

5/22/08 DATE IN	SUSPENSE	Brooks ENGINEER	5/23/08 LOGGED IN	NSL TYPE	PKVRO814437903 APP NO.
--------------------	----------	--------------------	----------------------	-------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Paladin Energy Corp.
Howard Fleet #5
5856

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]

[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 *6/12/11*

[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

RECEIVED
2008 MAY 22 AM 11 10

[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.

<u>Ocean Munds-Dry</u> Print or Type Name	<u>Ocean Munds-Dry</u> Signature	<u>attorney</u> Title	<u>5-22-08</u> Date
		<u>omundsdry@hollandhart.com</u> e-mail Address	



May 22, 2008

HAND-DELIVERY

Mr. Mark Fesmire, 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 Howard Fleet Well No. 5 (API No. 30-025-30855), at a surface location 2250 feet from the South line and 600 feet from the East line and a bottomhole location 2364 feet from the South line and 473 feet from the East line of Section 35, Township 13 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Fesmire:

King Devonian

Paladin Energy Corporation ("Paladin") hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F (2)-(4) and Rule 111, of an unorthodox well location for its Howard Fleet Well No. 5 at a surface location 2250 feet from the South line and 600 feet from the East line and a bottomhole location 2364 feet from the South line and 473 feet from the East line of Section 35, Township 13 South, Range 37 East, N.M.P.M., Lea County, New Mexico. This well was originally completed in the Pennsylvanian formation and then later re-completed in the Wolfcamp formation. Paladin now seeks to deepen and re-complete in the Devonian formation. In the process of re-completing the well, Paladin had to sidetrack the well. During the sidetracking operation, the well was deviated more than five degrees in a 500-foot interval. The producing interval is more than 50 feet from the approved surface location and closer than the minimum setback requirements to the outer boundaries of the spacing unit.

This location in the Devonian formation is unorthodox because it is governed by the Division's Statewide Rules and Regulations which provide for wells on 40-acre spacing units to be located no closer than 330 feet to any boundary of such unit. The proposed

HOLLAND & HART



bottomhole location is only 274 feet from the northern boundary of the unit. A standard 40-acre spacing unit and proration unit comprised of the NE/4 SE/4 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 NE/4 SE/4 of Section 35, the proposed unorthodox well location, and adjoining spacing units and wells.

Exhibit B is the C-102 filed for the well that shows the surveyed location of the well. **Exhibit C** is a copy of the directional survey report.

Exhibit D is a list of affected parties. Although Paladin is also the offset operator towards which the well is encroaching, the working interest owner percentage of ownership is not the same. A copy of this application (with attachments) has been sent to those listed on Exhibit D in accordance with division rules 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,

