

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

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

**Case No. 13823**

**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  
Attn: Gail Cotton  
10290 Monroe Drive, Suite 301  
Dallas, Texas 75229  
(214) 654-0132

**ATTORNEY**

Ocean Munds-Dry, Esq.  
Holland & Hart, LLP  
P. O. Box 2208  
Santa Fe, NM 87504-2208  
(505) 988-4421

2006 NOV 17 AM 10 06

**APPLICANT'S STATEMENT OF CASE**

Applicant in the above-styled cause seeks an order pooling all uncommitted mineral interests from the surface to the base of the Mississippian formation underlying the NE/4 SE/4 of Section 34, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes but is not necessarily limited to the Undesignated Garrett-Drinkard Pool, the Undesignated East Garrett-Drinkard Pool and the Undesignated Garrett-San Andres Pool. This unit is to be dedicated to the WW Hamilton A Well No. 2, to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line in the NE/4 SE/4 (Unit I) of said Section 34 to test the Mississippian formation. Also to be considered will be the cost of drilling and 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 12 miles north of Hobbs, New Mexico.

**APPLICANT'S PROPOSED EVIDENCE**

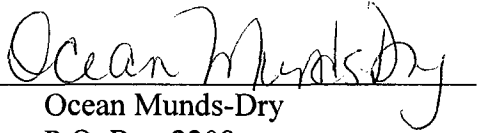
WITNESS (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Gail Cotton - Landman	Approx. 10 minutes	Approx. 6

**PROCEDURAL MATTERS**

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

Respectfully submitted,

HOLLAND & HART, LLP

By: 

Ocean Munds-Dry

P.O. Box 2208

Santa Fe, NM 87504-2208

(505) 988-4421

Attorneys for Paladin Energy Corporation.