

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

RECEIVED

**APPLICATION OF PALADIN ENERGY
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

MAY 10 2004
Case No. 13263
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

APPLICANT'S PRE-HEARING STATEMENT

Applicant hereby submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Paladin Energy Corporation.

ATTORNEY

Michael H. Feldewert, Esq.
Holland & Hart, LLP
P. O. Box 2208
Santa Fe, NM 87504-2208
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APPLICANT'S STATEMENT OF CASE

Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests in all formations below the base of the Devonian formation underlying the S/2 of Section 26, Township 18 South, Range 35 East to form a standard 320-acre gas spacing and proration unit for a wildcat gas well in the McKee formation. Said unit is to be dedicated to the South Vacuum 26 Well No. 1, an abandoned Devonian oil well located 660 feet from the South and West lines (Unit M) of Section 26. Applicant proposes to deepen and sidetrack the well in a northeasterly direction to a bottom-hole location no further than 1380 from the South and West lines at a depth sufficient to test the McKee formation. Also to be considered will be the cost of deepening and re-completing said well and the allocation of the cost thereof, as well as actual

operating costs and charges for supervision, designation of applicant as operator of the well and, pursuant to NMRA 19.15.1.35, the imposition of a 200% risk charge against the working interest of any party that elects not to participate in this project. Said area is located approximately 18 miles west of Hobbs and 14 miles south of Buckeye, New Mexico.

APPLICANT'S PROPOSED EVIDENCE

WITNESS (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Gail Cotton - Landman	Approx. 10 minutes	Approx. 5

PROCEDURAL MATTERS

Paladin is not aware of any procedural matters at this time.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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Paladin Energy Corporation.