Ocean Munds-Dry
Attorney for Paladin Energy Corporation

Enclosures

cc: David Plaisance, Paladin Energy

<div> <div>13</div> <div>37</div> </div>									
<div> <div>14</div> <div>37</div> </div>									
<div> <div>15</div> <div>37</div> </div>									
<div> <div>16</div> <div>37</div> </div>									
<div> <div>17</div> <div>37</div> </div>									
<div> <div>18</div> <div>37</div> </div>									
<div> <div>19</div> <div>37</div> </div>									
<div> <div>20</div> <div>37</div> </div>									
<div> <div>21</div> <div>37</div> </div>									
<div> <div>22</div> <div>37</div> </div>									
<div> <div>23</div> <div>37</div> </div>									
<div> <div>24</div> <div>37</div> </div>									
<div> <div>25</div> <div>37</div> </div>									
<div> <div>26</div> <div>37</div> </div>									
<div> <div>27</div> <div>37</div> </div>									
<div> <div>28</div> <div>37</div> </div>									
<div> <div>29</div> <div>37</div> </div>									
<div> <div>30</div> <div>37</div> </div>									
<div> <div>31</div> <div>37</div> </div>									
<div> <div>32</div> <div>37</div> </div>									
<div> <div>33</div> <div>37</div> </div>									
<div> <div>34</div> <div>37</div> </div>									
<div> <div>35</div> <div>37</div> </div>									
<div> <div>36</div> <div>37</div> </div>									
<div> <div>37</div> <div>37</div> </div>									
<div> <div>38</div> <div>37</div> </div>									
<div> <div>39</div> <div>37</div> </div>									
<div> <div>40</div> <div>37</div> </div>									
<div> <div>41</div> <div>37</div> </div>									
<div> <div>42</div> <div>37</div> </div>									
<div> <div>43</div> <div>37</div> </div>									
<div> <div>44</div> <div>37</div> </div>									
<div> <div>45</div> <div>37</div> </div>									
<div> <div>46</div> <div>37</div> </div>									
<div> <div>47</div> <div>37</div> </div>									
<div> <div>48</div> <div>37</div> </div>									
<div> <div>49</div> <div>37</div> </div>									
<div> <div>50</div> <div>37</div> </div>									
<div> <div>51</div> <div>37</div> </div>									
<div> <div>52</div> <div>37</div> </div>									
<div> <div>53</div> <div>37</div> </div>									
<div> <div>54</div> <div>37</div> </div>									
<div> <div>55</div> <div>37</div> </div>									
<div> <div>56</div> <div>37</div> </div>									
<div> <div>57</div> <div>37</div> </div>									
<div> <div>58</div> <div>37</div> </div>									
<div> <div>59</div> <div>37</div> </div>									
<div> <div>60</div> <div>37</div> </div>									
<div> <div>61</div> <div>37</div> </div>									
<div> <div>62</div> <div>37</div> </div>									
<div> <div>63</div> <div>37</div> </div>									
<div> <div>64</div> <div>37</div> </div>									
<div> <div>65</div> <div>37</div> </div>									
<div> <div>66</div> <div>37</div> </div>									
<div> <div>67</div> <div>37</div> </div>									
<div> <div>68</div> <div>37</div> </div>									
<div> <div>69</div> <div>37</div> </div>									
<div> <div>70</div> <div>37</div> </div>									
<div> <div>71</div> <div>37</div> </div>									
<div> <div>72</div> <div>37</div> </div>									
<div> <div>73</div> <div>37</div> </div>									
<div> <div>74</div> <div>37</div> </div>									
<div> <div>75</div> <div>37</div> </div>									
<div> <div>76</div> <div>37</div> </div>									
<div> <div>77</div> <div>37</div> </div>									
<div> <div>78</div> <div>37</div> </div>									
<div> <div>79</div> <div>37</div> </div>									
<div> <div>80</div> <div>37</div> </div>									
<div> <div>81</div> <div>37</div> </div>									
<div> <div>82</div> <div>37</div> </div>									
<div> <div>83</div> <div>37</div> </div>									
<div> <div>84</div> <div>37</div> </div>									
<div> <div>85</div> <div>37</div> </div>									
<div> <div>86</div> <div>37</div> </div>									
<div> <div>87</div> <div>37</div> </div>									
<div> <div>88</div> <div>37</div> </div>									
<div> <div>89</div> <div>37</div> </div>									
<div> <div>90</div> <div>37</div> </div>									
<div> <div>91</div> <div>37</div> </div>									
<div> <div>92</div> <div>37</div> </div>									
<div> <div>93</div> <div>37</div> </div>									
<div> <div>94</div> <div>37</div> </div>									
<div> <div>95</div> <div>37</div> </div>									
<div> <div>96</div> <div>37</div> </div>									
<div> <div>97</div> <div>37</div> </div>									
<div> <div>98</div> <div>37</div> </div>									
<div> <div>99</div> <div>37</div> </div>									
<div> <div>100</div> <div>37</div> </div>									

EXHIBIT
A

FIELD: DENTON WOLFCAMP
LEASE: DENTON N. WOLFCAMP
OPERATORS: S & J OP. CO.

Chas. H. Spawers, et al
James Spawers (s)
Union Tex
Camp
11-23-85
Beauchamp
H. A. 14

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

Form C-102
Revised August 15, 2000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-30855	² Pool Code 35910	³ Pool Name King Devonian
⁴ Property Code	⁵ Property Name Howard Fleet	⁶ Well Number 5
⁷ OGRID No. 164070	⁸ Operator Name Paladin EnergyCorp.	⁹ Elevation 3843'

¹⁰ Surface Location

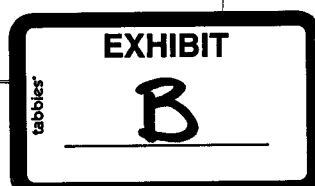
UL or lot no. I	Section 35	Township 13-S	Range 37-E	Lot Idn	Feet from the 2250	North/South line South	Feet from the 600	East/West line East	County Lea
--------------------	---------------	------------------	---------------	---------	-----------------------	---------------------------	----------------------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

¹¹ Bottom Hole Location If Different From Surface

UL or lot no. I	Section 35	Township 13-S	Range 37-E	Lot Idn	Feet from the 2364	North/South line South	Feet from the 473	East/West line East	County Lea
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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 35, T13S, 37E</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 <u>VP Exploration & Production</u> Title 5/21/2008 Date
			Reed Lease	
			H. Fleet #5 2364 FSL, 473 FEL	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





Job Number: 20080135D-MD

Company: Paladin Energy Corp.

