

06/25/12 DATE IN	SUSPENSE	Jones, W. ENGINEER	06/26/12 LOGGED IN	SWD TYPE 1353	PJDO 1217836836 APP NO.
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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



2012 JUN 25 P 2:38

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

OGRID 226520
 API 30A-025-40668
 Name Lowe 25 #2
 M-25-13S-37E

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☒ Offset Operators, Leaseholders or Surface Owner
- [C] ☒ Application is One Which Requires Published Legal Notice
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Eddie W. Seay Eddie W. Seay Agent 6/15/2012
 Print or Type Name Signature Title Date
 seay.w@leaco.net
 e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ ☒ Disposal _____ Storage
Application qualifies for administrative approval? _____ ☒ Yes _____ No

II. OPERATOR: Paladin Energy Corp.

ADDRESS: 10290 Monroe Dr., Ste. 301 Dallas, TX 79229

CONTACT PARTY: David Plaisance PHONE: 214-654-0132

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes ☒ No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: David Plaisance TITLE: Op. Manager

SIGNATURE:  DATE: 6/15/2012

E-MAIL ADDRESS: dplaisance@paladinenergy.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: logs will be sent after drilling.

ATTACHMENT TO APPLICATION C-108

Lowe 25 SWD #2

Unit M, Sect. 25, Tws. 13 S., Rng. 37 E.

Lea Co., NM

III. WELL DATA

- A.
 - 1) See injection well data sheets and attached schematics.
 - 2) See injection well data sheets and attached schematics.
 - 3) 3 ½" internally coated tubing.
 - 4) Baker Tension Packer.

- B.
 - 1) Injection formations is the Wolfcamp.
 - 2) Injection interval from 9950' to 10800'.
 - 3) This will be a new well drilled as SWD.
 - 4) The next higher producing zone is the Abo at approximately 9030'.

The next lower producing zone is the Devonian at approximately 12500'.

IV. NO.

V. MAP ATTACHED.

VI. LIST OF WELLS AND DATA ATTACHED.

VII. Paladin proposes to drill a new well, set 5 ½" casing and cement. Inject into selective perforations in the lower Wolfcamp from 9950' to 10800', acidize as needed.

Will run 3 ½" IPC tubing and packer set at approximately 9850'. Test casing as required and inject into Wolfcamp perforations.

- 1) Plan to inject approximately 5000 bpd of produced water from Paladins own operation in offset production from the Fleet, Reed, Lowe and State C leases.
- 2) Closed system.
- 3) Average injection pressure should be approximately 800# to 1200# or whatever limit OCD allows.
- 4) Analysis attached, only produced water.
- 5) Water from offset production from Wolfcamp, Devonian, and Penn.

- VIII.** The proposed disposal formation is interbedded shale and limestone. The primary geologic name is the Wolfcamp found from 9360' to 10800'.

The fresh water formation in the area is the Ogallala which ranges in thickness from 75' to 220'. Analysis of water well attached.

- IX. ACID AS NEEDED.**

- X. WILL BE SUBMITTED WHEN DRILLED.**

- XI. ATTACHED.**

- XII.** I, Eddie W. Seay, have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zones and any underground source of drinking water pertaining to this well.

- XIII. ATTACHED.**

INJECTION WELL DATA SHEET

OPERATOR: Paladin Energy Corp.WELL NAME & NUMBER: Low 25 SWD #2WELL LOCATION: 1087/S 214W
FOOTAGE LOCATIONM
UNIT LETTER25
SECTION13
TOWNSHIP37
RANGEWELLBORE SCHEMATICWELL CONSTRUCTION DATASurface Casing

PROPOSED WELLBORE SCHEMATIC		COMPLETION SCHEMATIC		APINUM: 30-025-	
FORM	DEPTH			OPERATOR: PALADIN ENERGY CORP	
				LEASENAME: LOWE 25 SWD	
		SURF LOC:	UL: M SEC: 25 TWN: 13S RNG: 37E	WELL NO. 2	
		BH LOC:	UL: M SEC: 25 TWN: 13S RNG: 37E	216 FWL	
		MTD	10800 PBD	KB	DF
		POOL	SWD, WOLF CAMP	PERFS	9350-10150
				PERFS	10170-10300
				PERFS	10420-10480

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13.375	400	400 xxs	17 1/2	0' Cal
INT1	8.625	4600	4600 xxs	12 1/4	0' Cal
PROD.	6.5	10800	1100 xxs	7 7/8	4400 Cal

FORM	DEPTH	DESCRIPTION
	2205	Plaster
	2300	Top Salt
	3050	Base Salt
	3154	Yates
		Queen
	4590	San Andres
	6070	Glorieta
	7335	Tubb
	8030	Abco
	9360	Wolfcamp

13 3/8 @ 400' TOC @ 0'

9 5/8 @ 4600' TOC @ 0'

6 1/2 @ 10800 TOC @ 4400

OV Tool @ 7600

PLASTIC LINED TONG W/ PDR SET WITHIN 10' UPPER MOST PERFS

PERFS 9350-10150

PERFS 10170-10300

PERFS 10420-10480

MTD 10800

TD 10800

PREPARED BY: Eddie Seay

UPDATED: 11/15/08

Hole Size: 17 1/2 Casing Size: 13 3/8

Cemented with: 400 SX. or _____ ft³

Top of Cement: surface Method Determined: Circ.

Intermediate Casing

Hole Size: 12 1/4 Casing Size: 8 5/8

Cemented with: 4600 SX. or _____ ft³

Top of Cement: surface Method Determined: Circ.

