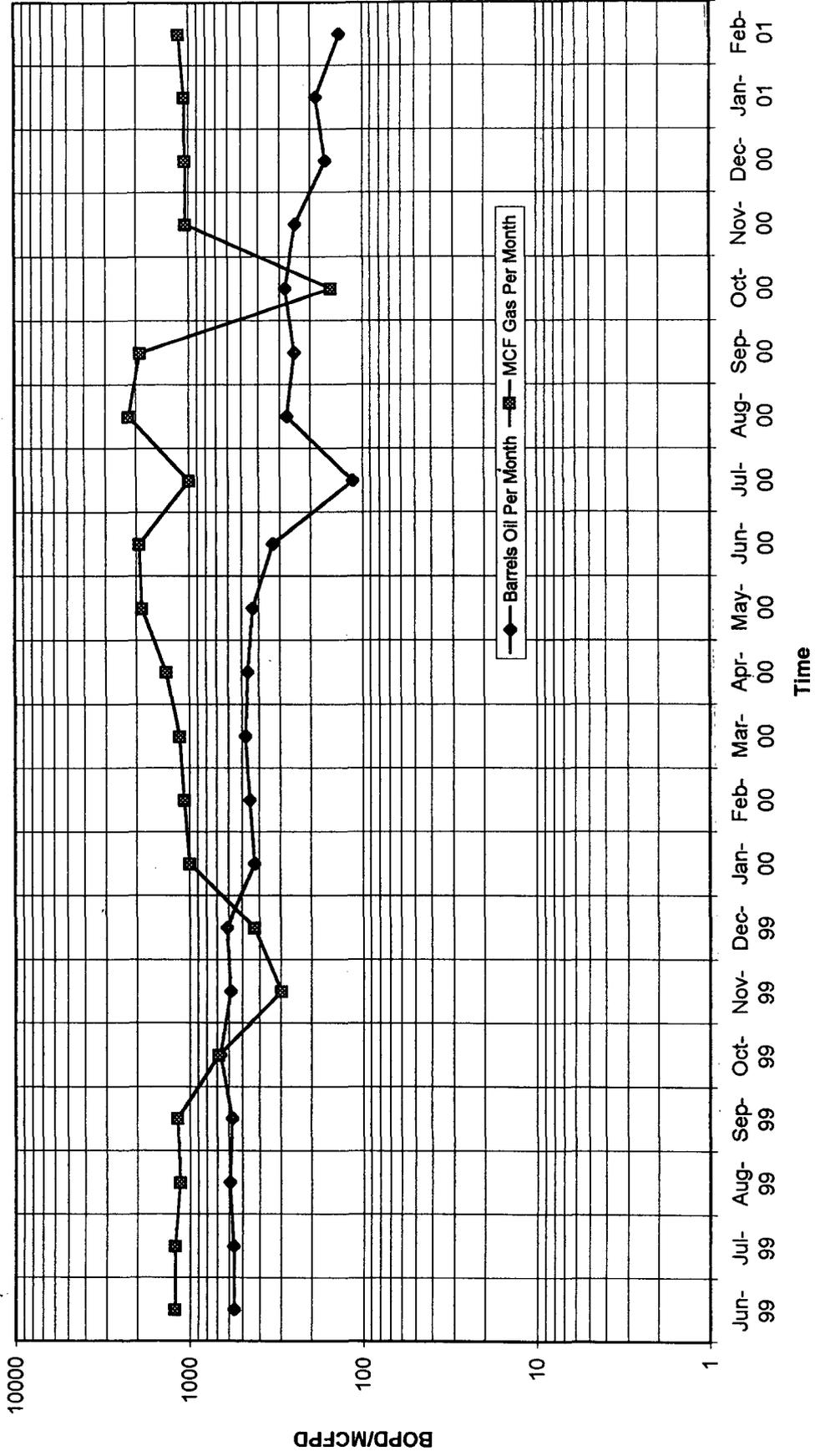
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			ECC #2 Well	- 40 Acre State ECC Tract	David Plasiance Printed Name Production Manager Title 5/8/11 Date
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Paladin Energy Corp. - Monthly Production
 State ECC #2 E. Caprock, Penn Formation



Monthly Production - State ECC #2
Wolfcamp Formation



DHC-2929



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

6/13/01

Lori Wrotenbery
Director
Oil Conservation Division

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:
MC _____
DHC X
NSL _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Paladin Energy Corp State EC C # 2-B, 11-12s-32e
Operator Lease & Well No. Unit S-T-R Api # 30-025-00105

and my recommendations are as follows:

~~_____~~
~~_____~~
OK

Yours very truly,

Chris Williams
Chris Williams
Supervisor, District 1