Lease/Well: Howard Fleet #5

Location: Lea County

Rig Name: Basic #1297

RKB: ☐

G.L. or M.S.L.: ☐

State/Country: New Mexico / USA

Declination: ☐

Grid: ☐

File name: C:\DOCUME~1\LEAM\MYDOCU~1\PALADIN\HF#5~1\FL

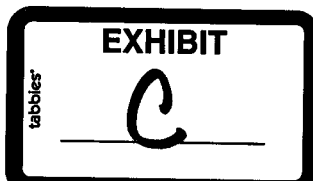
Date/Time: 21-May-08 / 15:20

Curve Name: H.F. #5 Check Shots

LEAM Drilling Systems, Inc.

WINSERVE SURVEY CALCULATIONS *Minimum Curvature Method* *Vertical Section Plane 71.25* *Vertical Section Referenced to Wellhead* *Rectangular Coordinates Referenced to Wellhead*

Measured Depth FT	Course Length FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	Dogleg Severity Deg/100	CLOSURE Distance FT	Direction Deg
11271.00		5.00	124.20	11264.70	226.20	185.60	175.87	.00	255.69	43.46
Sidetrack @ 11370' - 90% Shale, 10% Cement.										
11366.00	95.00	5.20	172.60	11359.37	227.84	179.00	179.85	4.40	253.75	45.14
11397.00	31.00	7.20	190.30	11390.19	226.62	175.70	179.68	8.85	251.31	45.64
11429.00	32.00	7.60	190.70	11421.92	224.61	171.64	178.93	1.26	247.95	46.19
11460.00	31.00	7.60	190.30	11452.65	222.61	167.61	178.19	.17	244.63	46.75
11524.00	64.00	7.30	196.30	11516.11	218.22	159.55	176.29	1.30	237.76	47.85
11555.00	31.00	7.10	195.40	11546.86	216.01	155.81	175.23	.74	234.48	48.36
11586.00	31.00	7.10	198.80	11577.63	213.77	152.15	174.10	1.36	231.21	48.85
11618.00	32.00	7.00	197.00	11609.38	211.42	148.41	172.89	.76	227.85	49.36
11649.00	31.00	6.70	196.10	11640.16	209.28	144.87	171.84	1.03	224.75	49.87
11681.00	32.00	6.20	202.10	11671.96	207.09	141.47	170.67	2.62	221.68	50.34
11711.00	30.00	5.30	206.00	11701.81	205.05	138.73	169.45	3.27	219.00	50.69
11742.00	31.00	5.40	207.70	11732.67	202.99	136.15	168.15	.60	216.36	51.00
11774.00	32.00	5.20	211.40	11764.54	200.78	133.58	166.69	1.24	213.61	51.29
11805.00	31.00	5.30	215.70	11795.41	198.54	131.21	165.13	1.31	210.91	51.53
11837.00	32.00	5.20	219.20	11827.27	196.11	128.89	163.35	1.05	208.07	51.72
11868.00	31.00	4.60	232.50	11858.16	193.74	127.05	161.47	4.13	205.46	51.80
11900.00	32.00	4.80	237.50	11890.05	191.22	125.54	159.32	1.42	202.84	51.76
11931.00	31.00	4.40	244.00	11920.95	188.78	124.33	157.16	2.12	200.39	51.65
11962.00	31.00	4.80	247.30	11951.85	186.31	123.30	154.90	1.55	197.98	51.48
11994.00	32.00	4.90	248.50	11983.74	183.61	122.29	152.39	.45	195.39	51.25
12026.00	32.00	5.00	250.80	12015.62	180.85	121.33	149.80	.69	192.77	51.00
12057.00	31.00	4.80	251.90	12046.51	178.20	120.48	147.29	.71	190.29	50.72
12089.00	32.00	4.80	254.90	12078.39	175.53	119.72	144.73	.78	187.82	50.40



Measured Depth FT	Course Length FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	Dogleg Severity Deg/100	C L O S U R E Distance FT	Direction Deg
12120.00	31.00	4.90	257.30	12109.28	172.92	119.09	142.18	.73	185.47	50.05
12152.00	32.00	4.80	260.00	12141.17	170.24	118.55	139.53	.78	183.10	49.65
Projection to bit.										
12582.00	430.00	4.80	260.00	12569.66	134.67	112.31	104.10	.00	153.13	42.83

Exhibit D

Notice List

Paladin Energy Corporation
Application for Unorthodox Well Location
Howard Fleet Well No. 5

P.O. & G Resources- Texas, LLC
5847 San Felipe, Suite 940
Houston, TX 77057

Milton Holding, LP
P.O. Box 600487
Dallas, Texas 75360

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