Production Casing

Hole Size: 7 3/8 Casing Size: 5 1/2

Cemented with: 1100 SX. or _____ ft³

Top of Cement: 4400 Method Determined: will Run TS

Total Depth: 10800

Injection Interval

9950 feet to 10800

(Perforated) or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 3 $\frac{1}{2}$ Lining Material: Internally Coated
Type of Packer: Baker Tension Type
Packer Setting Depth: 9850
Other Type of Tubing/Casing Seal (if applicable): NONE

Additional Data

1. Is this a new well drilled for injection? X Yes No
If no, for what purpose was the well originally drilled? _____

2. Name of the Injection Formation: lower Wolfcamp
3. Name of Field or Pool (if applicable): King
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. NO

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:
Albo at 8030'
Devonian at 12500'

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
1 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
10 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name LOWE "25" SWD	Well Number 2
OGRID No.	Operator Name PALADIN ENERGY CORP.	Elevation 3856.7'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	25	13 SOUTH	37 EAST, N.M.P.M.		1087'	SOUTH	216'	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill	Consolidation Code	Order No.					

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>216'</p> <p>1087'</p> <p>SURFACE LOCATION NEW MEXICO EAST NAD 1927 Y=787094.4 X=858700.2 LAT.: N 33.1582509° LONG.: W 103.1612769°</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <u>David Plaisance</u> Date: <u>5/30/2012</u></p> <p>Printed Name: <u>David Plaisance</u></p> <p>E-mail Address: <u>dplaisance@paladin.com</u></p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of original surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: <u>MAY 16 2012</u></p> <p>Signature and Seal of Professional Surveyor: <u>Terry J. Abel</u></p> <p>Certificate Number: <u>15079</u></p> <p>WO# 120516WL (KA)</p>

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
10 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit by Email Print Form

Form C-101
June 16, 2008

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address PALADIN ENERGY CORP. 10290 Monroe Dr, Ste 301, Dallas, TX 75229		² OGRID Number 164070
		³ API Number 30 -
⁴ Property Code	⁵ Property Name LOWE 25 SWD	⁶ Well No. 2
⁹ Proposed Pool 1 SWD;WOLFCAMP (96135)		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	25	13S	37E		1087	South	216	West	Lea

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code S	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3856
¹⁶ Multiple No	¹⁷ Proposed Depth 10800	¹⁸ Formation Wolfcamp	¹⁹ Contractor	²⁰ Spud Date

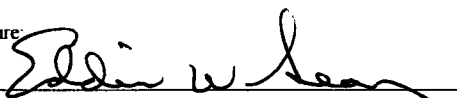
²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5	13.375	48 #	400	400	0
12.25	8.625	32 #	4600	1200	0
7.875	5.5	17 & 20 #	10800	1100 2 stages	7000' & 4400

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill 17.5" hole to 400' and set 13.375" surface casing, cement to surface. Drill out with 12.25 bit to 4600' (+/-) and set 8.625 intermediate casing, cement to surface. Drill 7.875" hole to 10800' (+/-), set 5.5" casing, cement with two stages to bring tops to approximately 7000' and from 6500' to 4400'. Perforate Lower Wolfcamp formation from approx 9950-10150, 10170-10300, 10420-10480. Perform acid treatment job w/ approx 5000 gal acid & additives. Set packer with plastic lined tubing within 100' of upper most perf. SWD application submitted to Santa Fe. After SWD application is approved notify NMOCDD Hobbs office at least 24 hours prior to conducting MIT test. Test well for injection. MIT test will be performed prior to any injection. BOP - 11" Hydraulic Dual Ram (10M), Blind & Pipe

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: 
Printed name: **Eddie Seay**

Title: **Agent**

E-mail Address: **seay04@leaco.net**

Date: **6/20/2012** Phone: **575-390-2454**

OIL CONSERVATION DIVISION

Approved by:

