SUSPENSE

5/23/08

NSL

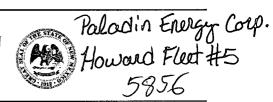
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

7	THIS CHECKLIST IS MA	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS I WHICH REQUIRE PROCESSING AT THE DIV		REGULATIONS
Appli	cation Acronyms			
• •	[NSL-Non-Star	ndard Location] [NSP-Non-Standard Prorat	ion Unit] [SD-Simultaneous Dedica	ation]
	_	nhole Commingling] [CTB-Lease Commin		-
	[PC-Po	ol Commingling] [OLS - Off-Lease Storag	e] [OLM-Off-Lease Measurement	t]
		[WFX-Waterflood Expansion] [PMX-Press	sure Maintenance Expansion]	
		[SWD-Salt Water Disposal] [IPI-Injec		
	[EOR-Qua	lified Enhanced Oil Recovery Certification]	[PPR-Positive Production Respo	nse]
[1]	TVDE OF AD	PLICATION - Check Those Which Apply f	for [A]	
[1]	[A]	Location - Spacing Unit - Simultaneous De		
	[7]	NSL NSP SD	dication	
		TANDE IN HOL I DO		
	Check	One Only for [B] or [C]		
	[B]	Commingling - Storage - Measurement		
	[-]		C OLS OLM	
				8
	[C]	Injection - Disposal - Pressure Increase - En	nhanced Oil Recovery	3
		Ŭ WFX □ PMX □ SWD □	IPI 🔲 EOR 🔲 PPR	
				R S
	[D]	Other: Specify		CENE 22 AM
				F-53
[2]		ION REQUIRED TO: - Check Those Which		
	[A]	Working, Royalty or Overriding Royal	Ity Interest Owners 6/12	雪 雪
	FD 7		and the second	f
	[B]	Offset Operators, Leaseholders or Sur	face Owner	$\overline{}$
	[C]	Application is One Which Requires Pu	ublished Legal Notice	
	[C]	Application is one which requires it	dolished Legal Notice	
	[D]	Notification and/or Concurrent Approx	val by BLM or SLO	
	[2]	U.S. Bureau of Land Management - Commissioner of Publi	ic Lands, State Land Office	
	`[E]	For all of the above, Proof of Notificat	tion or Publication is Attached, and/o	or
	[2]	I of all of the above, I roof of Nontieur	tion of Fuorication is retained, and	,
	[F]	Waivers are Attached		
	į,			
[3]	SUBMIT ACC	CURATE AND COMPLETE INFORMAT	ΓΙΟΝ REQUIRED ΤΟ PROCESS	THE TYPE
	OF APPLICA	ATION INDICATED ABOVE.		
[4]		FION: I hereby certify that the information s	• •	
		nd complete to the best of my knowledge. I a		e taken on this
applic	cation until the re-	quired information and notifications are subm	nitted to the Division.	
	Note:	Statement must be completed by an individual with	managerial and/or supervisory capacity.	
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Jce	an Munds- or Type Name	vig ucear Munds long	Title Omundsdryeholland c-mail Address	_ 5-66-08
Print	or Type Name	Signature	Title U	Date
		•	ominaded resolutional	hart.com
			e-mail Address	



Ocean Munds-Dry omundsdry@hollandhart.com

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

> 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. Oxing Dovonian

Dear Mr. Fesmire:

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 porducing interval is more than 50 feet from the approved surface location and closer than the miminmum 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 1 by y
Ocean Munds-Dry

Attorney for Paladin Energy Corporation

Enclosures

cc: David Plaisance, Paladin Energy

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EXHIBIT

A

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

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised August 15, 2000

811 South First, Artesia, NM 88210 OIL CONSERVATION DIVISION District III 1220 South St. Francis Dr. 1000 Rio Brazos Rd., Aztec, NM 87410 Santa Fe. NM 87505 District IV

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

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

AMENDED REPORT
AMICINDED REFORT

		V	VELL LC)CATIO	N AND ACR	EAGE DEDIC	ATION PLA	T				
1 A	API Numbe	r		² Pool Code	Code ³ Pool Name							
30-	-025-3085	55		35910 King Devonia								
4 Property C	Code		6 V	⁶ Well Number								
					Howard 1	Fleet			5			
⁷ OGRID N	No.				8 Operator	Name		3	Elevation			
164070	0	Paladin EnergyCorp.							3843'			
					10 Surface	Location						
UL or lot no.	or lot no. Section Township Range Lot Idn Feet from the North/South line					North/South line	Feet from the	East/West line	County			
I	35	35 13-S 3		'-E 225		South	600	East	Lea			
1		l	11 Bc	ottom Ho	le Location I	f Different Fron	n Surface					
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County			
I	35	13-S	37-E		2364	South	473	East	Lea			
12 Dedicated Acres 40 13 Joint or Infill 14 Consolidation Code 15 Order No.				der No.		1						

