

DATE 10/25/12	SUSPENSE	ENGINEER WWS	LOGGED IN	TYPE SWD	APP NO. PWJ 1232251509
1353-A					

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



Eddie Seay

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 _____

30-025-40668

LOWE 25 #2

SWD Request To

add UPPER Interval

(SLO) MINERALS

[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

10/22/2012

seay.ew@leaco.net

Jones, William V., EMNRD

From: David Plaisance <dplaisance@paladinenergy.com>
Sent: Monday, November 12, 2012 9:53 AM
To: Jones, William V., EMNRD
Subject: Lowe 25 SWD #2
Attachments: LOWE_25_SWD_2_DSNT_WSTT_CLR_TIF.pdf

Mr. Jones,

Please find attached a Cased Hole Sonic-Neutron log recently run on the Lowe 25 SWD #2 well (API 30-025-40668, Order SWD-1353). Paladin has submitted to your attention, a supplemental Form C-108 requesting approval to perforate a middle section of the Wolfcamp in addition to the lower intervals we originally permitted. The SWD #2 well has now been drilled and cased and is waiting on approval before we perforate and place it in service. In order to help with your review, I am sending the Sonic-Neutron log to you electronically. Upon completion of the well, I will send a hardcopy of the log to the Hobbs District along with our C-105 and other completion forms. If you have any questions or need further information, please let me know.

Thank you,

David Plaisance
V.P. Exploration & Production
Paladin Energy Corp.
214-654-0132 ext 3

October 22, 2012

RECEIVED OCD
2012 OCT 25 P 12:45

NMOCD Engineering
ATTN: Will Jones
1220 South St. Francis Dr.
Santa Fe, NM 87505

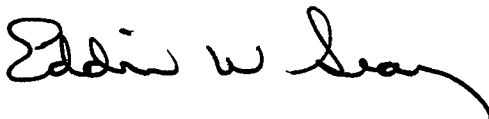
RE: C-108 Revision
Lowe 25 #2 (API 30-025-40668)
Permit #1353

Mr. Jones:

Please find copies of revision to original permit #1353, to add perforations. All notices have been sent and Paladin awaits your approval.

Thanks for your time.

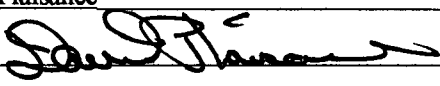
Sincerely,



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

cc: Paladin Energy

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? X 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? X Yes No
If yes, give the Division order number authorizing the project: SWD 1353
- 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: 10/16/2012
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: _____
- DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

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) Amended to add perforations ~~9675'~~ ^{9708'} to 9950'.
 - 3) This will be a new well drilled as SWD: approved under SWD 1353.
 - 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 9675' to ~~10800'~~, acidize as needed.

Will run 3 ½" IPC tubing and packer set at approximately 9575'. 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.**

