

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

**IN THE MATTER OF THE APPLICATION
OF PALADIN ENERGY CORP. FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12469

AFFIDAVIT OF RICHARD G. FUERMAN

STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, the undersigned authority, on this day personally appeared Richard G. Fuerman, being by me duly sworn, who deposed and stated as follows:

1. My name is Richard G. Fuerman. I am over the age of eighteen (18), am competent to testify as to the matter contained herein, and have personal knowledge thereof. I reside at 2111 Green Hill Drive, McKinney, Texas 75070.

2. I am presently employed by Paladin Energy Corporation as a petroleum engineer and have been with this company for six years.

3. I have previously testified before the New Mexico Oil Conservation Division as a petroleum engineer and my credentials as an expert witness on petroleum engineering matters have been accepted by the Division and made a matter of record.

4. I am familiar with Paladin's application for compulsory pooling for the Hamilton "A" #2 Well in Lea County, New Mexico. I am familiar with the history of this well and participated in developing the proposed re-completion of this well.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12469 Exhibit No. 2
Submitted by:
Paladin Energy Corp.
Hearing Date: August 10, 2000

5. The Hamilton A #2 Well was shut-in on February 16, 1998, because of frequent rod pump and tubing failures. Paladin has since acquired an interest in this well and proposes to re-enter the Hamilton A-2 well, acidize the present perforated intervals in the Knowles Devonian structure, install a rod pump completion and attempt to return the well to economic production.

6. This proposed project is economically feasible only because of the recent increase in oil prices.

7. It is difficult to estimate the remaining reserves in the Knowles Devonian formation, but Paladin estimates that for this operation to be a commercial success, the commercial rate of production must reach ten BOPD.

8. Paladin considers this project to be a highly risky venture for the following reasons:

A. Based on the history of this well, Paladin may not be successful in installing a rod pump completion;

B. Even with a successful completion, the well may not produce at the rate projected as necessary to reach commercial production;

C. A sudden change in oil prices may substantially decrease the chance that this well will be a commercial success;

9. Based on the history of the Hamilton "A" Well No. 2 and the risks associated with this project, I recommend that the Examiner assess a 200% risk penalty against the non-consenting working interest owners.

10. In my opinion, granting this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

FURTHER AFFIANT SAYETH NAUGHT.

Richard G. Fuerman
RICHARD G. FUERMAN

SUBSCRIBED AND SWORN TO before me this 9th day of August, 2000 by Richard G. Fuerman.

Barbara Ann Weatherly
Notary Public

My commission expires:

03/11/03