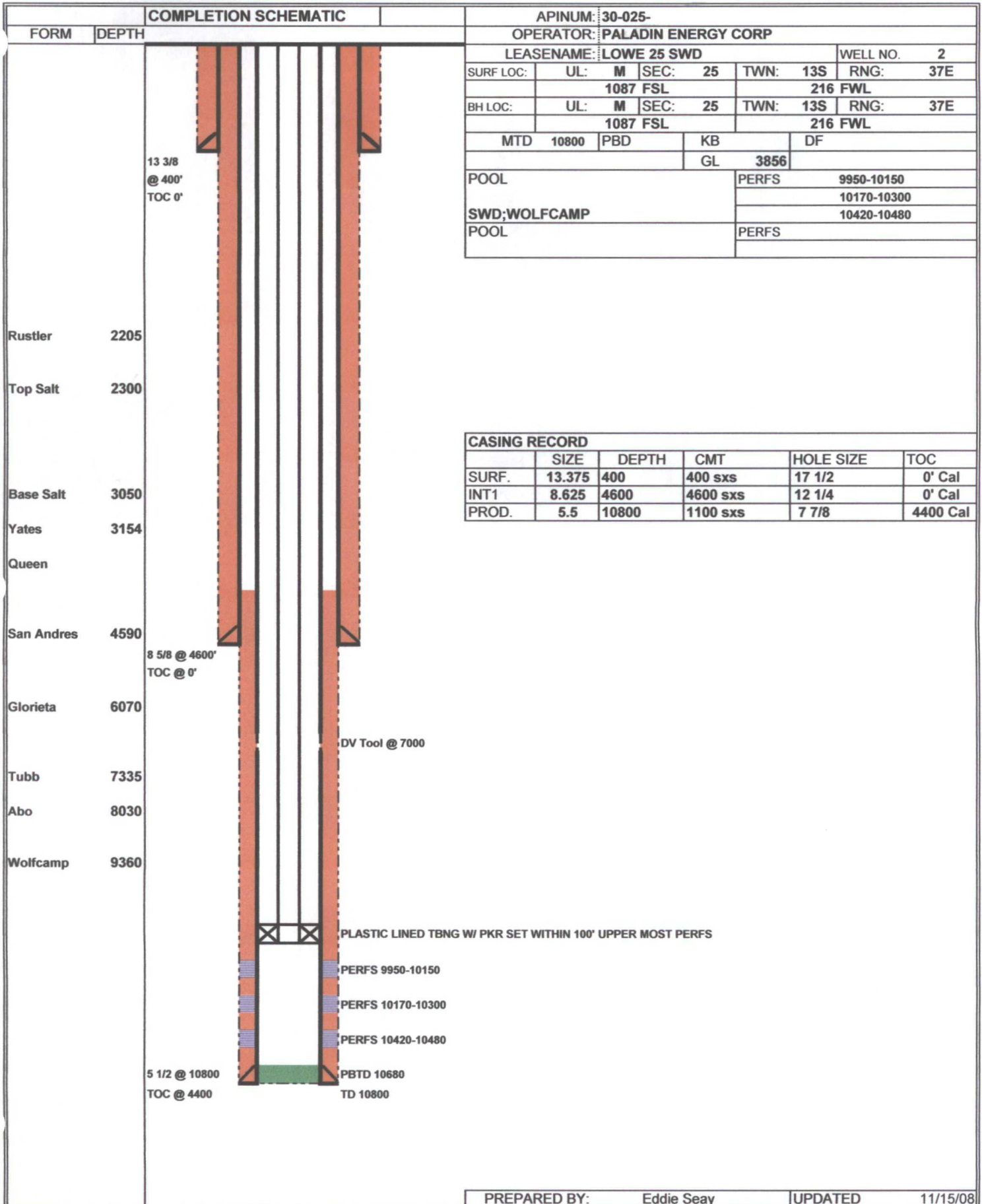
Title:

Approval Date:

Expiration Date:

Conditions of Approval Attached ☐

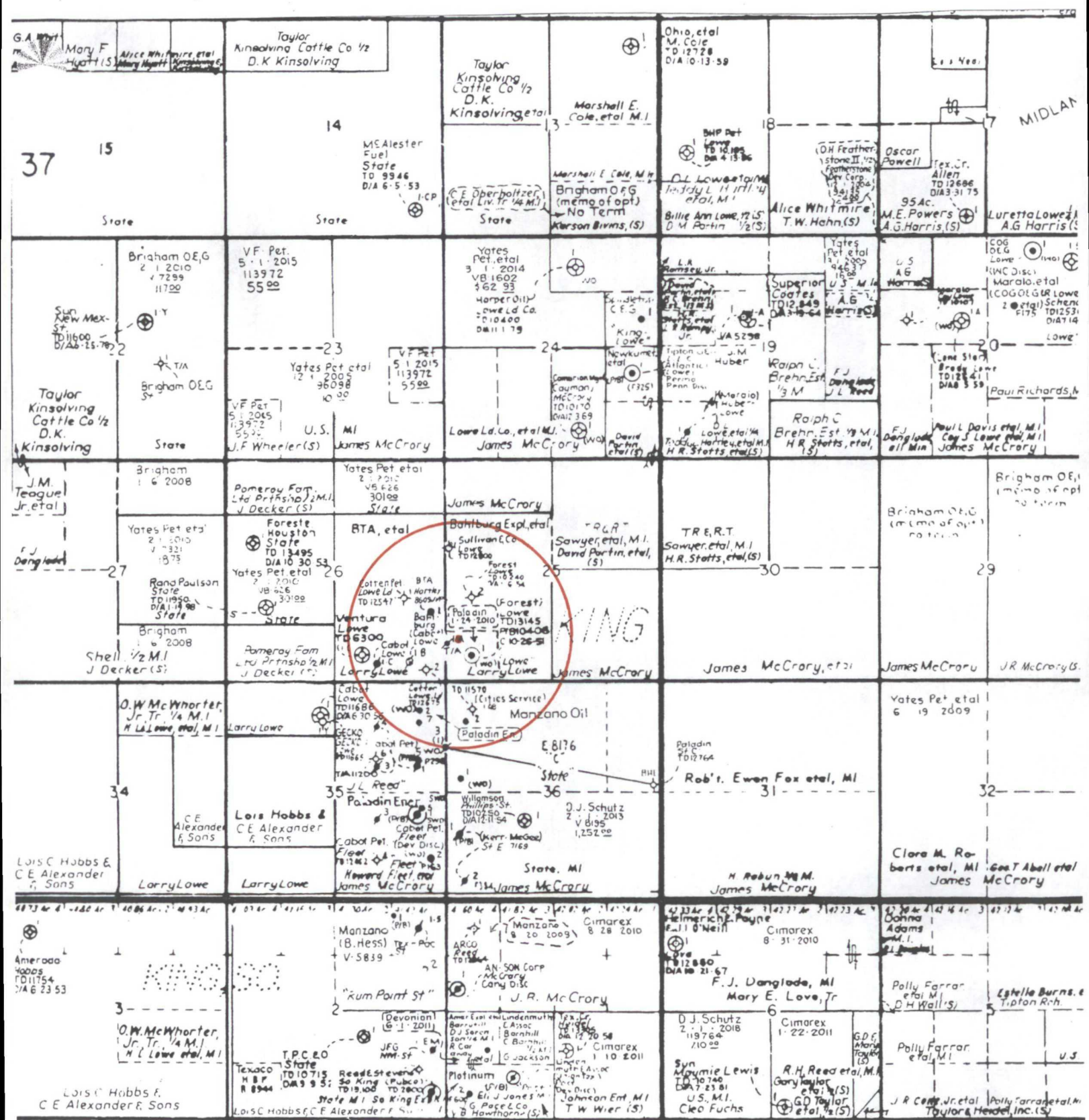
PROPOSED WELLBORE SCHEMATIC



PREPARED BY: Eddie Seay

UPDATED

11/15/08



DISPOSAL WELL

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN		RNG		N/S		E/W	
30-025-	LOWE 25 SWD	2	PALADIN ENERGY CORP	11000	SWD	N	Lea	P	M	25	13 S		37 E		1087 S		216 W	

Wells within 1/2 mile of the proposed disposal well, which penetrate the proposed disposal interval.

5280 5280

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN		RNG		N/S		E/W		Distance
30-025-29800	HARTLEY 8609 JV-P	1	BTA OIL PRODUCERS	12670	O	A	Lea	P	I	26	13 S		37 E		1650 S		330 E		1614
30-025-05078	LOWE 1-R	1	MANZANO OIL CORP	13145	O	P	Lea	P	M	25	13 S		37 E		660 S		660 W		1564

Wells within 1/2 mile which do not penetrate proposed disposal interval

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN		RNG		N/S		E/W		Distance
30-025-05080	REED B-25	1	J C WILLIAMSON	15	D&A	P	Lea	P	P	25	13 S		37 E		660 S		660 E		1177

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-29800	
FORM	DEPTH	OPERATOR: BTA OIL PRODUCERS	
		LEASENAME: HARTLEY 8609 JV-P	
		WELL NO. 1	
		LOCATION:	UL: I SEC: 26 TWN: 13S RNG: 37E
		1650 FSL 330 FEL	
		TD 12670	PBD 10110 KB 3870 DF
		GL 3856	
POOL KING;WOLFCAMP		PERFS 9332-9365	
POOL		PERFS	

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	400	450 sxs	17 1/2	0' CIRC
INT1	8 5/8	4700	1500 sxs	11	0' CIRC
PROD.	5 1/2	12670	2000 sxs	7 7/8	3500

Rustler 2239
 Top Salt
 Base Salt
 Yates 3156
 Queen TOC 5 1/2 @ 3500
 San Andres 4583
 8 5/8 @ 4700
 TOC @ 0'
 Glorieta 6070
 Tubb 7350
 TOC @ 7500
 Abo 8050
 Wolfcamp 9367
 PERFS 9332-9365 *UPPER ABO*
 PERFS 11129-10223 sqz *LOWER ABO*
 CIBP @ 11200 CAP W/ 20' CMT
 Penn
 Miss Lm 11870
 Devonian 12280
 PERFS 12287-12308 sqz
 PERFS 12504-12514 SQZ W/ 100 sxs CMT
 CIBP @ 12525 CAP W/ 20' CMT
 PERFS 12532-12544
 5 1/2 @ 12670
 TOC @ 3500
 TD 12272'

