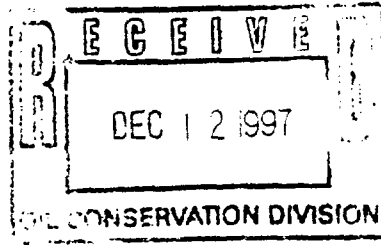




PALADIN ENERGY CORP.

December 9, 1997



Mr. Ran Carol
Attorney
2040 Pacheco
Santa Fe, NM 87505

Dear Mr. Carol:

I have been informed that you will be representing the state of New Mexico in a NMOCD hearing scheduled for December 18, 1997 concerning oil and gas properties operated by Meteor Developments, Inc. in Lea County, NM. It is our understanding that the State of New Mexico has filed application to take over the referenced properties.

Paladin Energy currently operates wells in Lea County, NM and is actively pursuing growth opportunities. Pending the results of the upcoming hearing, Paladin would be very interested in discussing an arrangement with the State in which Paladin would be allowed to attempt to re-activate one or more of the currently shut-in producers. Mr. Mickey Horn, Paladin Energy Operations Manager, has been in communication with Mr. Chris Williams in the Hobbs NMOCD office and we strongly believe that a mutually beneficial arrangement can be achieved.

I would greatly appreciate the opportunity to discuss Paladin's interest in the referenced properties and the process required to successfully negotiate an agreement. Please contact me at (214) 654-0134. Thank you for time and consideration.

Sincerely,

Rick Fuerman
Vice President - Acquisitions

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
OCD	EXHIBIT NO. 1
CASE NO.	11901

10290 MONROE DRIVE, SUITE 301 - DALLAS, TEXAS 75229-5718
TELEPHONE: (214) 654-0132 FAX: (214) 654-0133

①

12/16/97

~~Tom~~ Ray Smith
Southeastern Petroleum
Sonny Longo

Took over

Joe Pearce (Roswell)
Interested in Cartsbad wells

Dessie Sawyer (Old family)

McKay → 1st in line

5/22/97

9:25 a.m. Gary Wink

511 16th St.
Suite 400
Denver, 80202

RE: Meteor Development Inc.

11 wells

\$50K bond

Dennis
Staal

Called them in Denver

303/572-1135

Bruce Patterson

SE Bank

* Not producing

1972 Mobil

Date ?

* Gary Wink

→ Joe Clement

re: Meteor stuff

→ Rules for taking over

915/334-4105

Saga

Took over Petro

#11 and #10

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

7-28-97
Rand Carroll, Legal Bureau
Oil Conservation Division
2040 So. Pacheco Street
Santa Fe, NM. 87505

JUL 30 1997

Re; Meteor Development Inc. Martin # 2, #3 & #5 in section 20-22-27 Eddy Co. ,NM.

Dear Rand:

We recommend the above captioned wells be plugged to protect fresh waters of the state of New Mexico, the environment and corelative rights in the area.

These wells are located within the city of Carlsbad and from time to time we are covered up with calls from the public complaining about the smell of gas. Meteor has also had several oil spills at the tank battery and the soil will need to be remediated when this equipment is removed.

We would like to place these three wells on a priority status for hearing.

Yours truly,



Ray Smith

303-572-1135

February 27, 1997

State of New Mexico
Energy, Minerals & Natural Resources
Department
Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88241-1980

Gentlemen:

Meteor Developments, Inc. is no longer in business.

The wells in question were assigned to Santa Fe Pacific Railroad Company. A copy of the assignment is enclosed.

I believe this was previously provided to your office.

Dennis R. Staal
Former Secretary

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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

February 10, 1997

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

TO: METEOR DEVELOPMENTS INC
216 16TH STR
STE 730
DENVER CO 80202

The State of New Mexico OCD District I is in the process of reviewing leases to determine the number of shut-in wells.

Order R-9210 states that an operator can, with regulatory approval, shut-in a producing well or an injection well for up to one year, after this period of time, the operator must, within 90 days, implement one of the following:

- 1) The well be placed back into beneficial use.
- 2) The well be Temporarily Abandoned in accordance with Rule 203.
- 3) The well be Plugged & Abandoned in accordance with Rule 202.

In addition House Bill 65 was passed to give operators an added incentive to place shut-in wells back on production. After you receive the list of wells that have not produced for over a year, check your own manpower, rig availability and economics; then, request either a meeting with Gary W. Wink or submit a time frame to bring the wells into OCD compliance. This time frame will include Federal wells, you will need to schedule these with the BLM, and we would appreciate a copy.

