

**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 AMENDMENT  
OF THE SPECIAL POOL RULES AND REGULATIONS  
FOR THE BAGLEY SILURO-DEVONIAN POOL  
TO ASSIGN A SPECIAL DEPTH BRACKET  
ALLOWABLE, LEA COUNTY, NEW MEXICO.**

CASE NO. 12972

**APPLICATION**

PALADIN ENERGY CORP. ("Paladin"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order Amending the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool to assign a special depth bracket allowable of 1000 barrels of oil per day pursuant to Division Rule No. 505.D., and in support of this application states:

1. The Bagley Siluro-Devonian was established by Division Order No. 850 dated January 1, 1950 and has been extended from time to time to include the following acreage in Lea County, New Mexico:

**Township 11 South, Range 33 East, N.M.P.M.**

Section 33:	SE/4
Section 34:	S/2, NE/4
Section 35:	S/2, NW/4, S/2 NE/4
Section 36:	SW/4

**Township 12 South, Range 33 East, N.M.P.M.**

Section 1:	W/2
Section 2 and 3:	All
Section 4:	E/2
Section 10:	E/2
Section 11:	All
Section 12:	W/2

2. The Bagley Siluro-Devonian Pool is governed by Special Pool Rules and Regulations adopted by Oil Conservation Division Order No. R-69-D, dated June 30, 1954, entered in Case No. 249 that provide for 80-acre spacing units comprised of either the E/2 or the W/2 of a quarter section with wells to be located within 150 feet of the center of a quarter-quarter section.

3. Because of their low productivity of gas, wells in the Bagley Siluro-Devonian Pool are exempt from the provisions of Division Rule 506(d) pertaining to gas-oil ratio

limitations and recently produce high volumes of liquids with low oil recoveries. The pool is in an advanced state of depletion and at present there are only two operators in the pool: Paladin Energy Corp. and Samson Resources, Inc. Samson Resources, Inc. does not oppose this application.

4. Paladin recently deepened and re-completed its State BTC Well No. 5 to the Bagley Siluro-Devonian Pool at a standard location 1980 feet from the South and West lines of Section 35, Township 11 South, Range 33 East, NMPM. A standard 80-acre spacing unit comprised of the E/2 SW/4 of this section is dedicated to the well.

5. The State BTC Well No. 5 is producing oil at rates of 880 BOPD and the oil cut continues to increase. Operation of the well under the existing allowable will result in reserves being left in the ground.

6. Paladin Energy Corp. seeks the amendment of the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool to assign a special depth bracket allowable for the pool of 1000 BOPD per 80-acre spacing and proration unit.

7. Increasing the oil rate will enable Paladin to more efficiently operate the State BTC Well No. 5 thereby resulting in the increased recovery of oil. Increasing the authorized oil allowable will not impair the correlative rights of any other owner in this pool.

8. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Paladin Energy Corp. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 4, 2002, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,  
HOLLAND & HART, LLP

By: 

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ATTORNEYS FOR PALADIN ENERGY  
CORP.

CASE 1292: Application of Paladin Energy Corp. for amendment of the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool to assign a special depth bracket allowable, Lea County, New Mexico. Applicant, in the above-styled cause seeks the amendment of Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool located in portions of Sections 33 through 36 of Township 11 South, Range 33 East, and Sections 1 through 4, and 10 through 12 of Township 12 South, Range 33 East, NMPM, to include the assignment of a special depth bracket allowable of 1000 barrels of oil per day for each 80-acre spacing and proration unit in the pool. Said pool is located approximately 17 miles west of Tatum, New Mexico.

HOLLAND & HART<sup>LLP</sup>  
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November 14, 2002

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL AFFECTED PARTIES:**

Re: Application of Paladin Energy, Corp. for amendment of the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool to Assign a special depth bracket allowable, Lea County, New Mexico.

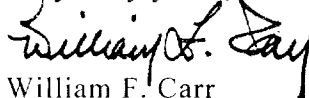
Ladies and Gentlemen:

This letter is to advise you that Paladin Energy Corp. has filed the enclosed application with the New Mexico Oil Conservation Division seeking the amendment of the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool to include the assignment of a special depth bracket allowable of 1000 barrels of oil per day per 80-acre spacing and proration unit. This pool is located in portions of Sections 33, 34, 35 and 36 of Township 11 South, Range 33 East and Sections 1, 2, 3, 4, 10, 11 and 12 of Township 12 South, Range 33 East, NMPM, Lea County, New Mexico.

This application has been set for hearing before a Division Examiner on December 4, 2002. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement three days in advance of a scheduled hearing at the Division's offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr

ATTORNEYS FOR PALADIN ENERGY CORP.

Enclosure

cc: Mr. George Fenton  
Paladin Energy, Corp.