



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-2929

Paladin Energy Corporation
10290 Monroe Drive
Suite 301
Dallas, Texas 75229-5718

Attention: Mr. David Plaisance

State ECC No. 2

API No. 30-025-00105

*Unit B, Section 11, Township 12 South, Range 32 East, NMPM,
Lea County, New Mexico.*

East Caprock-Wolfcamp (Oil – 09310) and

Undesignated East Caprock-Pennsylvanian (Oil – 09120) Pools

Dear Mr. Plaisance:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C.(1), each of the commingled pools shall be allowed to produce up to the top oil allowable and top casinghead gas allowable applicable for that pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

East Caprock-Wolfcamp Pool	Oil-50%	Gas-25%
Undesignated East Caprock-Penn Pool	Oil-50%	Gas-75%

Administrative Order DHC-2929

Paladin Energy Corporation

July 11, 2001

Page 2

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 11th day of July, 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a small mark that looks like a stylized "L" or "D".

LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Hobbs /
State Land Office-Oil & Gas Division