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			Sec 35, T13S, 37E	¹⁷ OPERATOR CERTIFICATION
				I hereby certify that the information contained herein
				is true and complete to the best of my knowledge and
				belief.
				Signature
				S 11m 1
				David Plasiance Printed Name
			Reed Lease	VP Exploration & Production
			Rood Doube	Title
				5/21/2008
				Date
				¹⁸ SURVEYOR CERTIFICATION
			, and the second	I hereby certify that the well location shown on this
			H. Fleet #5	plat was plotted from field notes of actual surveys
			2364 FSL, 473 FEL	made by me or under my supervision, and that the
			·	same is true and correct to the best of my belief.
				Date of Survey
				Signature and Seal of Professional Surveyor:
				1
		EXHIBIT		Certificate Number
1. 1	Al forter to the second			



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

 $\textbf{Declination:} \ \Box$

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	C L O S Distance FT	S U R E Direction Deg
11271.00		5.00	124.20 1	1264.70	226.20	185.60	175.87	.00	255.69	43.46
Sidetrack	@ 11370'	- 90% Sh	ale, 10% Ce	ment.						
11366.00	95.00	5.20	172.60 1	1359.37	227.84	179.00	179.85	4.40	253.75	45.14
11397.00	31.00	7.20	190.30 1	1390.19	226.62	175.70	179.68	8.85	251.31	45.64
11429.00	32.00	7.60	190.70 1	1421.92	224.61	171.64	178.93	1.26	247.95	46.19
11460.00	31.00	7.60	190.30 1	1452.65	222.61	167.61	178.19	.17	244.63	46.75
11524.00	64.00	7.30	196.30 1	1516.11	218.22	159.55	176.29	1.30	237.76	47.85
11555.00	04.00	7.40	405.40.4	4540.00	040.04	455.04	475.00	74	004.40	40.00
11555.00	31.00	7.10		1546.86	216.01	155.81	175.23	.74	234.48	48.36
11586.00	31.00	7.10		1577.63	213.77	152.15	174.10	1.36	231.21	48.85
11618.00	32.00	7.00		1609.38	211.42	148.41	172.89	.76	227.85	49.36
11649.00	31.00 32.00	6.70		1640.16	209.28	144.87	171.84 170.67	1.03	224.75	49.87
11681.00	32.00	6.20	202.10 1	1671.96	207.09	141.47	170.67	2.62	221.68	50.34
11711.00	30.00	5.30	206.00 1	1701.81	205.05	138.73	169.45	3.27	219.00	50.69
11742.00	31.00	5.40		1732.67	202.99	136.15	168.15	.60	216.36	51.00
11774.00	32.00	5.20	211.40 1	1764.54	200.78	133.58	166.69	1.24	213.61	51.29
11805.00	31.00	5.30	215.70 1	1795.41	198.54	131.21	165.13	1.31	210.91	51.53
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11900.00	32.00	4.80		1890.05	191.22	125.54	159.32	1.42	202.84	51.76
11931.00	31.00	4.40		1920.95	188.78	124.33	157.16	2.12	200.39	51.65
11962.00	31.00	4.80		1951.85	186.31	123.30	154.90	1.55	197.98	51.48
11994.00	32.00	4.90	248.50 1	1983.74	183.61	122.29	152.39	.45	195.39	51.25
12026.00	32.00	5.00	250.80 1	2015.62	180.85	121.33	149.80	.69	192.77	51.00
12057.00	31.00	4.80		2046.51	178.20	120.48	147.29	.71	190.29	50.72
12089.00	32.00	4.80		2078.39	175.53	119.72	144.73	.78	187.82	50.40



Measured	Course	Incl	Drift	True	Vertical			Dogleg	CLOS	BURE
Depth	Length	Angle	Direction	Vertical	Section	N-S	E-W	Severity	Distance	Direction
FT	FT	Deg	Deg	Depth	FT	FT	FT	Deg/100	FT	Deg
12120.00	31.00	4.90	257.30 1	2109.28	172.92	119.09	142.18	.73	185.47	50.05
12152.00	32.00	4.80	260.00 1	2141.17	170.24	118.55	139.53	.78	183.10	49.65
Projection to bit.										
12582.00	430.00	4.80	260.00 1	2569.66	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