



**PALADIN ENERGY CORP.**

June 12, 2006

To: Working Interest Owners

RE: **Hamilton A-2 Well**  
Re-complete in Lower Penn  
Knowles Field  
Sec 34, T16S, R38E  
Lea County, New Mexico

The Hamilton A-2 well was a Devonian producer on submersible pump operations. The last producing rate was about 5 BOPD and 1500 BWPD. Paladin believes there is economic potential in the Lower Penn interval between 10,250-350'. Therefore Paladin proposes to set a CIBP above the Devonian perforations, perforate from 10,260-320', acidize (and possible acid frac) the perforated interval, flow test and/or place on rod pump if necessary. Estimated total AFE costs are **\$393,624.**

At this time Paladin is submitting to the WIO's an AFE and election form for your review and approval. Please indicate your election and return to Paladin both the executed election form and signed AFE, with your proportionate working interest amount, within thirty days of receipt. If you have any questions or need further information, my direct telephone number is (214) 654-0132, ext. 3.

Sincerely,

David Plaisance  
VP Exploration & Production

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13823 Exhibit No. 5  
Submitted by:  
PALADIN ENERGY CORPORATION  
Hearing Date: November 30, 2006

To: Working Interest Owners

From: PALADIN ENERGY CORP.

Subject: Participation Election  
**Hamilton A-2 Well**  
Re-complete in Lower Penn  
Knowles Field  
Sec 34, T16S, R38E  
Lea County, New Mexico

Please check the appropriate box below:

☐

I do hereby elect to participate in the above proposed workover.

☐

I do hereby elect NOT to participate in the above proposed workover .

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

☐ Supplement☒ Original

6/12/2006

Well name <b>Hamilton A-2 Lower Penn</b>		TD <b>14,170'</b>				
Location <b>Sec. 34, T-16-S, R-38-E, Lea County, New Mexico</b>						
District <b>N/A</b>		Area or Group	Field <b>Knowles</b>			
Objective <b>Lower Pennsylvanian @ 10,250-10,350'</b>		@				
<input checked="" type="checkbox"/> Development <input type="checkbox"/> Exploratory <input type="checkbox"/> Workover/ Recompletion	Gen 9171 9172 9171	<input checked="" type="checkbox"/> Single <input type="checkbox"/> Dual <input type="checkbox"/> Multiple	Data Processing Information APE No. <div style="border: 1px solid black; height: 20px; width: 100px;"></div> Original/Revision Indicator 1=Original <b>1</b> 2=Revision			
<b>Tangible Costs - SUB 500 and 550</b>						
1. Tubular goods		Drilling	Evaluation	Completion	Elem	Total Gross Dollars
" OD from _____ ft. to _____					5 1 3	0
" OD from _____ ft. to _____					5 8 5	0
" OD from _____ ft. to _____						0
" OD from _____ ft. to _____					5 5 5	0
" OD from _____ ft. to _____				0 5 2 7		0
2 7/8 " OD from 0 ft. to 10,200				51,000	5 2 7	51,000
" OD from _____ ft. to _____						0
2. Casinghead, Tubinghead, Christmas Tree				2,500	5 0 4	2,500
3. Tubing Accessories				5,600	5 0 6	5,600
4. Artificial Lift Accessories - Rods, Pump				25,000	5 0 7	25,000
5. Well Protective Structures					5 0 8	0
6. Unclassified					0 0 0	0
7. Additional Basis (Sub 550)					0 0 0	0
Casinghead, Tubinghead, Christmas Tree					5 0 4	0
Tubing Accessories					5 0 6	0
Artificial Lift Accessories - Pumping Unit				60,000	5 0 7	60,000
Well Protective Structures					5 0 8	0
<b>TOTAL TANGIBLES</b>				0 144,100		144,100
<b>Intangible Costs - SUB 600</b>						
8. Contract Engineering Technical			11,400	2,850	0 1 3	14,250
9. Boat Operations					0 5 3	0
10. Minor Supplies					0 7 8	0
11. Electric Power and Light					2 4 1	0
12. Diesel Fuel			2,000		2 4 2	2,000
13. Natural Gas					2 4 3	0
14. Water			2,500		2 4 6	2,500
15. Property and Equipment Rentals			7,500		2 4 8	7,500
16. Security, Safety, and Firefighting					2 5 0	0
17. Tubular Testing, and Inspection				1,800	5 0 3	1,800
18. Trucking Tubulars			1,500	3,500	5 0 9	5,000
19. Casing Accessories					5 1 2	0
20. Site Preparation and Maintenance			2,000		5 1 4	2,000
21. Permits, Insurance, and Damanges			2,500		5 1 5	2,500
22. Rig Moving Expense					5 1 7	0
23. Shorebases					5 2 1	0
24. Camp Housekeeping					5 2 2	0
25. Reclamation				1,500	5 2 5	1,500
26. Air Freight and Transportation					5 2 8	0
27. Disposal and Cleanup				2,000	5 3 1	2,000