PREPARED BY: Eddie W Seay

UPDATED

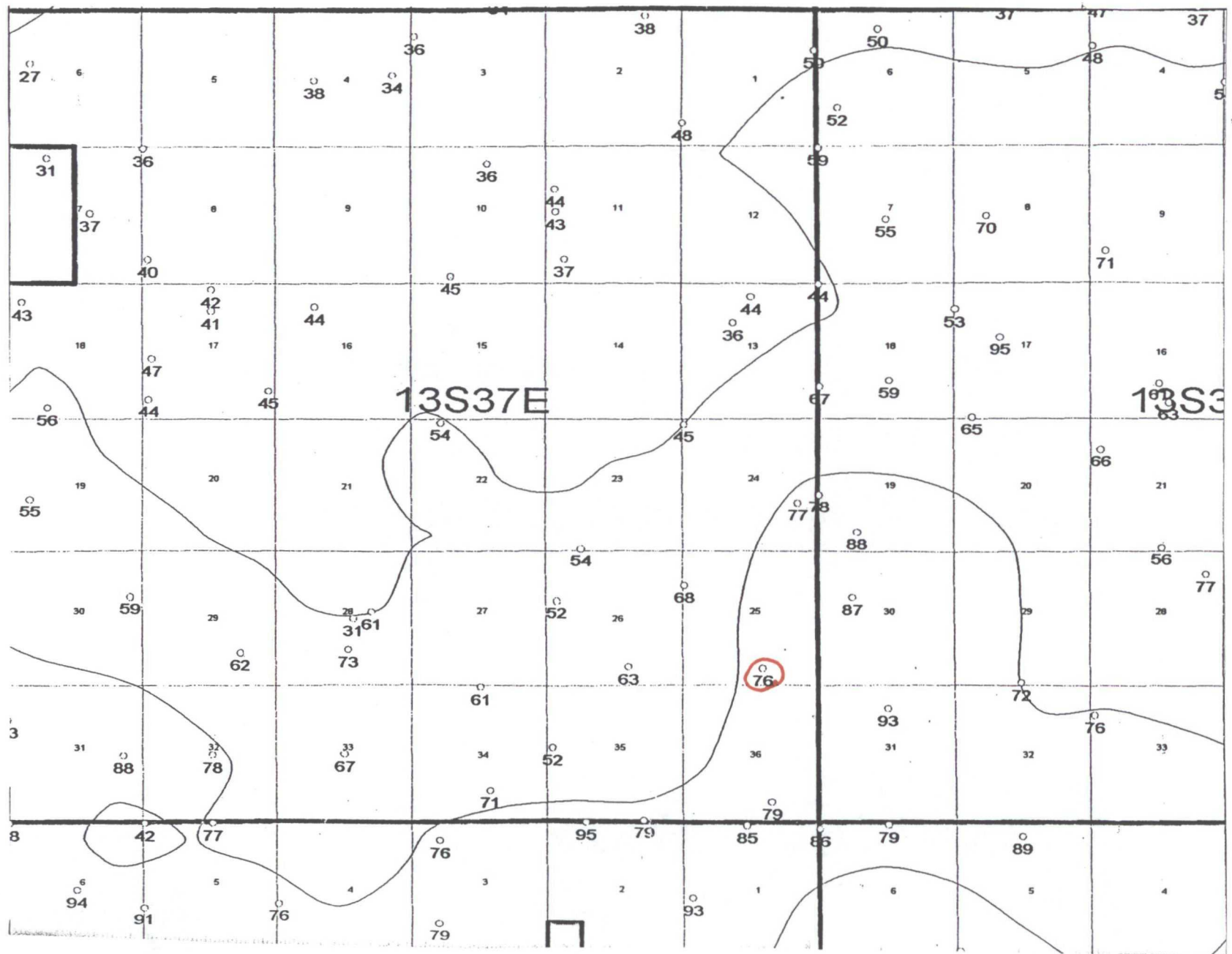
11/15/08

COMPLETION SCHEMATIC		APINUM: 30-025-05078					
FORM	DEPTH	OPERATOR: MANZANO OIL CORP					
OP		LEASENAME: LOWE 1-R				WELL NO. 1	
		LOCATION:	UL: M	SEC: 25	TWN: 13S	RNG: 37E	
		660 FSL			660 FWL		
		TD 13145	PBD	KB	DF		
					GL 3852		
		POOL KING; WOLFCAMP				PERFS	10126-10149
		POOL				PERFS	
		POOL				PERFS	
						PERFS	
Rustler	2205						
Top Salt	2300						
Base Salt	3050						
Yates	3154						
Queen							
San Andres	4590	PLUG 25 sxs @ 4620				SPUD: 05/02/1951	
	9 5/8 @ 4629'	TOC @ 1300'				COMP: 11/17/1951	
Glorieta	6070	PLUG 25 sxs @ 5400				P&A: 02/11/1967	
		TOC @ 5650					
Tubb	7335						
Abo	8030						
Wolfcamp		PLUG 25 sxs CMT					
		PERFS 10126-10149					
	5 1/2 @ 10405	PLUG CMT 10400-10571					
	TOC @ 5650'						
Strawn							
Miss Lm	12160						
Devonian	13085	PLUG CMT 12857-13085					
		TD 13145					

PREPARED BY:	Eddie W Seay	UPDATED	12/04/12
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Water Sample Analysis

Pool	Location		Range	Chlorides
	Section	Township		
North Justis Montoya	2	25S	37E	45440
North Justis McKee	2	25S	37E	58220
North Justis Fusselman	2	25S	37E	68533
North Justis Ellenburger	2	25S	37E	34151
Fowler Blinebry	22	24S	37E	116085
Skaggs Grayburg	18	20S	38E	84845
Warren McKee	18	20S	38E	85910
Warren Abo	19	20S	39E	91600
DK Drinkard	30	20S	39E	106855
Littman San Andres	8	21S	38E	38695
East Hobbs grayburg	29	18S	39E	6461
Halfway Yates	16	20S	32E	14768
Arkansas Junction San Andres	12	18S	36E	7171
Pearl Queen	28	19S	35E	114310
Midway Abo	17	17S	37E	38494
Lovinton Abo	31	16S	37E	22933
Lovington San Andres	3	16S	37E	4899
Lovington Paddock	31	16S	37E	93720
Mesa Queen	17	16S	32E	172530
Kernitz Wolfcamp	27	16S	34E	49345
Hume Queen	9	16S	34E	124960
Anderson Ranch Wolfcamp	2	16S	32E	11040
Anderson Ranch Devonian	11	16S	32E	25702
Anderson Ranch Unit	11	16S	32E	23788
Caudill Devonian	9	15S	38E	20874
Townsend Wolfcamp	6	16S	38E	38695
Dean Permo Penn	5	16S	37E	44730
Dean Devonian	35	15S	38E	19525
South Denton Wolfcamp	26	15S	37E	54315
South Denton Devonian	36	15S	37E	34080
Medicine Rock Devonian	15	15S	38E	39760
Little Lucky Lake Devonian	29	15S	30E	23288
Wantz Abo	26	21S	37E	132770
Crosby Devonian	18	25S	37E	58220
Scarborough Yates Seven Rivers	7	26S	37E	3443(Reef)
Teague Simpson	34	23S	37E	114665
Teague Ellenburger	34	23S	37E	120345
Rhodes Yates 7 Rivers	27	26S	37E	144485
House SA	11	20S	38E	93365
House Drinkard	12	20S	38E	49700
South Leonard Queen	24	26S	37E	115375
Elliot Abo	2	21S	38E	55380
Scharb Bone Springs	5	19S	35E	30601
EK Queen	13	18S	34E	41890
East EK Queen	22	18S	34E	179630
Maljamar Grayburg SA	22	17S	32E	46079
Maljamar Paddock	27	17S	32E	115375
Maljamar Devonian	22	17S	32E	25418



Groundwater Map

Analytical Results For:

