

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

IN THE MATTER OF THE APPLICATION  
OF PALADIN ENERGY CORP.  
FOR AN UNORTHODOX WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

CASE NO. 11871

**APPLICATION**

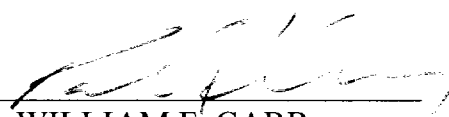
COMES NOW PALADIN ENERGY CORP., ("Paladin"), through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an exception to the provisions of General Rule 104.C (2) (b) for an unorthodox well location, and in support of this application states:

1. Paladin is the operator of Section 36, Township 13 South, Range 37 East, NMPM, Lea County, New Mexico on which it proposes to drill its State C No. 3 Well to a location in the Devonian formation, King-Devonian Pool, 1550 feet from the North line and 10 feet from the West line of said Section 36. The location is unorthodox in the Devonian formation.
2. The proposed well is to be the initial test well in the Paladin Unit, approval of which Unit is applied for on October 14, 1997. All working interest owners within the proposed Unit Area have approved the proposed well.
3. Approval of this application will be in the best interest of conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, Paladin Energy Corp., requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 6, 1997 and that, after notice and hearing as required by law and the rules of the Division, this application be granted.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By:   
WILLIAM F. CARR  
PAUL R. OWEN  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR PALADIN  
ENERGY CORP.