Well name <b>Hamilton A-2 Lower Penn</b>	<input checked="checked" type="checkbox"/> X <input type="checkbox"/>	Original Supplement <div style="border: 1px solid black; padding: 5px; margin: 5px 0;">           AFE No.         </div>	Original/Revision Indicator 1=Original 2=Revision
Location <b>Sec. 34, T-16-S, R-38-E, Lea County, New Mexico</b>			
District			

  

	Drilling	Evaluation	Completion	Elem	Total Gross Dollars
<b>Intangible Costs (Cont'd) - SUB 600</b>					
28. Contract Footage Drilling ft. @ \$ per foot				5 3 2	0
29. Contract Drilling Daywork Drilling days @ \$ per day (3-Comp)				5 3 3	0
30. Mobilization, Demobilization & Rig Mod.				5 3 4	0
31. Roads and Airstrips				5 3 6	0
32. Completion/Workover Daywork 15 days @ \$ 3,500.00 per day		42,000	10,500	5 4 2	52,500
33. Drill String & BHA Rental - Work String				5 4 3	0
34. Well Control Equipment		2,500		5 4 7	2,500
35. Bits, Underreamers, & Hole Openers " " " " " "		2,500		5 4 8	2,500
36. Drilling Mud and Transportation				5 5 1	0
37. Drilling Mud Equipment and Services				5 5 2	0
38. Completion Fluids			4,500	5 5 3	4,500
39. Open Hole Surveys				5 5 7	0
40. Wireline Work				5 5 9	0
41. Formation Monitoring - Logging		35,000		5 6 0	35,000
42. Cased Hole Surveys and perf. Fees		10,000		5 6 1	10,000
43. Surface Well Test Equipment		2,500		5 6 3	2,500
44. Coring and Analysis				5 6 8	0
45. Drill Stem Test Equipment				5 7 2	0
46. Fracturing, Acidizing, and Gravel Pack		25,000		5 7 7	25,000
47. Divers				5 7 8	0
48. Fishing Tool Rental				5 8 0	0
49. Directional Drilling Tool Rental				5 8 1	0
50. Telecommunications & Navigational Needs				5 8 2	0
51. Material Losses				5 8 8	0
52. Capitalized Overhead				6 0 4	0
53. Cement Running Fees for Casing & Tubing					
" OD Sacks				6 1 0	0
" OD Sacks				6 9 5	0
" OD Sacks				6 7 0	0
" OD Sacks				6 5 0	0
54. Cementing - Squeezes & Plugs				6 9 9	0
55. Unclassified-Contingency		15,900	16,600	0 0 0	32,500
56. Surface Facilities			20,000		20,000
57. Gross Tax Receipts		10,518	10,956		21,474
<b>TOTAL INTANGIBLES</b>		175,318	74,206		249,524
<b>TOTAL COST (Tangibles &amp; Intangibles)</b>		175,318	218,306		218,306
<b>EVALUATED COST</b>		175,318			
<b>COMPLETED WELL COST</b>		<b>\$393,624</b>			

COMPANY: \_\_\_\_\_  
 DATE: \_\_\_\_\_

APPROVED: \_\_\_\_\_  
 NAME / TITLE: \_\_\_\_\_