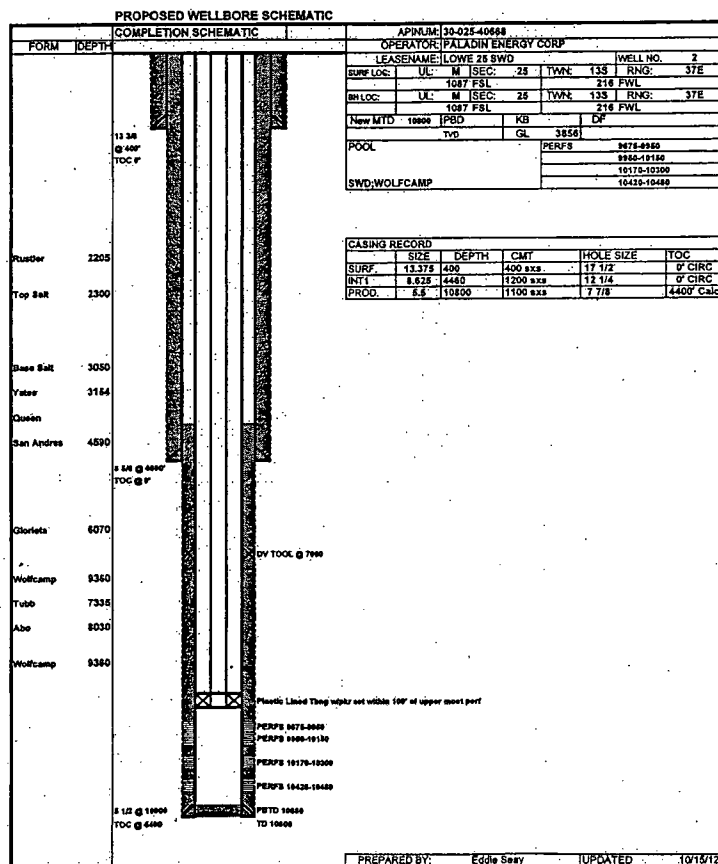
- XI. ATTACHED.**

- 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.**

Side 1

INJECTION WELL DATA SHEET

OPERATOR: Paladin Energy Corp.WELL NAME & NUMBER: Lowe 25 SWD # 2WELL LOCATION: 1087/S 214/W
FOOTAGE LOCATIONM
UNIT LETTER25
SECTION13
TOWNSHIP37
RANGEWELLBORE SCHEMATICWELL CONSTRUCTION DATA
Surface CasingHole Size: 17 1/2 Casing Size: 13 3/8Cemented with: 400 SX. or _____ ft³Top of Cement: surface Method Determined: Circ.Intermediate CasingHole Size: 12 1/4 Casing Size: 8 5/8Cemented with: 4600 SX. or _____ ft³Top of Cement: surface Method Determined: Circ.Production CasingHole Size: 7 7/8 Casing Size: 5 1/2Cemented with: 1100 SX. or _____ ft³Top of Cement: 4400 Method Determined: will Run TSTotal Depth: 10800

9708
Add Prod 9875-9950
Injection Interval 10420
feet to 10800

(Perforated) or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2 Lining Material: Internally Coated
Type of Packer: Baker Tension Type
Packer Setting Depth: App: 9575
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~~ 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. _____

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

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
11 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'

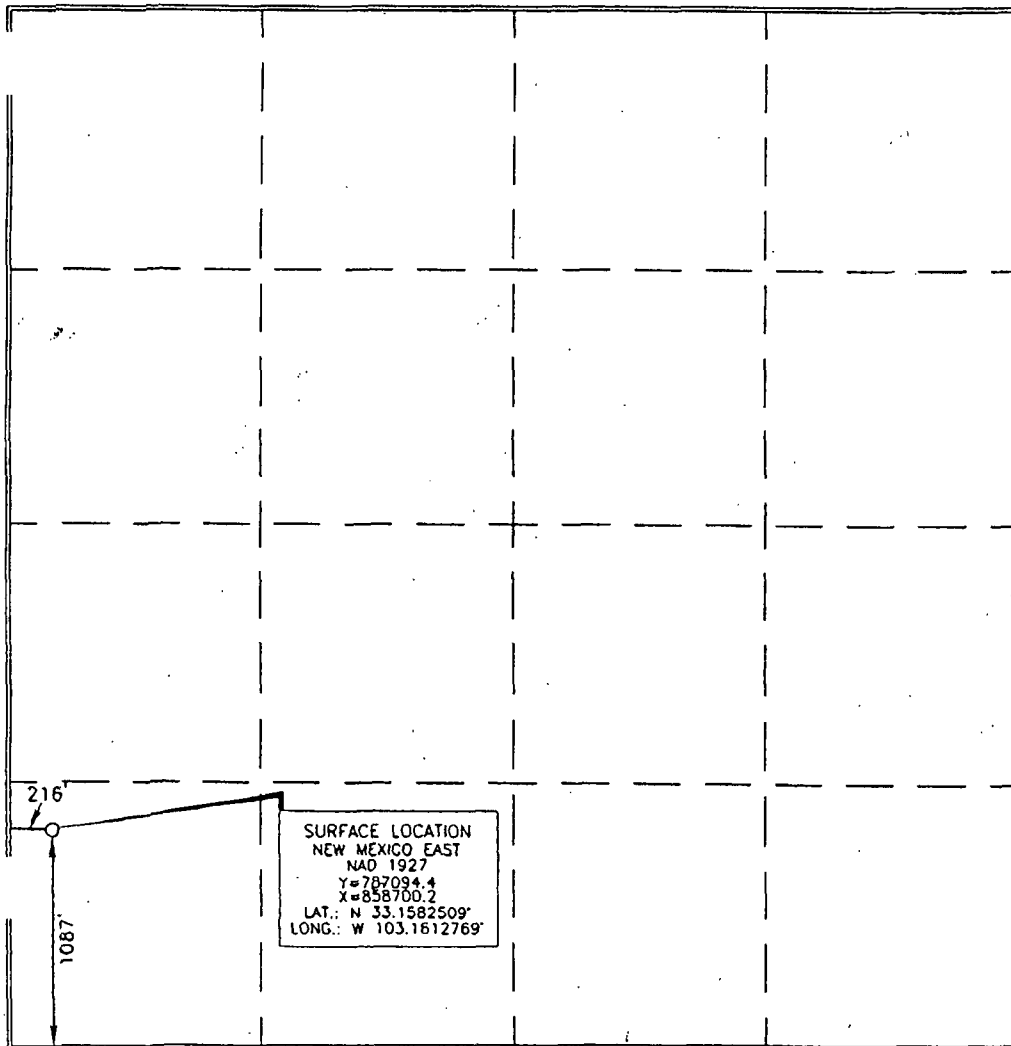
Surface Location

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.



