

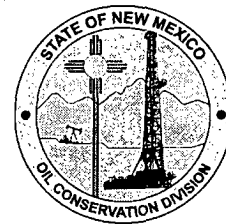
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Director
Oil Conservation Division



Paladin Energy Corp.
Attn: Mr. David Plaisance

April 12, 2012

Re: Bagley SWD Well No. 4 (API No. 30-025-01015)
660 FSL and 1980 FWL, Unit N
Section 35, T11S, R33E, NMPM, Lea County
Permitted SWD-Bagley; Siluro Devonian Pool (3990)

You have submitted a request on behalf of Paladin for clarification of the allowable packer setting depth.

Your sundry requests a new packer setting depth of 10,789 feet it also states the well's permitted injection interval is currently 10,980'-11,010'.

Records indicate the top of the unitized interval is approximately 10,652 feet. The requested packer seat is within the unitized interval and should be approved.

The well shall pass a mechanical integrity test ("MIT") prior to commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC.

Your new packer seat at **10,789** feet is hereby **approved**.

Sincerely,

for Jami Bailey
Director

JB/tw
cc: Oil Conservation Division – Hobbs
File: API No. 30-025-01015 & Order No. R-4891



Warnell, Terry G, EMNRD

Paladin

From: David Plaisance [dplaisance@paladinenergy.com]
Sent: Friday, April 06, 2012 11:43 AM
To: Warnell, Terry G, EMNRD
Subject: Bagley SWD #4 Packer Setting
Attachments: T. Warnell ltr 4-6-2012.pdf; Bagley swd #4 E-log.pdf; Bagley SWD-4 SCHEMATIC Present.xls

Mr. Warnell,

Please find attached a letter requesting an administrative approval to resume SWD operations on the Bagley SWD #4 well in Lea County, NM, along with a wellbore schematic and electric resistivity log. If you need further information or have any additional question you can reach me at 214-654-0132 ext 3, or my cell at 214-500-4967.

Thank you,

David Plaisance
Paladin Energy Corp.

Compl. date 10.30.49
10,980' TP

SWD-813

R-4891

Bagley SWD Devonian (96101)

Bagley; Siluro Devonian (3990)



PALADIN ENERGY CORP.

April 6, 2012

Terry Warnell
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Bagley SWD #4 Well - API No. 30-025-01015
Bagley Field, Lea County
660 FSL, 1980 FWL
Sec 35, T11S, 33E

Mr. Warnell,

As per our phone conversation on 4/4/2012, Paladin Energy Corp. has been working on the above captioned wellbore, to change out the plastic coated injection tubing after detecting a possible leak at around 2,500'. Paladin retrieved the old tubing, reran new plastic coated tubing and re-set the isolation packer at a depth of 10,789'. The injection interval in this well is in an open hole section of the Bagley; Siluro Devonian from 10,980-11,010', with the top of the Devonian Formation at 10,652'.

We therefore respectfully request an administrative approval to resume disposal operations in the above captioned wellbore, with this packer setting of 10,789', near the end of the 5-1/2" liner at 10,816' (see attached schematic). This setting does place the packer higher than the OCD requirement of being within one hundred feet of the injection interval; however it is 137' below the structural top of the injection formation.

During an approved workover in 1981, a 5-1/2" liner was set inside the 7-5/8" production casing and cemented to approximately 4,500'. We believe this particular packer placement provides a good seal area and assures positive mechanical integrity. An annular pressure test was recorded this morning (4/6/2012) and witnessed by Mr. Maxi Brown with the Oil Conservation Division in Hobbs. He has approved the test and has signed the chart, which will be submitted to the Hobbs office with the accompanying Form C-103.

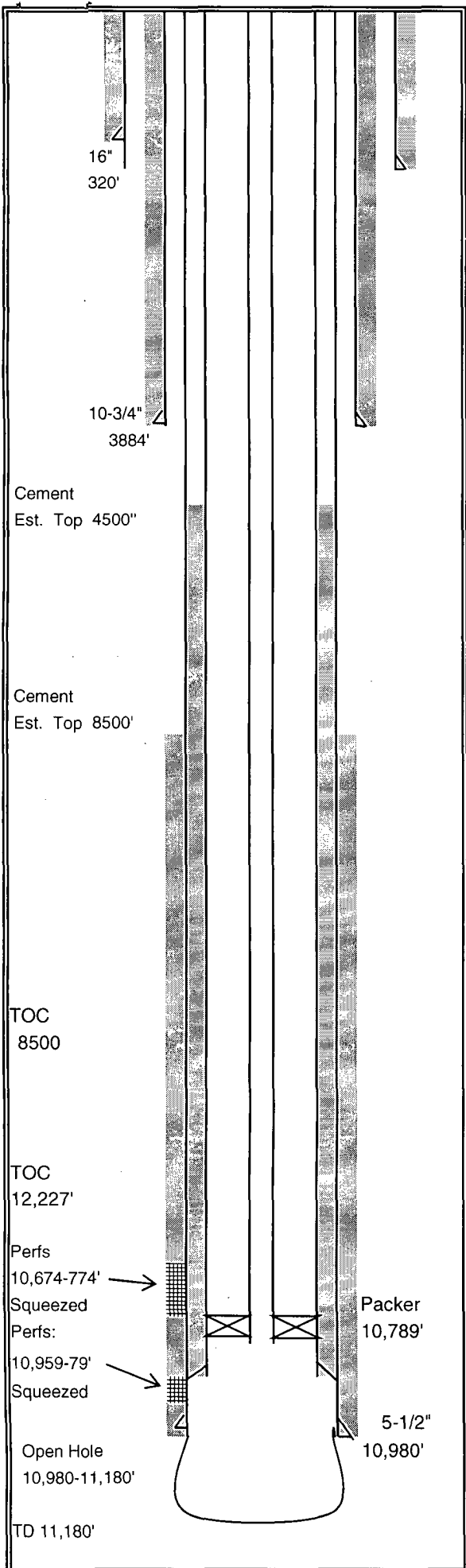
Please review the attached wellbore schematic indicating the casing, tubing and cement settings, and the Schlumberger Electric Log dated 6/26/1949, showing the top of the Devonian at 10,652'. I have reviewed the log and agree that the top of the Devonian formation in the Bagley SWD #4 well is at 10,652', (I have a BS degree in Geology).

We appreciate your assistance in this matter and look forward to hearing from you as soon as possible. If you have any questions or need further information please do not hesitate to call me.

Thank you,

A handwritten signature in black ink, appearing to read "David Plaisance", with a stylized flourish at the end.

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



Lease:	<u>Bagley SWD</u>	Well:	<u>4</u>	API #	<u>30-025-01015</u>
Operator: <u>PALADIN Energy Corp.</u>					
Field:	<u>Bagley</u>	County:	<u>Lea</u>	State	<u>New Mexico</u>
Section	<u>35</u>	Township	<u>11-S</u>	Range	<u>33-E</u>
Elev . GL	<u>3886'</u>	Elev. DF	<u></u>	Elev. KB	<u></u>
Spudded	<u>6/9/1949</u>	Completed	<u>10/30/1949</u>	<u>660FSL, 1980 FWL</u>	

[illegible]

WELLBORE SCHEMATIC

PRESENT COMPLETION 4/6/2012