The OCD District I office is also reviewing leases to determine the number of temporary abandoned (TA) wells that have been tested for TA status and have expired.

Attached are (3) three reports that separate the wells that are shown under our records to be either Shut In or Temporarily Abandoned. The following is an outline of what each report shows.



5

Page 2
SI/TA Report Letter
Gary Wink - Field Rep. II

Report Form No. 43

The wells on Report 43 have had the casing tested and approved by the OCD, but the expiration date for the TA approval has expired. These wells will need to be re-tested for the TA status to be extended.

Report Form No. 44

The wells on Report 44 have been shut in for over a year and need to be brought into compliance with the TA rule, P&A'd rule or activated as an oil, gas or water injector.

Report Form No. 45.

The wells on Report 45 are in compliance with the TA rule. The date by which the wells need to be re-tested is listed. This will allow you to be informed of the date that the wells will need to be re-tested for continuation of the TA status.

Sincerely,

Gary W. Wink

GARY WINK
Field Representative II

6

02/12/1997

SI/TA WELLS REPORT FORM 43
PRIOR TESTED WELLS NOT IN COMPLIANCE
METEOR DEVELOPMENTS INC

PAGE 1

NMOCD DIST I

P.O. BOX 1980

HOBBS, NM 88241

OPERATOR: METEOR DEVELOPMENTS INC

THE OPERATOR METEOR DEVELOPMENTS INC DOES NOT HAVE ANY
TEMPORARY ABANDONED WELLS, WHICH HAVE BEEN TESTED AND ARE OUT
OF COMPLIANCE.

7

02/12/1997

SI/TA WELLS REPORT FORM 44
SI WELLS NOT IN COMPLIANCE NO PRIOR TEST
METEOR DEVELOPMENTS INC

PAGE 1

NMOCD DIST I

P.O. BOX 1980

HOBBS, NM 88241

OPERATOR: METEOR DEVELOPMENTS INC

===== POOL: CROSSROADS;SILURO DEVONIAN

30-025-24289 SANTA FE PACIFIC RR # 4 N 22 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 07/30/1985; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

30-025-03601 SANTA FE PACIFIC # 1 E 26 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 01/30/1985; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

30-025-03590 SANTA FE PACIFIC # 6 I 22 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 04/30/1986; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

30-025-24284 SANTA FE PACIFIC # 12 L 26 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 10/30/1985; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

.....POOL TOTAL: CROSSROADS;SILURO DEVONIAN 4

===== POOL: LEA UNDESIGNATED;GROUP 1

30-025-03594 SANTA FE PACIFIC # 7 M 23 T 9S R36E LAND TYPE: S
LAST PROD/INJ DATE: / / ; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

.....POOL TOTAL: LEA UNDESIGNATED;GROUP 1 1

===== POOL: SWD;DEVONIAN

30-025-03595 SANTA FE PACIFIC "E" # 8 K 23 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 10/31/1989; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

.....POOL TOTAL: SWD;DEVONIAN 1

.....OPERATOR TOTAL: METEOR DEVELOPMENTS INC 6

8

02/12/1997

SI/TA WELLS REPORT FORM 45

PAGE 1

WELLS IN COMPLIANCE

METEOR DEVELOPMENTS INC

NMOC DIST I

P.O. BOX 1980

HOBBS, NM 88241

OPERATOR: METEOR DEVELOPMENTS INC

.....OPERATOR TOTAL: METEOR DEVELOPMENTS INC

0

9

Meteor Developments, Inc. 303-572-1135
12842 Valley View St., Suite 104 714-897-4848
Garden Grove, CA 92645 511 16th St Suite 400
Denver, CO 80202

Thomas M. Weaver, VP

Contract Pumper: John R. Stearns Steve Smith
364-5025 Office (505) 675-2356
Mobil# (505) 398-5761