OPERATOR CERTIFICATION

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.

David Plaisance 5/30/2012
Signature Date
Printed Name
E-mail Address dplaisance@paladin.com

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from the notes to the survey made by me or under my supervision, and that the same is true and correct to the best of my belief.

15079
Date of Survey MAY 16 2012
Signature and Seal of Professional Surveyor
Terry Alford 5/24/2012
Certificate Number 15079

WO# 120516WL (KA)

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

Form C-101
June 16, 2008

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

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 Property Code	⁴ Property Name LOWE 25 SWD	⁵ API Number 30 -
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:

Eddie Seay

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 ☐

Submit 1 Copy To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87400
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
October 13, 2009

HOBBS OCD

OCT 19 2012

RECEIVED

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N'M 87505

WELL API NO. 30-025-40668
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Lowe 25 SWD
8. Well Number 2
9. OGRID Number 164070
10. Pool name or Wildcat SWD; Wolfcamp (96135)

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other SWD	
2. Name of Operator Paladin Energy Corp.	
3. Address of Operator 10290 Monroe Drive, Suite 301, Dallas TX 75229	
4. Well Location Unit Letter M : 1087 feet from the South line and 216 feet from the West line Section 25 Township 13-S Range 37-E NMPM Lea County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4,356	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☒

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details; and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

10/11/12

RU casing crew, ran 256 jts from 10,750 to surface

Cmtg: Pump 20 bbls fresh wtr spacer followed by 335 sks cement. Wash up, drop & displace plug w/249 bbls fresh wtr. Bled back 3 bbls. Floats held, drop opening bomb, open tool & circ off 20 bbls cmt to surface. Circ, WOC. 2nd stage: Pump 20 bbls fresh wtr spacer followed by 610 sks cmt lead & 100 sks tail. Wash up, drop & displace plug w/223 bbls of fresh wtr. Bump plug & bled back 2 bbls. Dropped bomb, opened tool & circ off 19 bbls of cmt to surface. WOC. 3rd stage: Pump 20 bbls fresh wtr spacer followed by 300 sks lead & 100 sks tail. Drop & displaced plug w/140 bbls fresh wtr. Bumped plug, closed tool, tool held.

Rig down and released rig @23:00 hrs 10/12/12.

Spud Date: 09/20/12

Rig Release Date: 10/12/12

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

SIGNATURE Ann Westberry TITLE Manager, Corporate Support DATE 10/02/12

Type or print name Ann Westberry E-mail address: awestberry@paladinenergy.com PHONE: 214-654-0132 X4

For State Use Only

APPROVED BY: [Signature] TITLE Dist Mgr DATE 10-22-2012
Conditions of Approval (if any):

OCT 22 2012

Jones, William V., EMNRD

From: David Plaisance <dplaisance@paladinenergy.com>
Sent: Monday, November 19, 2012 2:25 PM
To: Jones, William V., EMNRD
Subject: Lowe 25 SWD #2
Attachments: C103-Lwe252SWD Surface-csg.doc; C103-Lwe252SWD Interm Csg.doc; C103-Lwe252SWD Production Csg.doc; Lowe 25 swd 2 Schematic.xls

Mr. Jones,

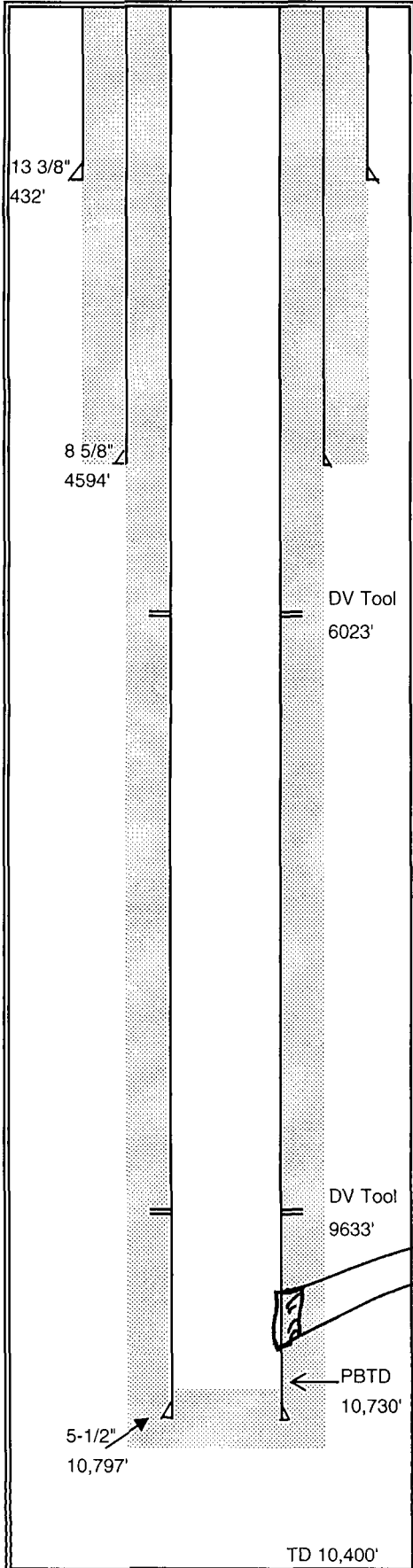
Please find attached the C-103 forms covering all the casing settings on the Lowe 25 SWD #2 and a wellbore schematic. The earlier forms were in correct so I have amended them to specify the exact casing and hole sizes. I have also forwarded these to the Hobbs District. Upon looking at the neutron log, we have decided to set our top most perforation at 9,708'. This will be 343' below the bottom most perforation in the offsetting BTA Operators' Hartley #1 well. We have not spoken directly with BTA Operators, but they were notified of our proposed injection intervals and supplied a copy of both of our C-108 submissions, as being within the "Area of Review". They have not voiced any objections either to us or to the OCD concerning these proposed intervals.