 Eddie Seay Consulting
 601 W. Illinois
 Hobbs NM, 88242

 Project: PALADIN LOWE SWD
 Project Number: PALADIN LOWE
 Project Manager: Eddie Seay
 Fax To: (505) 392-6949

 Reported:
 12-Jun-12 17:39

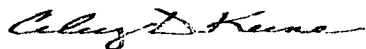
LOWE WW #1
H201253-01 (Water)

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
Cardinal Laboratories									
Inorganic Compounds									
Alkalinity, Bicarbonate	239	5.00	mg/L	1	2061106	HM	11-Jun-12	310.1M	
Calcium	67.3	1.60	mg/L	1	2042406	HM	11-Jun-12	SM3500Ca-D	
Alkalinity, Carbonate	ND	0.00	mg/L	1	2061106	HM	11-Jun-12	310.1M	
Chloride*	44.0	4.00	mg/L	1	2060103	AP	07-Jun-12	4500-Cl-B	
Conductivity*	599	1.00	uS/cm	1	2061108	HM	06-Jun-12	120.1	
Magnesium	11.7	1.00	mg/L	1	2042406	HM	11-Jun-12	SM3500Mg-E	
pH*	7.90	0.100	pH Units	1	2061108	HM	06-Jun-12	150.1	
Potassium	2.90	1.00	mg/L	1	2042406	HM	11-Jun-12	HACH 8049	
Sodium	51.0	1.00	mg/L	1	2042406	HM	11-Jun-12	Calculation	
Sulfate*	70.4	10.0	mg/L	1	2060606	AP	06-Jun-12	375.4	
TDS*	47.0	5.00	mg/L	1	2060602	HM	06-Jun-12	160.1	
Alkalinity, Total*	196	4.00	mg/L	1	2061106	HM	11-Jun-12	310.1M	

Cardinal Laboratories

*=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager

PALADIN ENERGY CORP.

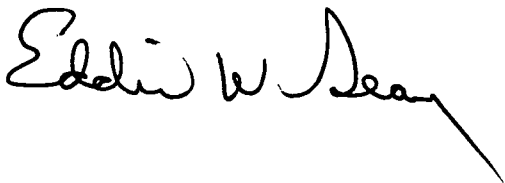
RE: Lowe 25 SWD #2
Unit M, Section 25, Tws. 13 S., Rng. 37 E.
Lea Co. New Mexico

Dear Sir:

In accordance with the Rules and Regulations of the Oil Conservation Division of the State of New Mexico, you are being provided a copy of the C-108, Application for Authorization to Inject in to the above captioned well.

Any questions about the permit can be directed to Eddie W. Seay, (575)392-2236. Any objections or request for hearing must be filed with the Oil Conservation Division within fifteen (15) days from the date received. The OCD address is 1220 S. Saint Francis Drive, Santa Fe, NM 87504, (505)476-3440.

Thank You,

A handwritten signature in black ink, reading "Eddie W. Seay". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
575-392-2236
seay04@leaco.net

LEASE OWNERS AND OFFSETS

OFFSET OPERATOR

BTA Oil Producers LLC
104 S. Pecos
Midland, TX 79701

SURFACE OWNER

Larry K. Lowe
2313 Broadway
Lubbock, TX 79401

MINERAL OWNERS

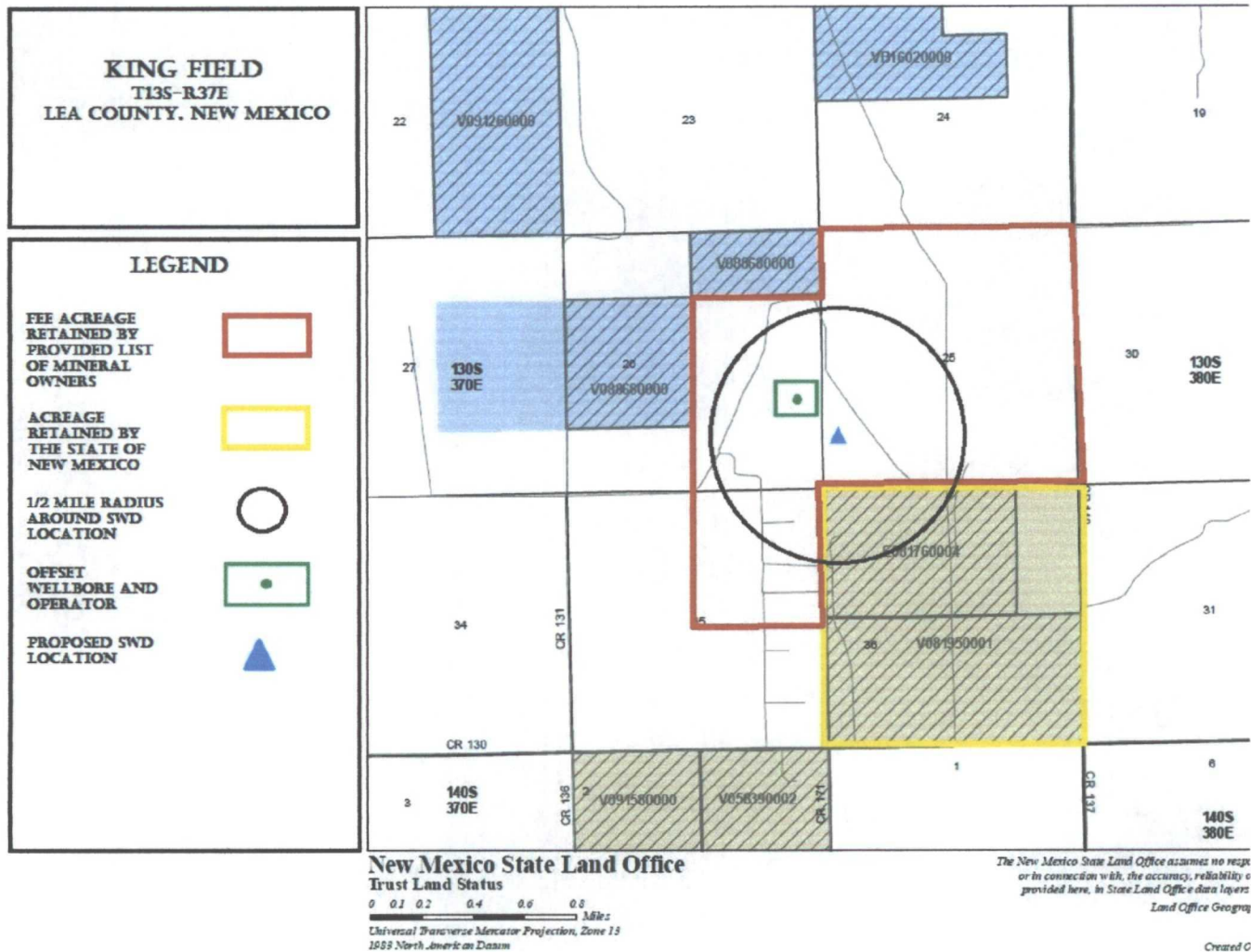
State of New Mexico
Commissioner of Public Lands
310 Old Santa Fe Trail
P.O. Box 1148
Santa Fe, NM 87504-1148

