

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

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
TANYA M. TRUJILLO

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

July 18, 2000

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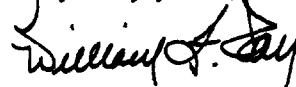
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

***Re: Application of Paladin Energy Corp. for Compulsory Pooling, Lea County,
New Mexico***

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Paladin Energy Corp. in the above-referenced case as well as a copy of the legal advertisement. Paladin Energy Corp. requests that this matter be placed on the docket for the August 10, 2000 Examiner hearings.

Very truly yours,



William F. Carr

WFC/md
Enclosures

cc: Mr. Rusty Rice (w/enclosures)

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

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

CASE NO. 12469

OIL CONSERVATION DIV.
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APPLICATION

PALADIN ENERGY CORP. ("Paladin"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 40-acre spacing under the NE/4 SE/4 of Section 34, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Paladin is a working interest owner in the NE/4 SE/4 of Section 34 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration units to its W. W. Hamilton Well "A" No. 2 to be drilled to a standard oil well location in the NE/4 SE/4 of said Section 34 to a depth sufficient to test any and all formations from the surface to the base of the Devonian formation which is the primary objective in the well.
3. Applicant has been unable to locate certain interest owners in the subject spacing unit, identified on Exhibit A to this application, to seek either voluntary agreement

for pooling or farmout.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

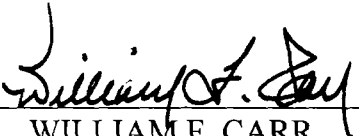
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Paladin Energy Corp. should be designated the operator of the well to be drilled.

WHEREFORE, Paladin Energy Corp. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 10, 2000 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating Paladin Energy Corp. operator of the unit and the well to be drilled thereon,
- C. authorizing Paladin to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by the Paladin in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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

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

ATTORNEYS FOR PALADIN ENERGY CORP.

EXHIBIT A

**APPLICATION OF
PALADIN ENERGY CORP.
FOR COMPULSORY POOLING
NE/4 SE/4 OF SECTION 34, TOWNSHIP 16 SOUTH, RANGE 38 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO**

Ms. Jeane P. Fuller
4339 Roanoke Parkway Apt. #303
Kansas City, MO 64141

Mr. Gary Hudgens
10925 Beamer Road
Houston, TX 77089-2300

Ms. Lutishie Hamilton Brewer
704 West 16th Street
Portales, NM 88130

Ms. Sharon R. Daniel
3475 State Highway W
Ozark, MO 65721

Ms. Margaret V. Eversden
1600 Hagys Ford
Narbeth, PA 19072-1060

Ms. Winona C. Jones
P.O. Box 195
Burrton, KS 67020

Mr. George Glenn McDuff
99 Pinon Heights
Sandia Park, NM 87047

Mr. Keith Pratt Daniels
P.O. B ox 190766
Dallas, TX 75219

Ms. Lynda Pratt Rast
1202 Marlee Lane
Arlington, TX 76014

Bank of America, N.A.
Attn: Ms. Teresa Grafton
P.O. Box 840738
Dallas, TX 75284-0738
In Re: James L. Collins, deceased

Bank of America, N.A.
Attn: Ms. Teresa Grafton
P.O. Box 840738
Dallas, TX 75284-0738
In Re: James L. Collins - Catholic Church

Bank of America, N.A.
Attn: Ms. Teresa Grafton
P.O. Box 840738
Dallas, TX 75284-0738
In Re: Gertrude S. Pearson Trust

CASE 12469:

Application of Paladin Energy Corp. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations developed on 40-acre spacing in the NE/4 SE/4 of Section 34 Township 16 South, Range 38 East, NMPM. Said unit is to be dedicated to its W. W. Hamilton "A" Well No. 2 to be drilled at a standard location in the NE/4 SE/4 of said Section 34 to a depth sufficient to test all formations from the surface to the base of the Devonian 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 Paladin Energy Corp. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10 miles North of Hobbs, New Mexico.