The 5-1/2" production casing was set to a total Depth of 10,797'. We decided to set two DV tools (9,633' & 6,023') in the 5-1/2" string to assure that we had good cement throughout the length of the casing, carrying it into the intermediate. We then drilled out cement to a plug back depth of 10,730', leaving about 67' of cement inside the bottom of the 5-1/2", since our bottom most perforation will be at about 10,480'. If you have any other questions or need further information, please let me know.

Thank you,

David Plaisance
Paladin Energy Corp.
214-654-0132 Ext 3

State BTC Well #6



Lease: Lowe 25 Well: SWD #2 API # 30-025-40688

Field: King County: Lea State: New Mexico

Section: 25 Township: 13-S Range: 37-E

Elev. GL: _____ Elev. DF: 4356' Elev. KB: _____

Spudded: 9/20/2012 Completed: 1087 FSL, 216 FWL

Surface Casing	13 3/8" OD	54#/Ft.	Grade	J-55, N-80
Set @	432'		Hole Size	17 1/2"
TOC	Sur.		Sacks	385
Intermediate Casing	9 5/8" OD	47#/Ft.	Grade	L-80 LTC
Set @	4600'		Hole Size	12-1/4"
TOC	sur		Sacks	1,505
Production Casing	5-1/2" 17 & 20 #/Ft.		Grade	N-80 & P-110
Set @	10,797'		Hole Size	7-7/8"
TOC	sur		Sacks	1,445
DV Tools Set at 9633', 6023'				
Liner Record	OD		Grade	
Top @			Bottom @	
Screen			Hole Size	
TOC			Sacks	
Tubing Detail			Grade/Trd.	
Pkr. Set @			EOT	
Nipples				
Anchors			Rods	
Perforation Record				
Treatment record				

9708' TOP

10,480' BOTTOM

Comments:

PRESENT COMPLETION
11/19/2012

[illegible]

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

COMPLETION SCHEMATIC		APINUM: 30-025-05078																								
FORM	DEPTH	OPERATOR: MANZANO OIL CORP																								
<div> <div>OP</div> <div>13 3/8 @ 313' TOC 0'</div> <div>2205 Rustler</div> <div>2300 Top Salt</div> <div>3050 Base Salt</div> <div>3154 Yates</div> <div>Queen</div> <div>4590 San Andres</div> <div>9 5/8 @ 4629' TOC @ 1300'</div> <div>6070 Glorieta</div> <div>7335 Tubb</div> <div>8030 Abo</div> <div>Wolfcamp</div> <div>5 1/2 @ 10405 TOC @ 5650'</div> <div>Strawn</div> <div>12160 Miss Lm</div> <div>Devonian 13085</div> </div>	<div> <div>PLUG 20 sxs</div> <div>PLUG 25 sxs @ 575</div> <div>PLUG 25 sxs @ 4620</div> <div>PLUG 25 sxs @ 5400</div> <div>TOC @ 5650</div> <div>PLUG 25 sxs CMT PERFS 10126-10149</div> <div>PLUG CMT 10400-10571</div> <div>PLUG CMT 12857-13085</div> </div>	<div> <div>LEASENAME: LOWE 1-R</div> <div>WELL NO. 1</div> <div>LOCATION: UL: M SEC: 25 TWN: 13S RNG: 37E</div> <div>660 FSL 660 FWL</div> <div>TD 13145 PBD KB GL 3852 DF</div> <div>POOL KING; WOLFCAMP PERFS 10126-10149</div> <div>POOL PERFS</div> <div>POOL PERFS</div> </div>																								
	<div> <div>CASING RECORD</div> <table border="1"> <thead> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>13 3/8</td> <td>313</td> <td>300 sxs</td> <td>17 1/2</td> <td>0' CIRC</td> </tr> <tr> <td>INT1</td> <td>9 5/8</td> <td>4629</td> <td>1750 sxs</td> <td>12 1/4</td> <td>1300 T.S.</td> </tr> <tr> <td>PROD.</td> <td>5 1/2</td> <td>10405</td> <td>800 sxs</td> <td>8 3/4</td> <td>5650 T.S.</td> </tr> </tbody> </table> </div>			SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	13 3/8	313	300 sxs	17 1/2	0' CIRC	INT1	9 5/8	4629	1750 sxs	12 1/4	1300 T.S.	PROD.	5 1/2	10405	800 sxs	8 3/4	5650 T.S.
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	PROD.	5 1/2	10405	800 sxs	8 3/4	5650 T.S.																				
	<div> <div>SPUD: 05/02/1951</div> <div>COMP: 11/17/1951</div> <div>P&A: 02/11/1967</div> </div>																									
	<div> <div>PREPARED BY: Eddie W Seay</div> <div>UPDATED: 12/04/12</div> </div>																									