Lowe Estate, et al.
Larry K. Lowe, Exec.
2313 Broadway
Lubbock, TX 79401

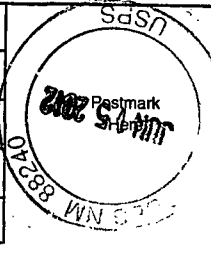
James McCrory
P.O. Box 25764
Albuquerque, NM 87125-0764

W. T. Reed Trust
Western Commerce Bank, Trustee
P.O. Box 1627
Lovington, NM 88260-1267

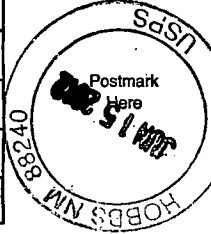
MAP ATTACHED



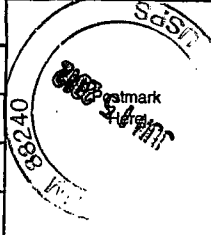
7010 2780 0000 1720 3356

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Certified Fee	295	
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Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 680	
Sent To Lowe Estate, et al.		
Street, Apt. No., or PO Box No. Larry K. Lowe, Exec.		
City, State, ZIP+4 [®] 13 Broadway		
Lubbock, TX 79401		
PS Form 3800, August 2005		See Reverse for Instructions

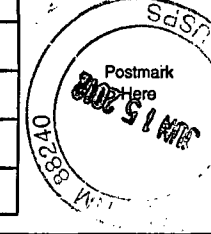
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Certified Fee	295	
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Restricted Delivery Fee (Endorsement Required)		
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Street, Apt. No., or PO Box No. Box 25764		
City, State, ZIP+4 [®] Albuquerque, NM 87125-0764		
PS Form 3800, August 2005		See Reverse for Instructions

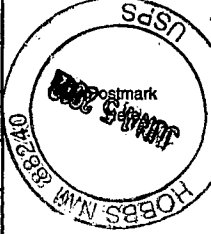
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Street, Apt. No., or PO Box No. Commissioner of Public Lands		
City, State, ZIP+4 [®] 310 Old Santa Fe Trail		
P.O. Box 1148		
Santa Fe, NM 87504-1148		
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City, State, ZIP+4 [®] Pecos		
Midland, TX 79701		
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Certified Fee	295	
Return Receipt Fee (Endorsement Required)	235	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 680	
Sent To Larry K. Lowe		
Street, Apt. No., or PO Box No. 13 Broadway		
City, State, ZIP+4 [®] Lubbock, TX 79401		
PS Form 3800, August 2005		See Reverse for Instructions

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Postage	\$ 150	
Certified Fee	295	
Return Receipt Fee (Endorsement Required)	235	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 680	
Sent To W. T. Reed Trust		
Street, Apt. No., or PO Box No. Western Commerce Bank, Trustee		
City, State, ZIP+4 [®] P.O. Box 1627		
Lovington, NM 88260-1267		
PS Form 3800, August 2005		See Reverse for Instructions

LEGAL NOTICE

Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, Paladin Energy Corp., 10290 Monroe Dr., Ste. 301, Dallas, Texas 75229, is filing a C-108, Application for Salt Water Disposal. The well being applied for is the Lowe 25 SWD #2, located in Unit M, Section 25, Township 13 South, Range 37 East, Lea Co., NM. The injection formation is the Lower Wolfcamp from 9950' to 10800' below surface. Expected maximum injection rate is 5000 bpd., and the expected maximum injection pressure is 1200 psi or what the OCD allows. Any questions about the application can be directed to Eddie W. Seay, (575)392-2236, or any objection or request for hearing must be directed to the Oil Conservation Division, (505)476-3440, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within fifteen (15) days.