OIL COMPANY	LEASE NAME	NO.	UNIT	TION	SHIP	RANG
MERRION OIL AND GAS INCORPORATED						
SALAZAR G 34		3	E	34	25N	6W
SALAZAR G 34		4	H	34	25N	6W
SALAZAR G COM		1	G	21	25N	6W
SALAZAR G COM 22		1	I	22	25N	6W
SALAZAR G COM 22		3	E	22	25N	6W
SALAZAR G COM 23		1	M	23	25N	6W
SALAZAR G COM 26		1	M	26	25N	6W
SAN JUAN UNIT 32 9		285	N	13	32N	10W
SAN JUAN UNIT 32 9		293	M	25	32N	10W
SANTA FE 20		2	F	20	21N	8W
SANTA FE 20		4	I	20	21N	8W
SHOOFLY		1	C	14	24N	8W
SHOOFLY		2	A	15	24N	8W
SNAKE EYES		2	K	20	21N	8W
SOB FEDERAL		1	E	8	25N	8W
SOUTH HUERFAND		1	M	35	25N	8W
SOUTHLAND		1	K	3	26N	13W
SOUTHLAND		2	Y	3	26N	13W
SOUTHLAND		3	O	10	26N	13W
SOUTHLAND		4	C	9	26N	13W
SOUTHLAND		5	A	11	26N	13W
SOUTHLAND		6	G	10	26N	13W
SOUTHLAND		7	H	11	26N	13W
STEPHENSON		1	D	17	25N	8W
STEPHENSON		2	G	7	25N	8W
STEPHENSON		3	I	8	25N	8W
STEPHENSON		4	K	8	25N	8W
SULLIVAN		9	O	15	26N	12W
SULLIVAN A		2	K	10	26N	12W
SUSCO		3	D	9	26N	12W
THEODORE ZINK		1	M	15	23N	6W
UTE		7	D	18	32N	14W
WAGON TRAIN		1	K	6	25N	8W
WARITO COM		1	I	7	25N	8W
WARREN G 35		1	B	35	25N	6W
WARREN G 35		2	K	35	25N	6W
WARREN G 35		3	I	35	25N	6W
WARREN G COM 26		2	C	26	25N	6W
WATER WELL		1	F	14	19N	3W
WESTERN		2	M	7	26N	11W
WESTERN		3	P	7	26N	11W
WESTERN		4	D	18	26N	11W
WESTERN		5	B	7	26N	11W
WILD HARE		1	B	11	24N	8W
YARBOROUGH FEDERAL		1	D	3	23N	6W
YARBOROUGH FEDERAL B		1	J	10	23N	6W
YUCCA COM		1	H	2	25N	9W
ZIA		1	O	2	20N	6W
MESA GRANDE RESOURCES						
NORTH LINDRITH 23		1	H	23	25N	2W
MESA OIL COMPANY						
AB COATES B		1	D	21	25S	37E
MESA OPERATING LIMITED PARTNERSHIP						
BRUINGTON		1	M	15	30N	11W
FEDERAL		1	B	1	29N	11W
GAGE		1	C	33	30N	10W
OTERO		1	J	14	24N	6W
TRIEB		1	J	33	30N	10W
METEOR DEVELOPMENTS INCORPORATED						
MARTIN		2	F	20	22S	27E
MARTIN		3	K	20	22S	27E
MARTIN		5	L	20	22S	27E
SANTA FE PACIFIC		1	E	26	9S	36E
SANTA FE PACIFIC		2	C	26	9S	36E
SANTA FE PACIFIC		3	M	26	9S	36E
SANTA FE PACIFIC		5	O	22	9S	36E
SANTA FE PACIFIC		6	I	22	9S	36E
SANTA FE PACIFIC		7	M	23	9S	36E
SANTA FE PACIFIC		8	K	23	9S	36E
SANTA FE PACIFIC		10	P	22	9S	36E
SANTA FE PACIFIC		11	D	26	9S	36E
SANTA FE PACIFIC		12	L	26	9S	36E
SANTA FE PACIFIC		2	F	27	9S	36E
SANTA FE PACIFIC		2	F	27	9S	36E
SANTA FE PACIFIC RAILROAD						
SANTA FE PACIFIC RAILROAD						

METEOR DEVELOPMENTS INCORPORATED
 SANTA FE PACIFIC RAILROAD
 SANTA FE PACIFIC RAILROAD
 UD SAWYER

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 SAGA — 1

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 N 22 98 36E
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MEWBOURNE OIL COMPANY

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 CHALK BLUFF 35 FEDERAL
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 CONOCO FEDERAL
 EMPIRE 20 STATE
 EUMONT 17 STATE
 EUMONT 21 FEDERAL
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 EXXON STATE COM
 FEDERAL C COM
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 FRENCH FEDERAL
 GULF STATE
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 LOCO HILLS STATE
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 MEWBOURNE STATE 25 COM
 NEW MEXICO CU STATE
 NEW MEXICO OSAGE COM
 PECOS SLOPE 34 COM
 PETERSON COM
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