PREPARED BY: Eddie W Seay | UPDATED 12/04/12

WELLBORE SCHEMATIC AND HISTORY

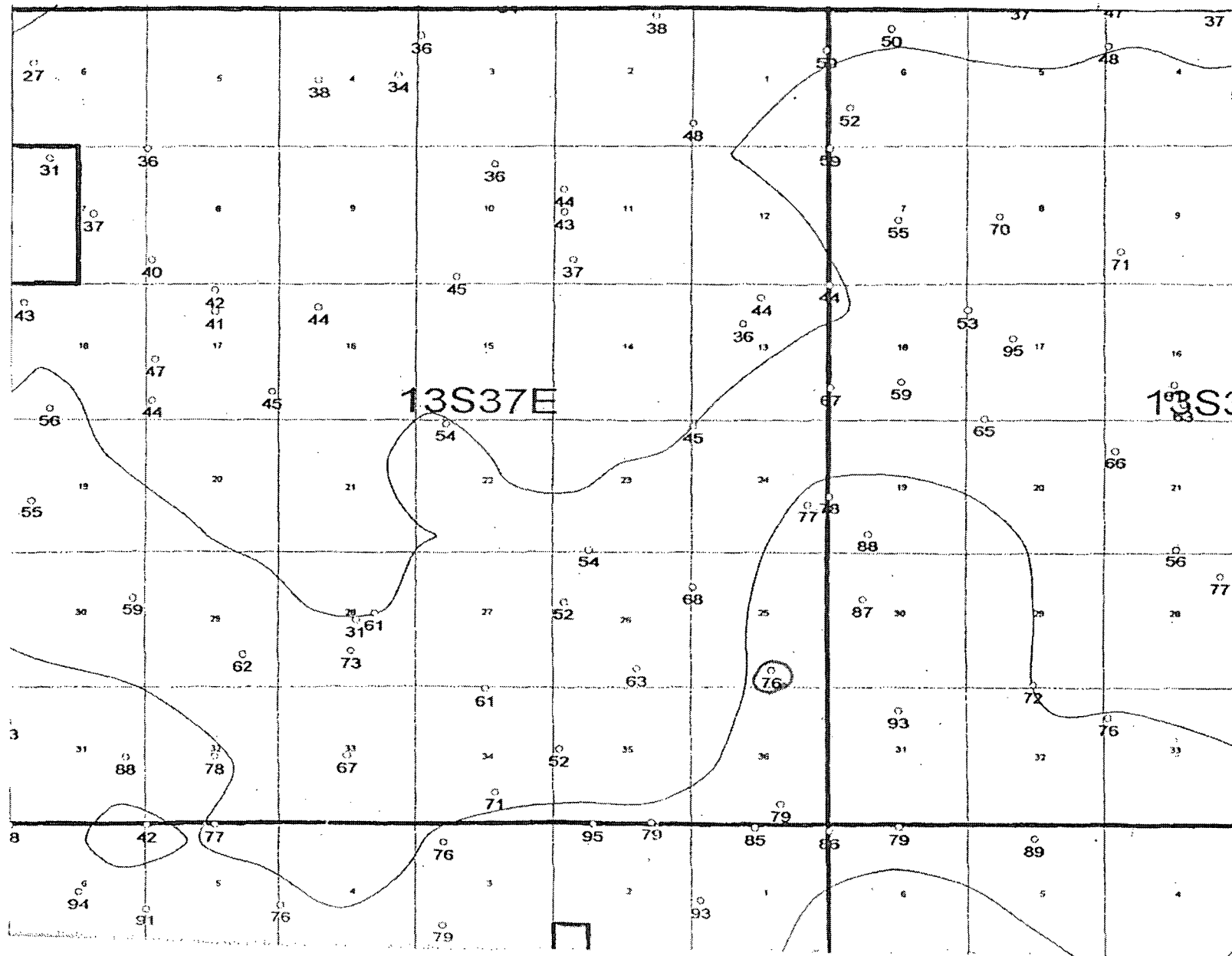
COMPLETION SCHEMATIC		APINUM: 30-025-29800	
FORM	DEPTH	OPERATOR: BTA OIL PRODUCERS	
		LEASENAME: HARTLEY 8609 JV-P	
		WELL NO. 1	
		LOCATION: UL: I SEC: 26 TWN: 13S RNG: 37E	
		1650 FSL 330 FEL	
		TD 12670 PBD 10110 KB 3870 DF	GL 3856
POOL KING;WOLFCAMP		PERFS 9332-9365	
POOL		PERFS	

CASING RECORD					
	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

PREPARED BY: Eddie W Seay | UPDATED: 11/15/08

Water Sample Analysis

Pool	Location			Chlorides
	Section	Township	Range	
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 Blinbry	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	108855
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	124980
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	36E	20874
Townsend Wolfcamp	6	16S	36E	38695
Dean Perno Penn	5	16S	37E	44730
Dean Devonian	35	15S	36E	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
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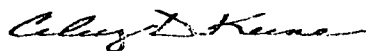
Cardinal Laboratories
Inorganic Compounds

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

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Celey D. Keene, Lab Director/Quality Manager

PALADIN ENERGY CORP.

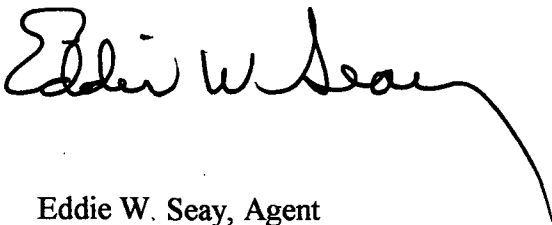
RE: Lowe 25 SWD #2
Unit M, Section 25, Tws. 13 S., Rng. 37 E.
Lea Co. New Mexico

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. The application was approved under permit #1353, but we wish to amend application to add perforations from 9675' to 9950'.

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, appearing to read "Eddie W. Seay", 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

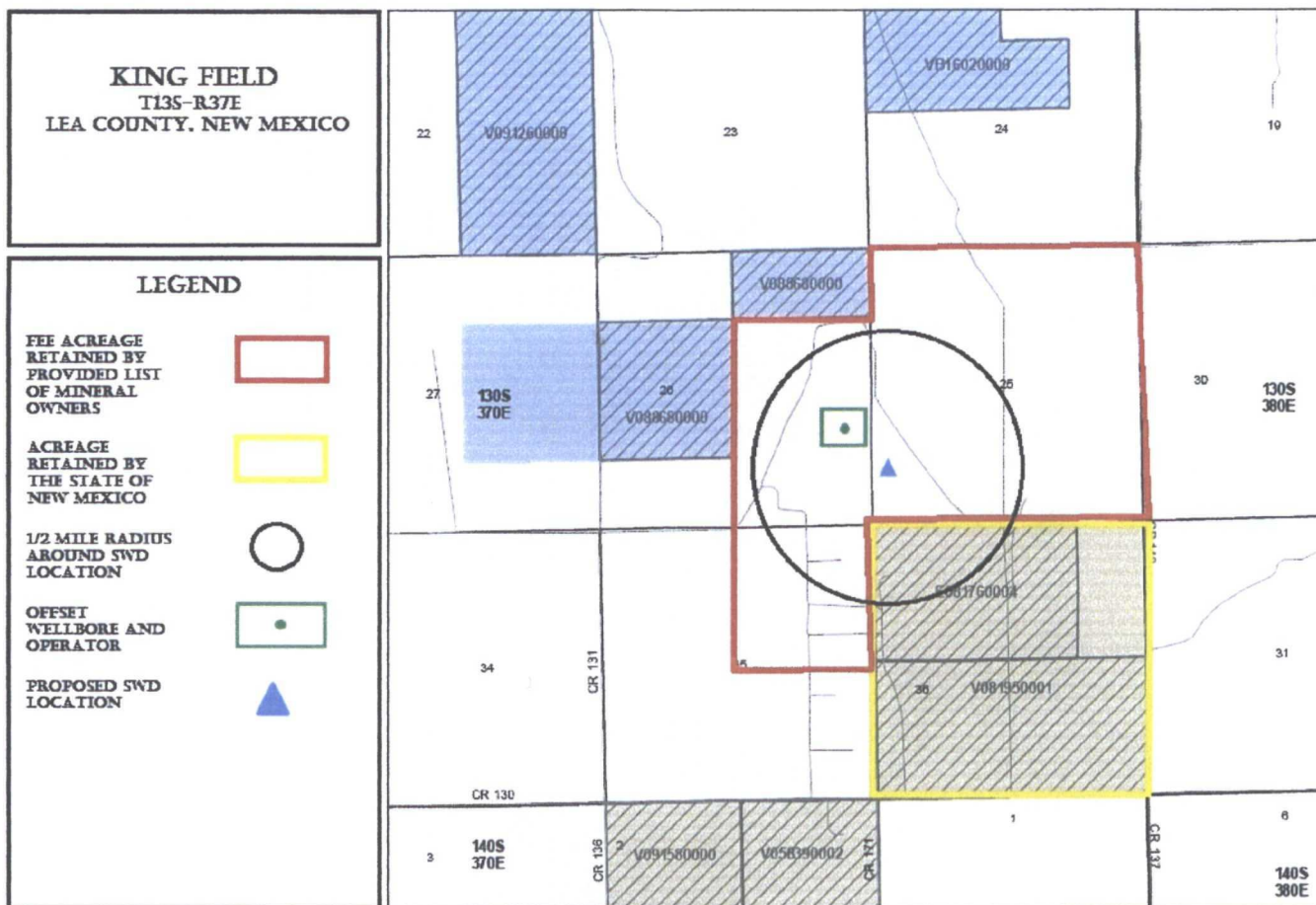
State of New Mexico
Commissioner of Public Lands
310 Old Santa Fe Trail
P.O. Box 1148
Santa Fe, NM 87504-1148

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



New Mexico State Land Office
Trust Land Status

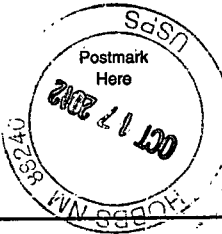
0 0.1 0.2 0.4 0.6 0.8 Miles
Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

The New Mexico State Land Office assumes no responsibility for the accuracy, reliability, or completeness of the data provided here, in State Land Office data layers.

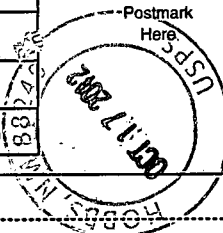
Land Office Geograpy

Created G

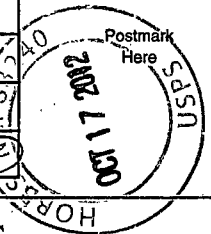
7010 2780 0000 1726 8461

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Restricted Delivery Fee (Endorsement Required)	
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Sent To State of New Mexico Commissioner of Public Lands Street, Apt. No., or PO Box No. 310 Old Santa Fe Trail, P.O. Box 1148 City, State, ZIP+4 Santa Fe, NM 87504-1148	
PS Form 3800, August 2005 See Reverse for Instructions	

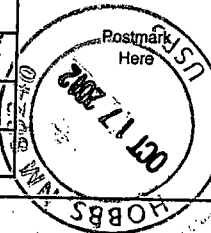
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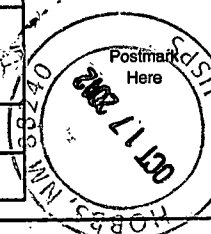
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Sent To BTA Oil Producers LLC Street, Apt. No., or PO Box No. 404 S. Pecos City, State, ZIP+4 Midland, TX 79701	
PS Form 3800, August 2005 See Reverse for Instructions	

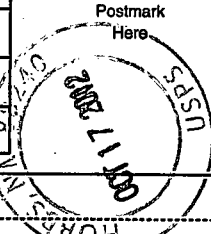
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Sent To Lowe Estate, et al. Street, Apt. No., or PO Box No. Larry K. Lowe, Exec. 2313 Broadway City, State, ZIP+4 Lubbock, TX 79401	
PS Form 3800, August 2005 See Reverse for Instructions	

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$ 6.60	
Sent To W.T. Reed Trust Street, Apt. No., or PO Box No. Western Commerce Bank, Trustee P.O. Box 1627 City, State, ZIP+4 Lovington, NM 88260-1267	
PS Form 3800, August 2005 See Reverse for Instructions	

7010 2780 0000 1726 8478

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Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$ 6.60	
Sent To Larry K. Lowe Street, Apt. No., or PO Box No. 2313 Broadway City, State, ZIP+4 Lubbock, TX 79401	
PS Form 3800, August 2005 See Reverse for Instructions	

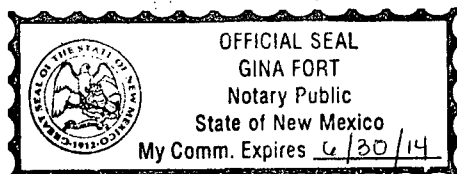
LEGAL NOTICE

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 an amended C-108 application to add additional perforations to the already approved SWD-1353 permit. The well 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, adding perforations from 9675' to 9950' along with the perforations from 9950' to 10800' below surface as approved. 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.

[illegible]

And that the cost of publishing said notice is the sum of \$ 29.63 which sum has been (Paid) as Court Costs.

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



Published in the
Lovington Leader October
18, 2012.

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Saturday, November 17, 2012 2:06 PM
To: 'David Plaisance'; 'awestberry@paladinenergy.com'; seay04@leaco.net
Cc: Ezeanyim, Richard, EMNRD; Gonzales, Elidio L, EMNRD
Subject: RE: Lowe 25 SWD #2

Hello David,
Nice log!

Looks like the well was drilled a bit shallower than planned.

You may have already sent more detail on the casing/cement already run on this well, but I only see one sundry page in our scanned well file and it doesn't say what size hole or casing or where the DV tools are set. Apparently you ran two DV's instead of one as shown in Eddie's diagram he sent with the application.

If you haven't already, would you send the details on surface and intermediate casings also along with more details on the production string.

The offsetting BTA oil well in the upper WC is down to its last legs and separated by 300 feet or so vertically from your planned disposal depth.

If you have had any conversation with BTA about this, let me know.

Happy Thanksgiving,

Will Jones

From: David Plaisance [<mailto:dplaisance@paladinenergy.com>]
Sent: Monday, November 12, 2012 9:53 AM
To: Jones, William V., EMNRD
Subject: Lowe 25 SWD #2

Mr. Jones,

Please find attached a Cased Hole Sonic-Neutron log recently run on the Lowe 25 SWD #2 well (API 30-025-40668, Order SWD-1353). Paladin has submitted to your attention, a supplemental Form C-108 requesting approval to perforate a middle section of the Wolfcamp in addition to the lower intervals we originally permitted. The SWD #2 well has now been drilled and cased and is waiting on approval before we perforate and place it in service. In order to help with your review, I am sending the Sonic-Neutron log to you electronically. Upon completion of the well, I will send a hardcopy of the log to the Hobbs District along with our C-105 and other completion forms. If you have any questions or need further information, please let me know.

Thank you,

David Plaisance
V.P. Exploration & Production
Paladin Energy Corp.
214-654-0132 ext 3

Injection Permit Checklist (11/15/2010)

WFX PMX SWD 1353 A Permit Date 8/30/12 UIC Qtr 10/12# Wells 1 Well Name(s): LOWE 25 SWD #2API Num: 30-025-40668 Spud Date: 10/12/12 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 PLAISANCEOGRID: 165970 RULE 5.9 Compliance (Wells) 156 (Finan Assur) OK IS 5.9 OK?Well File Reviewed 1 Current Status: NOT DRILLED yet Perf / Dig OK

Planned Work to Well:

Diagrams: Before Conversion 1 After Conversion 1 Elogs in Imaging File: NOT DRILLED yet

Well Details:	Sizes		Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
	Hole.....	Pipe				
New <u>1</u> Existing <u>0</u> Surface	17 1/2	13 3/8	400'	—	400SK	CIRC
New <u>0</u> Existing <u>0</u> Interm	12 1/4	8 3/8	4600'	—	4600SK	CIRC
New <u>1</u> Existing <u>0</u> LongSt	7 7/8	5 1/2	10800'	7000'	1100SK	4400' T.S.
New <u>0</u> Existing <u>0</u> Liner			10730'	(20V Tools)		
New <u>0</u> Existing <u>0</u> OpenHole						

Depths/Formations:

	Depths, Ft.	Formation	Tops?
Formation(s) Above	8030	ABC	<u>1</u>
	9360	WC	<u>1</u>
Injection TOP	9350	Lower WC	
Injection BOTTOM	10,480	Lower WC	
Formation(s) Below	10500	Pann	<u>1</u>

Capitan Reef? 1 (2013657) Noticed? 1 (WIPP) Noticed? 1 Salado Top/Bot 2360-3050' Cliff HouseFresh Water: Depths: <225' Formation OG Well Wells? 1 Analysis? 1 Affirmative Statement 1Disposal Fluid Analysis? 1 Sources: Paladin wells (SEE LIST of Leases) WC/Den/BermDisposal Interval: Analysis? 1 Production Potential/Testing: SQZED in OFFS. at wellNotice: Newspaper Date 10/18/12 Surface Owner Larry K. Lowe Mineral Owner(s) SLO.RULE 26.7(A) Affected Persons: BTA / Lowe Estate / Jones McCoy / W.T. RoadAOR: Maps? 1 Well List? 1 Producing in Interval? NO Wellbore Diagrams? 1.....Active Wells 1 Repairs? 0 Which Wells? —.....P&A Wells 1 Repairs? 0 Which Wells? —Issues: BTA has original on well at TOP of WC Request Sent 1 Reply: 1