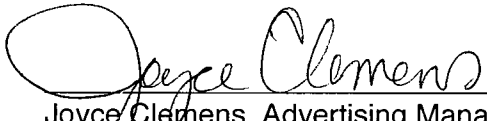
Affidavit of Publication

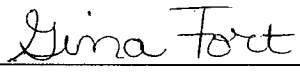
STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

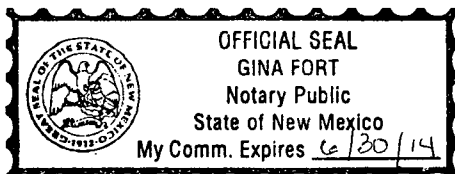
Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of THE LOVINGTON LEADER, a thrice a week newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled Legal Notice was published in a regular and entire issue of THE LOVINGTON LEADER and not in any supplement thereof, for one (1) day(s), beginning with the issue of June 16, 2012 and ending with the issue of June 16, 2012.

And that the cost of publishing said notice is the sum of \$ 26.26 which sum has been (Paid) as Court Costs.


Joyce Clemens, Advertising Manager
Subscribed and sworn to before me this 18th day of June, 2012.


Gina Fort
Notary Public, Lea County, New Mexico
My Commission Expires June 30, 2014



LEGAL NOTICE

Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, Paladin Energy Corp., 10290 Monroe Dr., Ste. 301, Dallas, Texas 75229, is filing a C-108, Application for Salt Water Disposal. The well being applied for is the Lowe 25 SWD #2, located in Unit M, Section 25, Township 13 South, Range 37 East, Lea Co., NM. The injection formation is the Lower Wolfcamp from 9950' to 10800' below surface. Expected maximum injection rate is 5000 bpd, and the expected maximum injection pressure is 1200 psi or what the OCD allows. Any questions about the application can be directed to Eddie W. Seay, (575) 392-2236, or any objection or request for hearing must be directed to the Oil Conservation Division, (505) 476-3440, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within fifteen (15) days.

Published in the
Lovington Leader June
16, 2012.

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Thursday, August 09, 2012 5:57 PM
To: 'seay04@leaco.net'; 'dplaisance@paladinenergy.com'
Cc: Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD; Phillips, Dorothy, EMNRD
Subject: Disposal well application from Paladin: proposed Lowe 25 SWD #2 30-025-40668
Lower Wolfcamp perms from 9950 to 10480 feet

Hey David and Eddie,

The Rule 5.9 check shows Paladin needs one "single" well bond on the 30-025-00109 well. Paladin could post that bond and ask for it back after the well is re-activated or plugged. Work with Dorothy Phillips of this office to do that. I can't release the disposal permit without the bond and the compliance folks don't do Agreed Compliance Orders for bonding issues.

Thank You,

William V. Jones, P.E.
505-476-3448W 505-476-3462F
Engineering Bureau, Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

STILL BAD 8/26/12
Rule 5.9
OK - 8/28/12

Injection Permit Checklist (11/15/2010)

WFX PMX SWD 1353 Permit Date 8/30/12 UIC Qtr (J(A)S)

Wells 1 Well Name(s): LOWE 25 SWD #2

API Num: 30-0 25-40668 Spud Date: Not Yet New/Old: N (UIC primacy March 7, 1982)

Footages 1087 FSL/216 FUL Unit M Sec 25 Tsp 135 Rge 37E County LEA

General Location:

Operator: PALADIN ENERGY CORP. Contact DAVID PLAISANCE Edie Say

OGRID: 164210 RULE 5.9 Compliance (Wells) Y 56 (Finan Assur) X 30-025-00109 wells IS 5.9 OK? Yes

Well File Reviewed Current Status: NOT DRILLED Yet

Planned Work to Well: (NO data yet)

Diagrams: Before Conversion After Conversion Elogs in Imaging File: NOT DRILLED Yet

Well Details:

	Sizes Hole.....Pipe	Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
New <u>Existing</u> <u>Surface</u>	17 1/2 13 3/8	400'	—	400SK	CIRC
New <u>Existing</u> <u>Interm</u>	12 1/4 8 3/8	4600'	—	4600SK	CIRC
New <u>Existing</u> <u>LongSt</u>	7 7/8 5 1/2	10800'	7000'	1100SK	4100' T.S.
New <u>Existing</u> <u>Liner</u>					
New <u>Existing</u> <u>Open Hole</u>					

Depths/Formations:

	Depths, Ft.	Formation	Tops?
Formation(s) Above	8030 9360	ABO WC	<u>✓</u> <u>✓</u>
Injection TOP:	9950	Lower WC	Max. PSI <u>1990</u> Open Hole <u>Perfs</u> <u>✓</u>
Injection BOTTOM:	15,480'	Lower WC	Tubing Size <u>3 1/2</u> Packer Depth <u>9850'</u>
Formation(s) Below	10800	Pann	<u>✓</u>

Capitan Reef? (Potash?) Noticed? (WIPP?) Noticed? Salado Top/Bot 2300L 3050' Gulf House

Fresh Water: Depths: <220' Formation OG alluv Wells? yes Analysis? ✓ Affirmative Statement ✓

Disposal Fluid Analysis? ✓ Sources: Paladin wells (SEE LIST of Leases) WC/Dev/Berm

Disposal Interval: Analysis? ✓ Production Potential/Testing: SQZED in OFFSET well

Notice: Newspaper Date 6/16/12 Surface Owner Larry K Lowe Mineral Owner(s) SLO.

RULE 26.7(A) Affected Persons: BTA/ Lowe Estate / Jans M. Gray / W.T. Road (6/15/12)

AOR: Maps? ✓ Well List? ✓ Producing in Interval? NO Wellbore Diagrams? ✓

.....Active Wells 1 Repairs? 0 Which Wells? —

.....P&A Wells 1 Repairs? 0 Which Wells? —

Issues:

Request Sent Reply: