DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
8/12/11	9/2/11	WOV		SWD 1092-K	RECEIVED OCD

ABOVE THIS LINE FOR DIVISION USE ONLY

aug 17, 2011

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

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 _____

[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	8/10/2011
Print or Type Name	Signature	Title	Date

Seay04@leaco.net
e-mail Address

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

FORM C-108
Revised June 10, 2003

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 75229

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 1092

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).

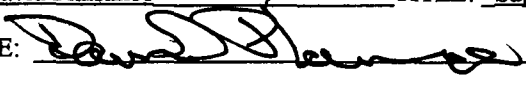
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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: Supt.

SIGNATURE:  DATE: 8/8/11

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: when drilled in 1960.

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-1092

APPLICATION OF PALADIN ENERGY CORPORATION FOR PRODUCED WATER DISPOSAL, LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Paladin Energy Corporation made application to the New Mexico Oil Conservation Division on June 29, 2007, for permission to utilize for produced water disposal its Reeves 26 Well No. 4 (API No. 30-025-03137) located 1654 feet from the South line and 1654 feet from the West line of Section 26, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

(1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;

(2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;

(3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and

(4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant is hereby authorized to utilize its Reeves 26 Well No. 4 (API No. 30-025-03137) located 1654 feet from the South line and 1654 feet from the West line of Section 26, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico, in such manner as to permit the injection of produced water for disposal purposes through perforations in the Wolfcamp formation from 9,883 feet to 10,002 feet and through perforations in the Devonian formation from 11,512 feet to 11,696 feet; through plastic-lined tubing set with a packer located within 100 feet of the top of the perforated injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

After installing injection tubing, the casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

The wellhead injection pressure on the well shall be limited to **no more than 1,977 psi.** In addition, the injection well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall provide written notice of the date of commencement of injection to the Hobbs district office of the Division.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided

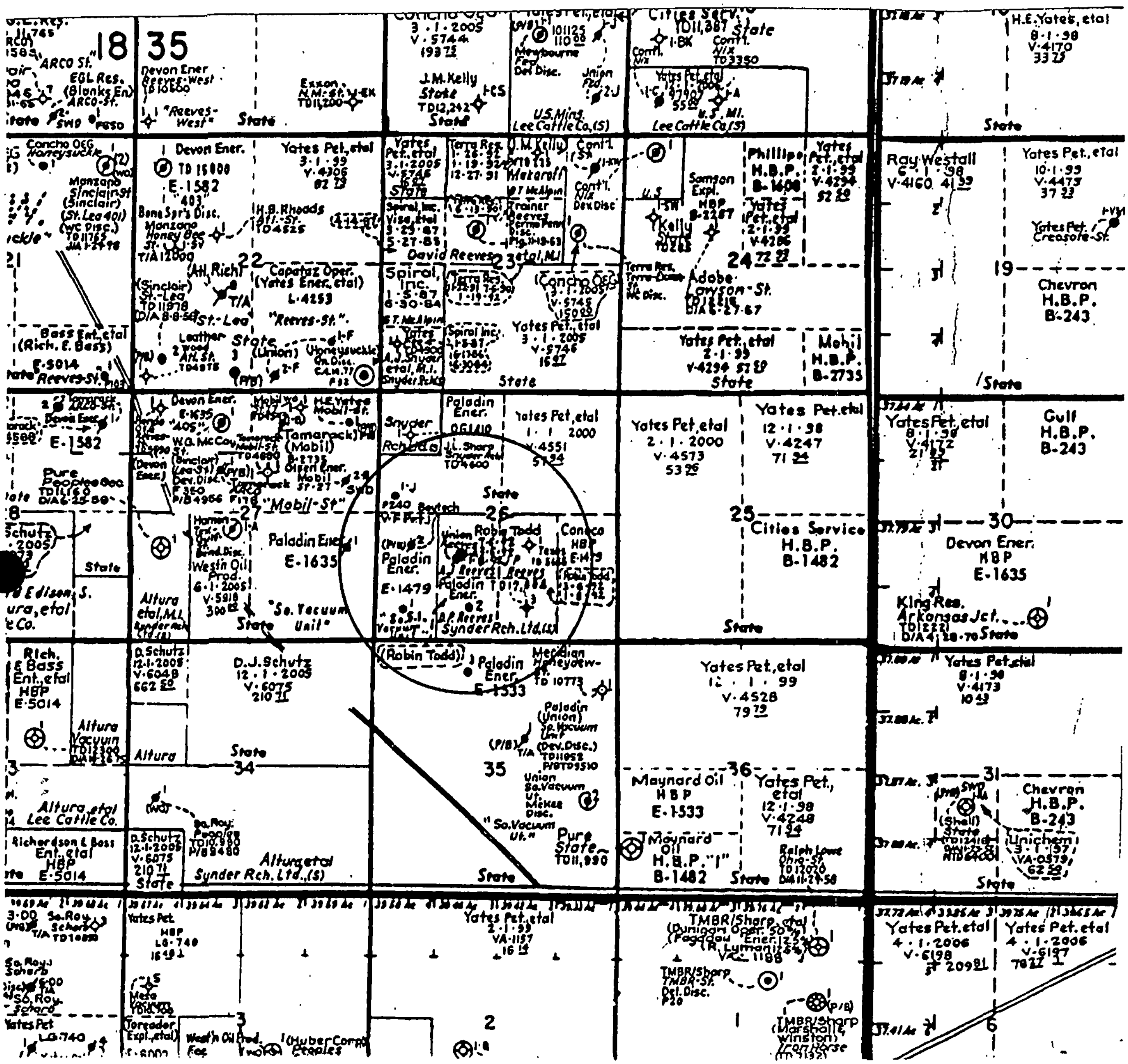
however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on August 6, 2007.

MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Hobbs



18
35
Devon Ener.
Exxon
J.M. Kelly
State
Cities Serv.
H.E. Yates, etal
Yates Pet., etal
Ray Westall
Chevron
H.B.P.
B-243
Phillips
Samson Expl.
Adobe
David Reeves
Spiral Inc.
Capataz Oper.
Concho O&G
H.B. Rhoads
Bass Ent., etal
Mobil
B-2735
Paladin Ener.
E-1635
E-1479
Synder Rch. Ltd.
Cities Service
B-1482
Gulf
King Res.
Arkansas Jct.
D.J. Schutz
Rich. & Bass Ent., etal
E-5014
Altura
Meridian
(Robin Todd)
E-1533
Maynard Oil
Pure State
Union
So. Vacuum Ut.
Yates Pet.etal
TMBR/Sharp
Altura etal
Lee Cattle Co.
Synder Rch. Ltd.,(S)

ATTACHMENT TO APPLICATION C-108

Reeves 26 #4
Unit K, Sect. 26, Tws. 18 S., Rng. 35 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 1/2" plastic coated tubing.
4) Baker Tension Packer.

B.
1) Injection formations are the Wolfcamp and Devonian.
2) Injection interval 9800' to 11700' thru perfs. and open hole from 11730' to 12230'.
3) Well was drilled as a producer, then P & A and again re-entered.
4) The next higher producing zone is the Bone Springs at approximately 7000'. The next lower producing zone is the Silurian at approximately 12,300'.

IV. NO.

V. MAP ATTACHED.

VI. LIST OF WELLS AND DATA ATTACHED.

VII. Paladin proposes to pull injector equipment, clear out well bore to shoe at 11730' deepen well in lower Devonian to 12230' and complete in lower Devonian, acidize as needed.

Will re-run injection tubing and packer set at approximately 9790'. Begin injecting into Wolfcamp perfs and Devonian perfs as approved and add open hole.

1) Plan to inject approximately 3000 bpd of produced water from Paladins own operation in offset production.
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 McKee, Devonian, and Silurian.

VIII. The proposed disposal formations are interbedded shale and limestone. The primary geologic names are the Wolfcamp found from 9500′ to 10,100′ and the Devonian found from 11512′ to 12250′.

The fresh water formation in the area is the Ogallala which ranges in thickness from 100′ to 160′. Analysis of water well attached.

IX. ACID AS NEEDED.

X. PREVIOUSLY SUBMITTED TO OCD.

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

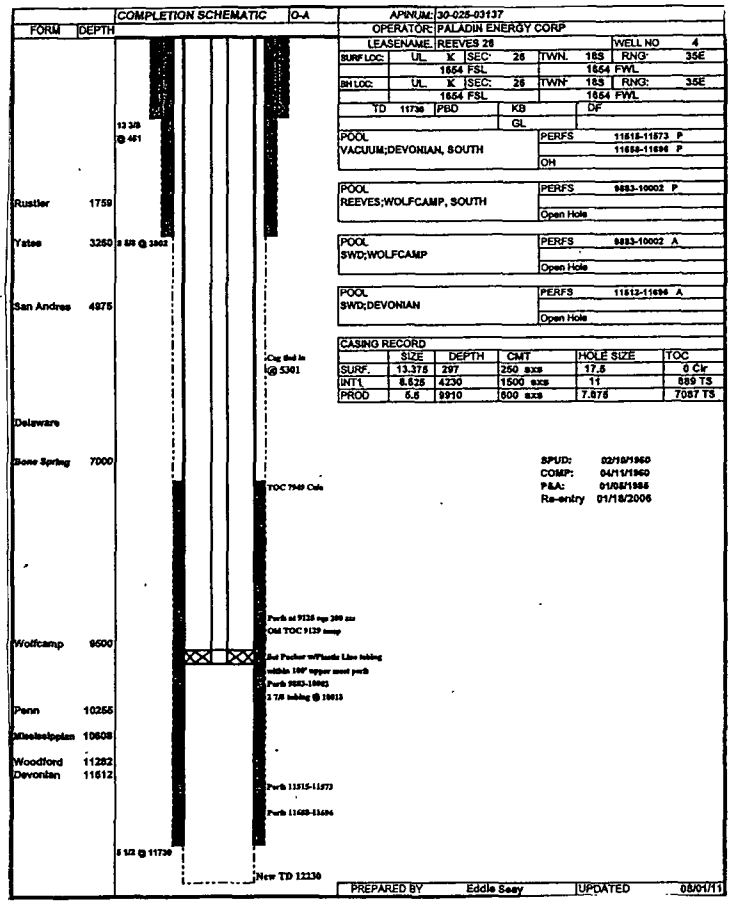
OPERATOR: Paladin Energy Corp

WELL NAME & NUMBER: Reeves 26 #4 API 30-025-03137

WELL LOCATION: 1654/S 1654/W K 26 18 35 E

FOOTAGE LOCATION | UNIT LETTER | SECTION | TOWNSHIP | RANGE

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 1/2 Casing Size: 11 3/4

Cemented with: 475 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circ

Intermediate Casing

Hole Size: 11" Casing Size: 8 5/8

Cemented with: 1288 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circ.

Production Casing

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

Cemented with: 370 sx. *or* _____ ft³

Top of Cement: 7550 Method Determined: TS

Total Depth: 11730

Injection Interval

Wolfcamp - perfs 9883 - 10002 and Devonian - Perfs 11515 - 11573, 11658 - 11696

feet to

(Perforated or Open Hole; indicate which)

open hole from 11730 to 12231

Side 2

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2 Lining Material: IPC

Type of Packer: Baker Tension

Packer Setting Depth: 9790

Other Type of Tubing/Casing Seal (if applicable): NONE

Additional Data

1. Is this a new well drilled for injection? ____ Yes X No

   If no, for what purpose was the well originally drilled? oil + gas

   Now permitted as SWD / under (SWD 1092)

2. Name of the Injection Formation: Wolfcamp and Devonian

3. Name of Field or Pool (if applicable): South Vacuum

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. Perfs at 9125 sq - w/ 200sx.

   Now injecting into Wolfcamp + Devonian perfs.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

   Bone springs at 7000'

   Silurian at 12300'

Wells within 0.5 miles of proposed SWD well

	operator	well_name	#	twn	rng	sec	u/l	ftg ns		ftg ew		land	stat		td	county
30-025-03137	PALADIN ENERGY CORP	REEVES 26	4	18S	35E	26	K	1654	S	1654	W	P	A	SWD	11730	Lea

Wells within 1/2 mile that penatrate Devonian formation.

api	operator	well_name	#	twn	rng	sec	u/l	ftg ns		ftg ew		land	stat	type	td	county	dist to swd
30-025-23900	BAYTECH INC	STATE 26	2	18S	35E	26	L	1980	S	710	W	S	P	O	11700	Lea	1004.20
30-025-03138	PALADIN ENERGY CORP	LEA J STATE	1	18S	35E	26	E	2310	N	330	W	S	P	O	11715	Lea	1889.10
30-025-03135	PALADIN ENERGY CORP	REEVES 26	2	18S	35E	26	N	660	S	1980	W	P	A	O	11750	Lea	1047.81
30-025-03136	PALADIN ENERGY CORP	REEVES 26	3	18S	35E	26	O	660	S	1980	E	P	A	O	12004	Lea	1927.33
30-025-03134	PALADIN ENERGY CORP	SOUTH VACUUM UNIT	261	18S	35E	26	M	660	S	660	W	S	A	O	11755	Lea	1406.15
30-025-37035	PALADIN ENERGY CORP	SOUTH VACUUM UNIT	265	18S	35E	26	L	1940	S	980	W	S	A	G	15248	Lea	736.19
30-025-37122	OLSEN ENERGY INC	SOUTH VACUUM	274	18S	35E	27	P	960	S	693	E	S	A	G	14230	Lea	2456.19
30-025-03144	PURE OIL COMPANY	SOUTH VACUUM UNIT	127	18S	35E	27	I	1980	S	660	E	S	P	O	11755	Lea	2348.68
30-025-03152	PALADIN ENERGY CORP	SOUTH VACUUM UNIT	353	18S	35E	35	C	660	N	1980	W	S	A	O	13761	Lea	2338.44

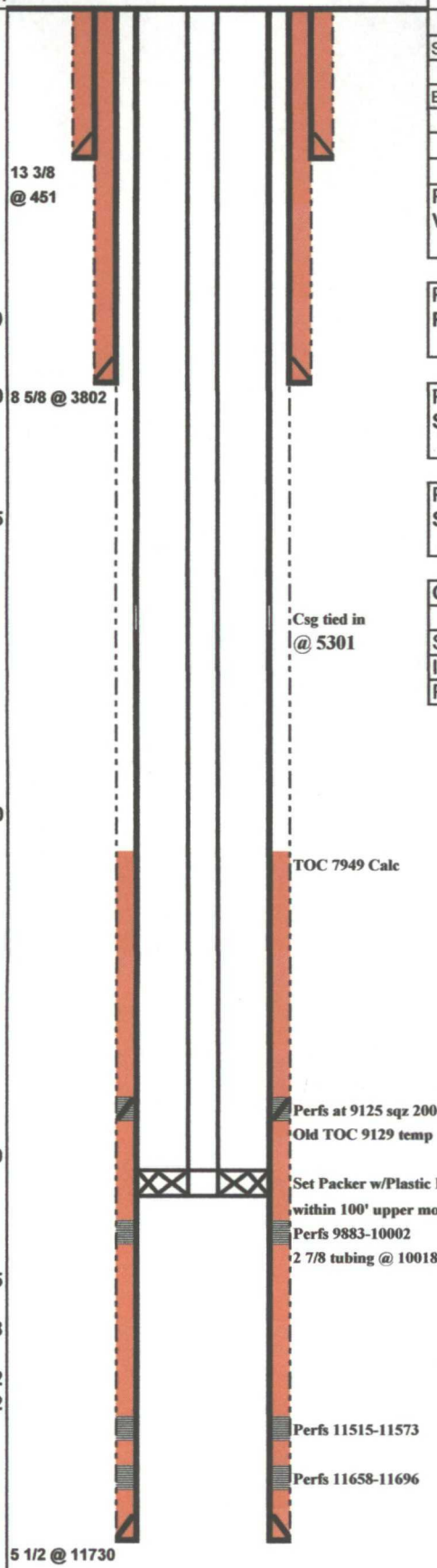
Wells within 1/2 mile which do not penatrate Devonian formation.

api	operator	well_name	#	twn	rng	sec	u/l	ftg ns		ftg ew		land	stat	type	td	county	dist to swd
30-025-03139	TEXAS COMPANY	J P REEVES	1	18S	35E	26	J	1980	S	1980	E	P	P	O	5655	Lea	1676.49

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC O-A

FORM	DEPTH
Rustler	1759
Yates	3260
San Andres	4975
Delaware	
Bone Spring	7000
Wolfcamp	9500
Penn	10255
Mississippian	10608
Woodford	11282
Devonian	11512



APINUM:	30-025-03137				
OPERATOR:	PALADIN ENERGY CORP				
LEASENAME:	REEVES 26			WELL NO.	4
SURF LOC:	UL: K	SEC: 26	TWN: 18S	RNG:	35E
	1654 FSL		1654 FWL		
BH LOC:	UL: K	SEC: 26	TWN: 18S	RNG:	35E
	1654 FSL		1654 FWL		
TD 11730	PBD	KB	DF		
		GL			

POOL VACUUM;DEVONIAN, SOUTH	PERFS	11515-11573 P
		11658-11696 P
	OH	
POOL REEVES;WOLFCAMP, SOUTH	PERFS	9883-10002 P
	Open Hole	
POOL SWD;WOLFCAMP	PERFS	9883-10002 A
	Open Hole	
POOL SWD;DEVONIAN	PERFS	11512-11696 A
	Open Hole	

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13.375	297	250 sxs	17.5	0 Cir
INT1	8.625	4230	1500 sxs	11	889 TS
PROD	5.5	9910	600 sxs	7.875	7087 TS

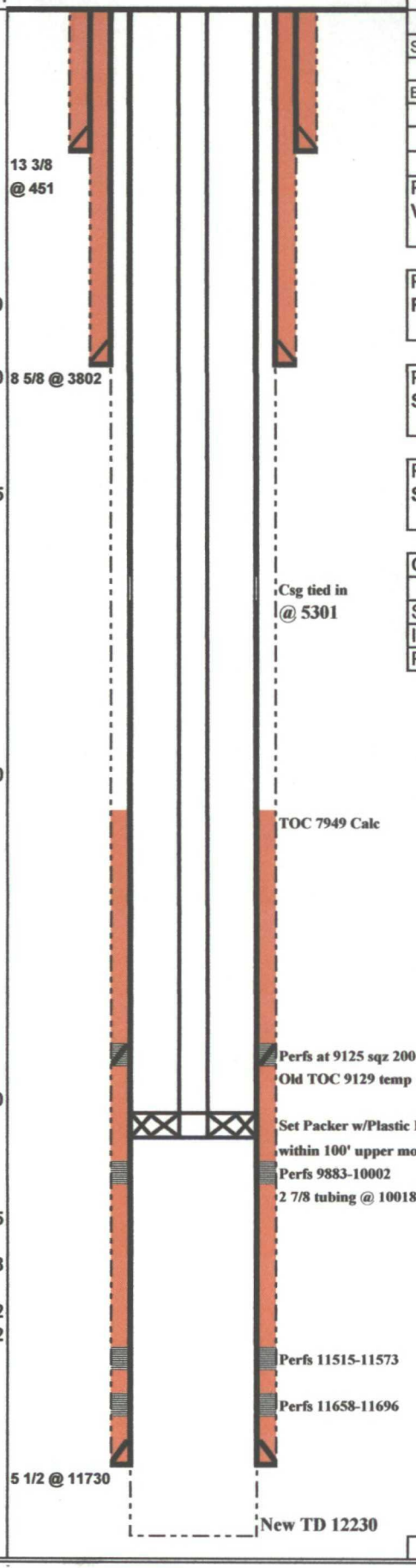
SPUD: 02/10/1960
COMP: 04/11/1960
P&A: 01/05/1985
Re-entry 01/18/2006

PREPARED BY: Eddie Seay UPDATED 08/01/11

WELLBORE SCHEMATIC AFTER

COMPLETION SCHEMATIC — O-A

FORM	DEPTH
Rustler	1759
Yates	3260
San Andres	4975
Delaware	
Bone Spring	7000
Wolfcamp	9500
Penn	10255
Mississippian	10608
Woodford	11282
Devonian	11512



APINUM:	30-025-03137
OPERATOR:	PALADIN ENERGY CORP
LEASENAME:	REEVES 26 — WELL NO. 4

SURF LOC:	UL: K	SEC: 26	TWN: 18S	RNG: 35E
	1654 FSL		1654 FWL	
BH LOC:	UL: K	SEC: 26	TWN: 18S	RNG: 35E
	1654 FSL		1654 FWL	

TD	PBD	KB	DF
11730		GL	

POOL	PERFS
VACUUM;DEVONIAN, SOUTH	11515-11573 P
	11658-11696 P
	OH
POOL	PERFS
REEVES;WOLFCAMP, SOUTH	9883-10002 P
	Open Hole
POOL	PERFS
SWD;WOLFCAMP	9883-10002 A
	Open Hole
POOL	PERFS
SWD;DEVONIAN	11512-11696 A
	Open Hole

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13.375	297	250 sxs	17.5	0 Cir
INT1	8.625	4230	1500 sxs	11	889 TS
PROD	5.5	9910	600 sxs	7.875	7087 TS

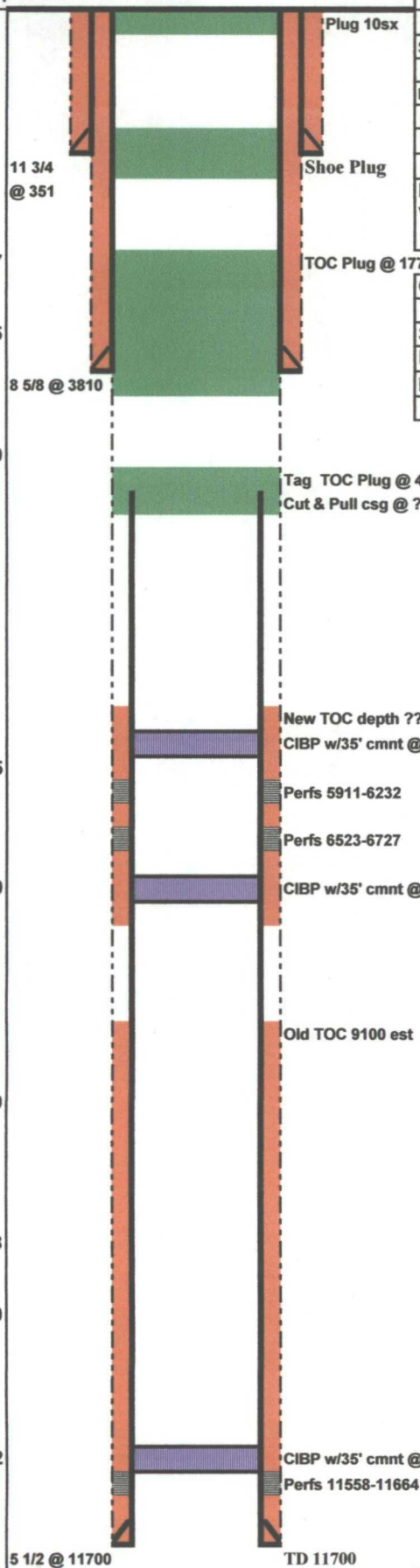
SPUD: 02/10/1960
COMP: 04/11/1960
P&A: 01/05/1985
Re-entry 01/18/2006

PREPARED BY: Eddie Seay — UPDATED 08/01/11

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC O-A

FORM	DEPTH
Rustler	1777
Yates	3035
Queen	4450
Delaware	5895
Bone Spring	7020
Wolfcamp	9500
Strawn	10378
Mississippian	10670
Devonian	11442



APINUM:	30-025-23900				
OPERATOR:	BAYTECH INC				
LEASENAME:	STATE 26			WELL NO.	2
SURF LOC:	UL: L	SEC: 26	TWN: 18S	RNG:	35E
	1980 FSL		710 FWL		
BH LOC:	UL: L	SEC: 26	TWN: 18S	RNG:	35E
	1980 FSL		710 FWL		
TD 11700	PBD	KB	DF		
		GL			
POOL		PERFS	11558-11664		
VACUUM;DEVONIAN, SOUTH					
		OH			

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	11 3/4	351	350 sxs	15	0 Cir
INT1	8.625	3810	400 sxs	11	0 Cal
PROD	5.5	11700	400 sxs	7.875	9100 est

SPUD: 10/24/1971
COMP: 12/31/1971
P&A: 01/14/1992

PREPARED BY: Eddie Seay UPDATED 08/01/11

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC — O-A

APINUM:	30-025-03138
OPERATOR:	PALADIN ENERGY CORP
LEASENAME:	LEA J STATE — WELL NO. 1
SURF LOC:	UL: E SEC: 26 TWN: 18S RNG: 35E
	2310 FNL 330 FWL
BH LOC:	UL: E SEC: 26 TWN: 18S RNG: 35E
	2310 FNL 330 FWL
TD 11715	PBD — KB — DF
	GL

FORM	DEPTH
Rustler	1735
Yates	3240
Queen	4433
Bone Spring	6983
Wolfcamp	9328
Penn	10218
Mississippian	10580
Woodford	11253
Devonian	11392

Plug 40sx 0-120

13 3/8 @ 297 TOC @ 0'

PLUG 45 sxs 365-500

PLUG 60 sxs 1600-1800

8 5/8 @ 3804 TOC @ 0'

PLUG 60 sxs 3650-3851

5 1/2 Cut & Pulled @ 5175

PLUG 80 sxs @ 6273 TOC @ 5085

TOC 9275

PERFS 11438-11478

PERFS 11503-11528

5 1/2 @ 11750 TOC @ 8666'

TD 11750

POOL	PERFS
VACUUM;DEVONIAN, SOUTH	11555-11585 P
	11450-11478 A
	OH

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	11.75	450	475 sxs	17.5	0 Cir
INT1	8.625	3801	1764 sxs	11	0 Cir
PROD	5.5	11713	170 sxs	7.875	9275 TS

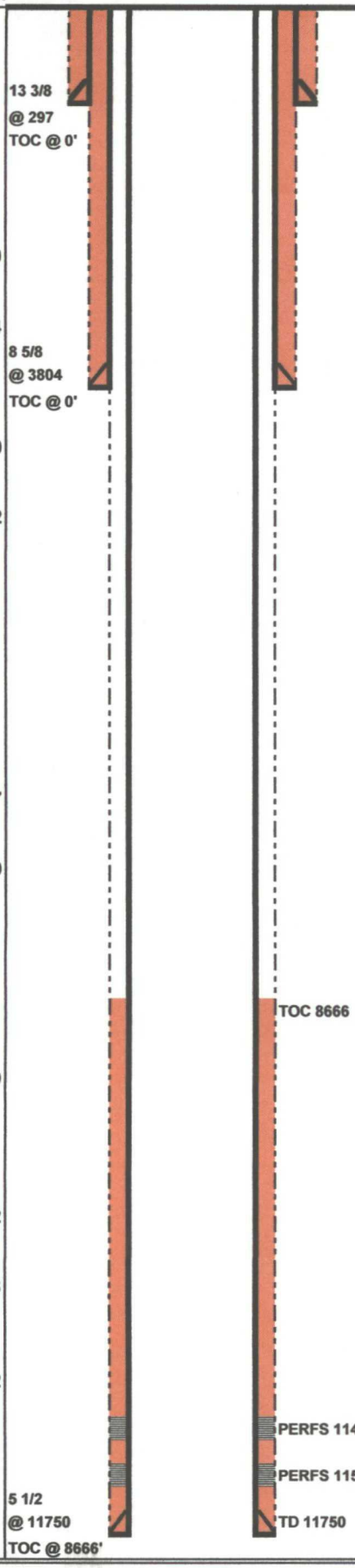
SPUD: 05/13/1960
COMP: 07/15/1960
P&A: 03/05/2008

PREPARED BY: Eddie Seay — UPDATED 08/01/11

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC — O-A

FORM	DEPTH
Rustler	1770
Yates	3264
Queen	4430
San Andres	4972
Delaware	5727
Bone Spring	6980
Wolfcamp	9340
Penn	10272
Mississippian	10703
Devonian	11392



APINUM:	30-025-03135				
OPERATOR:	PALADIN ENERGY CORP				
LEASENAME:	REEVES 26			WELL NO.	2
SURF LOC:	UL: N	SEC: 26	TWN: 18S	RNG:	35E
	660 FSL		1980 FWL		
BH LOC:	UL: N	SEC: 26	TWN: 18S	RNG:	35E
	660 FSL		1980 FWL		
TD 11750	PBD	KB	DF		
		GL			
POOL		PERFS	11503-11528 A		
VACUUM;DEVONIAN, SOUTH			11438-11478 A		
		OH			

POOL	PERFS
	Open Hole

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	11.75	465	525 sxs	17.5	0 Cir
INT1	8.625	3804	1200 sxs	11	0 Cir
PROD	5.5	11750	575 sxs	7.875	8666 Calc

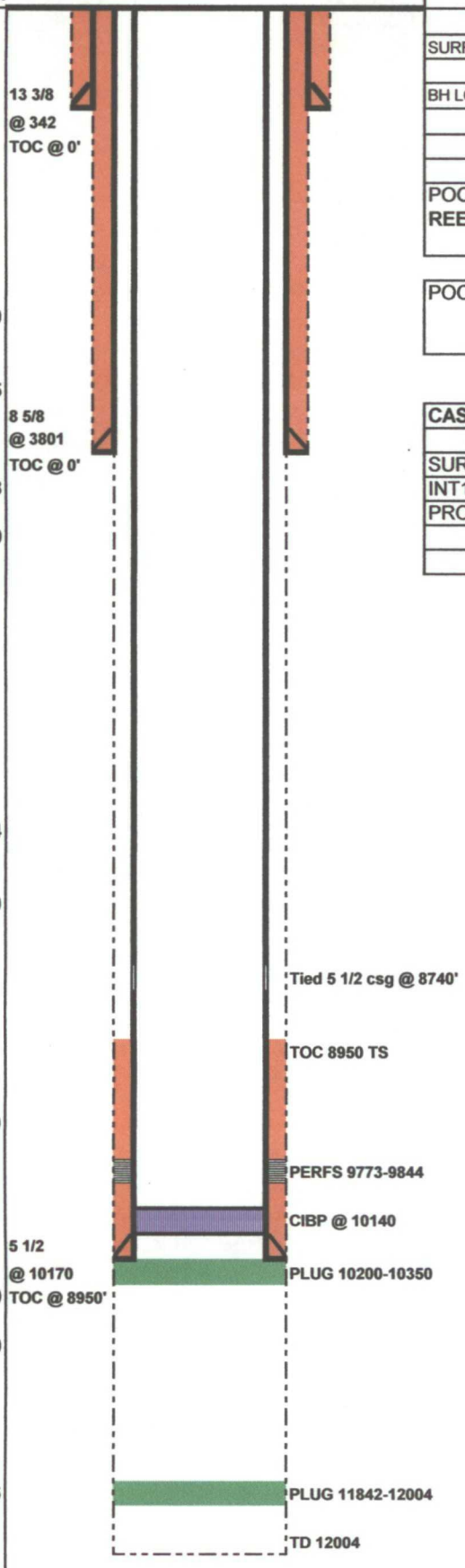
SPUD: 05/22/1959
COMP: 07/25/1959

PREPARED BY:	Eddie Seay	UPDATED	08/01/11

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC O-A

FORM	DEPTH
Rustler	1810
Yates	3295
Grayburg	4518
San Andres	4960
Delaware	6114
Bone Spring	6820
Wolfcamp	9500
Penn	10800
Mississippian	11280
Devonian	12096



APINUM:	30-025-01213						
OPERATOR:	PALADIN ENERGY CORP						
LEASENAME:	REEVES 26					WELL NO.	6
SURF LOC:	UL: O	SEC: 26		TWN: 18S		RNG:	35E
	660 FSL			1980 FEL			
BH LOC:	UL: O	SEC: 26		TWN: 18S		RNG:	35E
	660 FSL			1980 FEL			
TD 12004	PBD		KB		DF		
			GL				

POOL	PERFS
REEVES;WOLFCAMP, SOUTH	9896-10112
	OH

POOL	PERFS
	Open Hole

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	11.75	453	450 sxs	17.5	0 Cir
INT1	8.625	3801	1500 sxs	12.25	0 Cir
PROD	5.5	10170	115 sxs	7.875	8950 TS

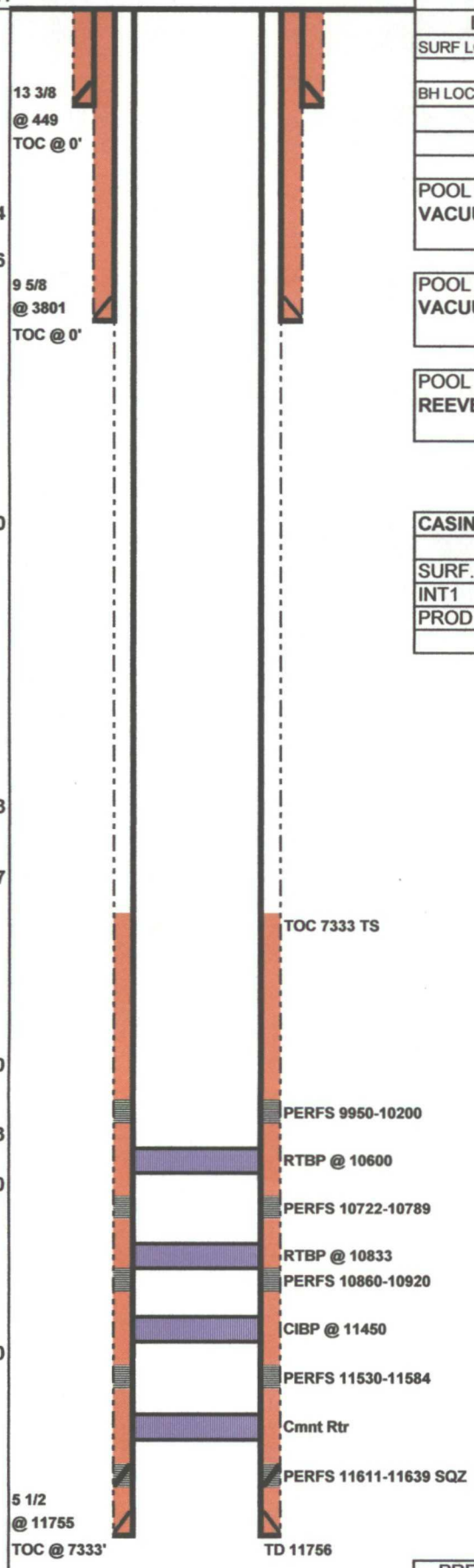
SPUD: 10/16/1959
DRY HOLE
P&A: 04/07/1962
Re-entry: 07/31/2006

PREPARED BY:	Eddie Seay	UPDATED	08/01/11

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC O-A

FORM	DEPTH
Rustler	1774
Yates	3266
San Andres	5000
Delaware	5763
Bone Spring	7017
Wolfcamp	9370
Penn	10313
Mississippian	10720
Devonian	11500



APINUM:	30-025-03134				
OPERATOR:	PALADIN ENERGY CORP				
LEASENAME:	SOUTH VACUUM UNIT			WELL NO.	261
SURF LOC:	UL: M	SEC: 26	TWN: 18S	RNG:	35E
	660 FSL		660 FWL		
BH LOC:	UL: M	SEC: 26	TWN: 18S	RNG:	35E
	660 FSL		660 FWL		
TD 11756	PBD	KB	DF		
		GL			

POOL VACUUM;DEVONIAN, SOUTH	PERFS	11611-11639 P
		11530-11584 P
	OH	
POOL VACUUM;MISSISSIPPIAN, SOUTH	PERFS	10722-10789 P
	Open Hole	
POOL REEVES;WOLFCAMP, SOUTH	PERFS	9950-10200 A
	Open Hole	

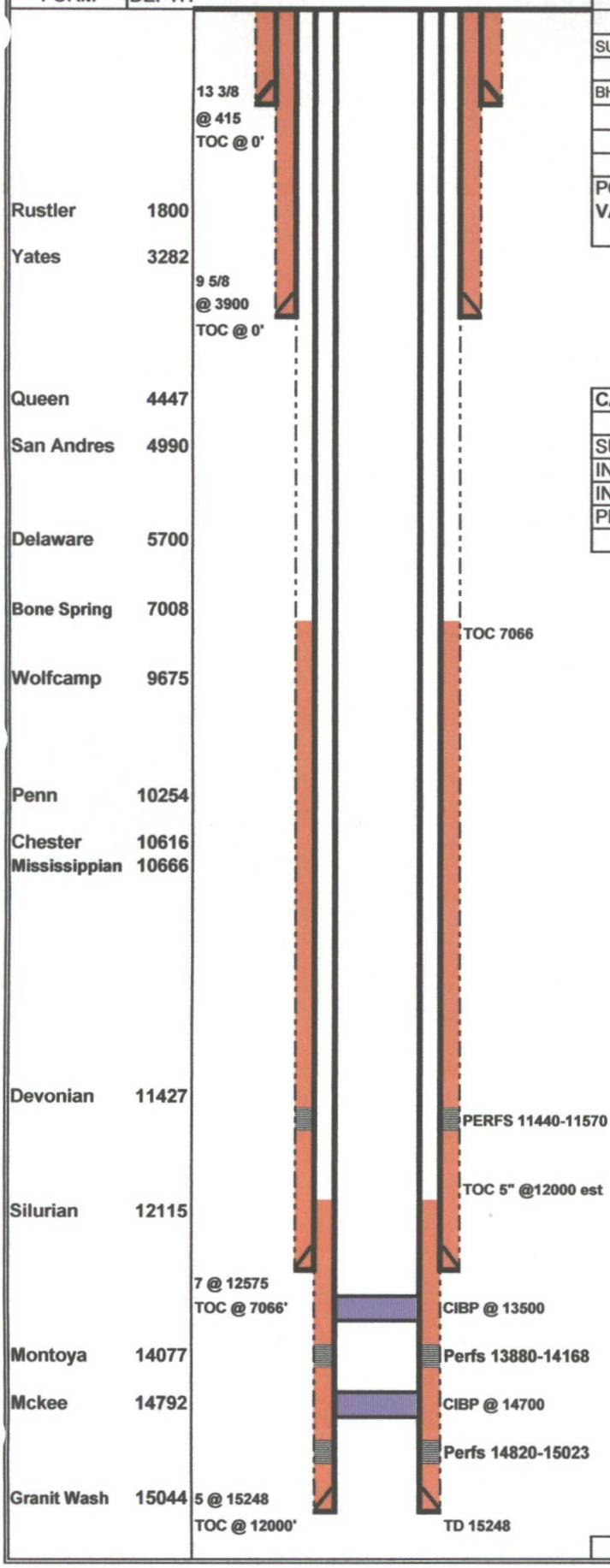
CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13.375	449	450 sxs	17.5	0 Cir
INT1	9.625	3801	1350 sxs	12.25	0 Cir
PROD	5.5	11755	688 sxs	8.75	7333 TS

SPUD: 02/06/1959
COMP: 04/06/1959

PREPARED BY:	Eddie Seay	UPDATED	08/01/11

WELLBORE SCHEMATIC AND HISTORY



APINUM:	30-025-37035						
OPERATOR:	PALADIN ENERGY CORP						
LEASENAME:	SOUTH VACUUM UNIT					WELL NO.	265
SURF LOC:	UL:	L	SEC:	26	TWN: 18S	RNG:	35E
	1940 FSL				980 FWL		
BH LOC:	UL:	L	SEC:	26	TWN: 18S	RNG:	35E
	1940 FSL				980 FWL		
TD	15248	PBD		KB		DF	
				GL			
POOL					PERFS	11555-11585 P	
VACUUM;DEVONIAN, SOUTH						11450-11478 A	
					OH		

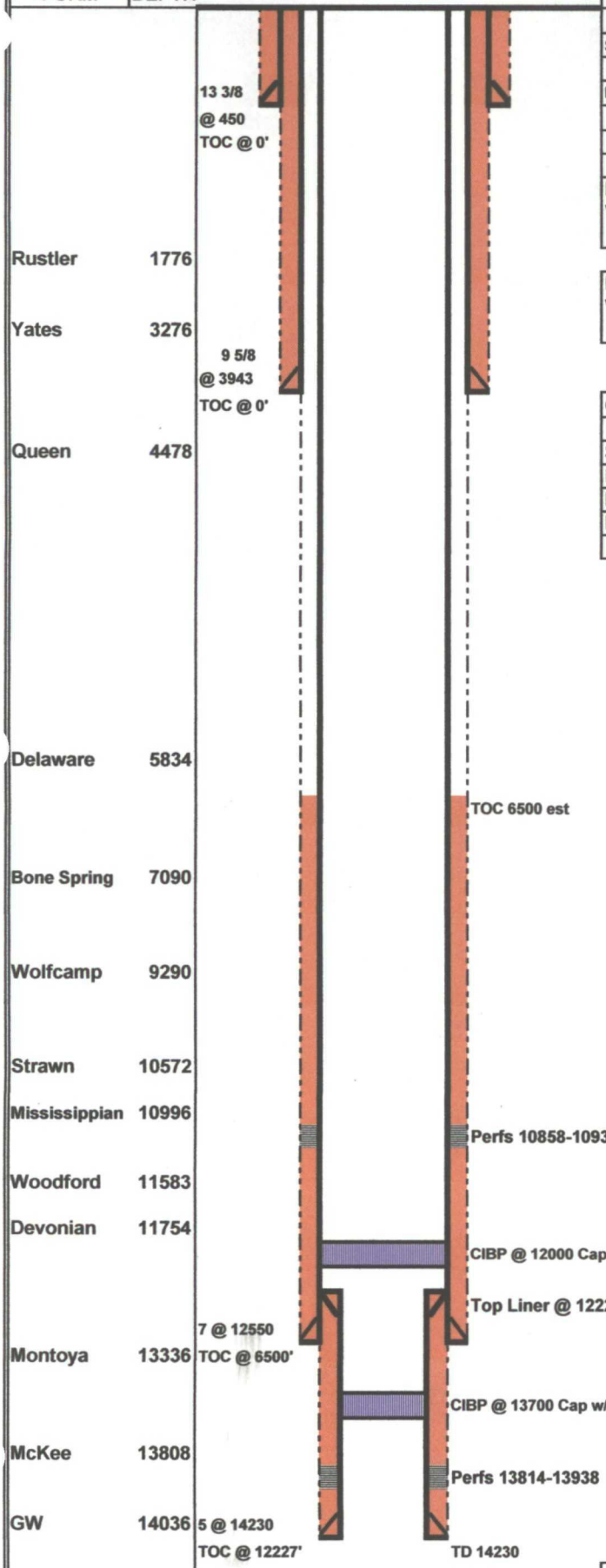
CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13.375	415	395 sxs	17.5	0 Cir
INT1	9.625	3900	1290 sxs	12.25	0 Cir
INT2	7	12575	755 sxs	8.75	7066 est
PROD	5	15248	300 sxs	6.25	12000 est

SPUD: 01/11/2005
COMP: 12/01/2005

PREPARED BY:	Eddie Seay	UPDATED	08/01/11

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC O-A



APINUM:	30-025-37122				
OPERATOR:	OLSEN ENERGY INC				
LEASENAME:	SOUTH VACUUM			WELL NO.	274
SURF LOC:	UL: P	SEC: 27	TWN: 18S	RNG:	35E
	960 FSL		693 FEL		
BH LOC:	UL: P	SEC: 27	TWN: 18S	RNG:	35E
	960 FSL		693 FEL		
TD 14230	PBD	KB	DF		
		GL			

POOL VACUUM;MCKEE, SOUTH	PERFS 13814-13938 P OH

POOL VACUUM;MISSISSIPPIAN, SOUTH	PERFS 10858-10930 A Open Hole

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13.375	450	328 sxs	17.5	0 Cir
INT1	9.625	3943	1298 sxs	12.25	0 Cir
PROD	7	12550	810 sxs	8.75	6500 est
PROD	5	12227-14230	262 sxs	na	

SPUD: 04/30/2005
COMP: 09/01/2005

PREPARED BY:	Eddie Seay	UPDATED	08/01/11

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC O-A

APINUM:	30-025-03144
OPERATOR:	PURE OIL COMPANY
LEASENAME:	SOUTH VACUUM UNIT — WELL NO. 127

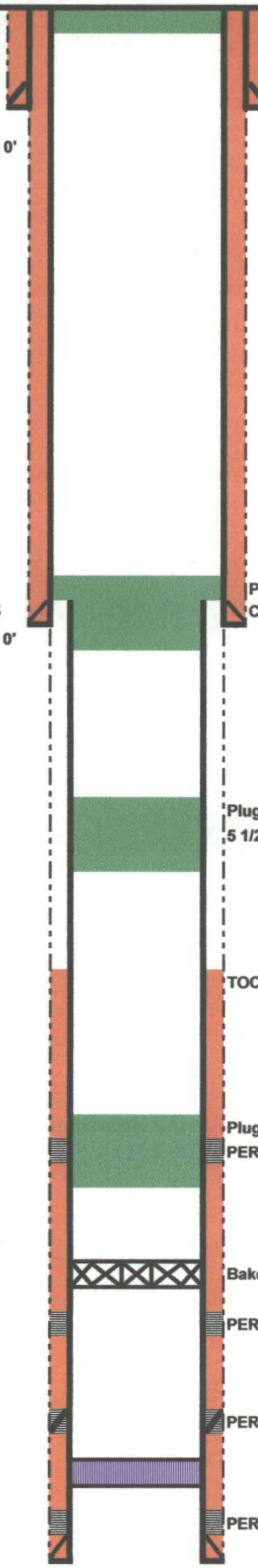
SURF LOC:	UL:	I	SEC: 27	TWN:	18S	RNG:	35E
		1980 FSL			660 FEL		
BH LOC:	UL:	I	SEC: 27	TWN:	18S	RNG:	35E
		1980 FSL			660 FEL		
TD	11755	PBD		KB		DF	
				GL			

POOL	PERFS	11652-11713
VACUUM;DEVONIAN, SOUTH		11590-11634
	OH	

POOL	PERFS	9694-9756
REEVES;WOLFCAMP, SOUTH DRY		
	Open Hole	

POOL	PERFS	8988-9034
VACUUM;BONE SPRING, south		
	Open Hole	

FORM	DEPTH
Rustler	1750
T. Salt	
B. Salt	
Yates	3253
Queen	4460
San Andes	5010
Bone Spring	7040
Wolfcamp	9402
Devonin	11572



CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	11 3/4	454	525 sxs	17	0 Cir
INT1	8.625	3805	1150 sxs	11	0 Cir
PROD	5.5	3790-11755	550 sxs	7.875	7690 TS

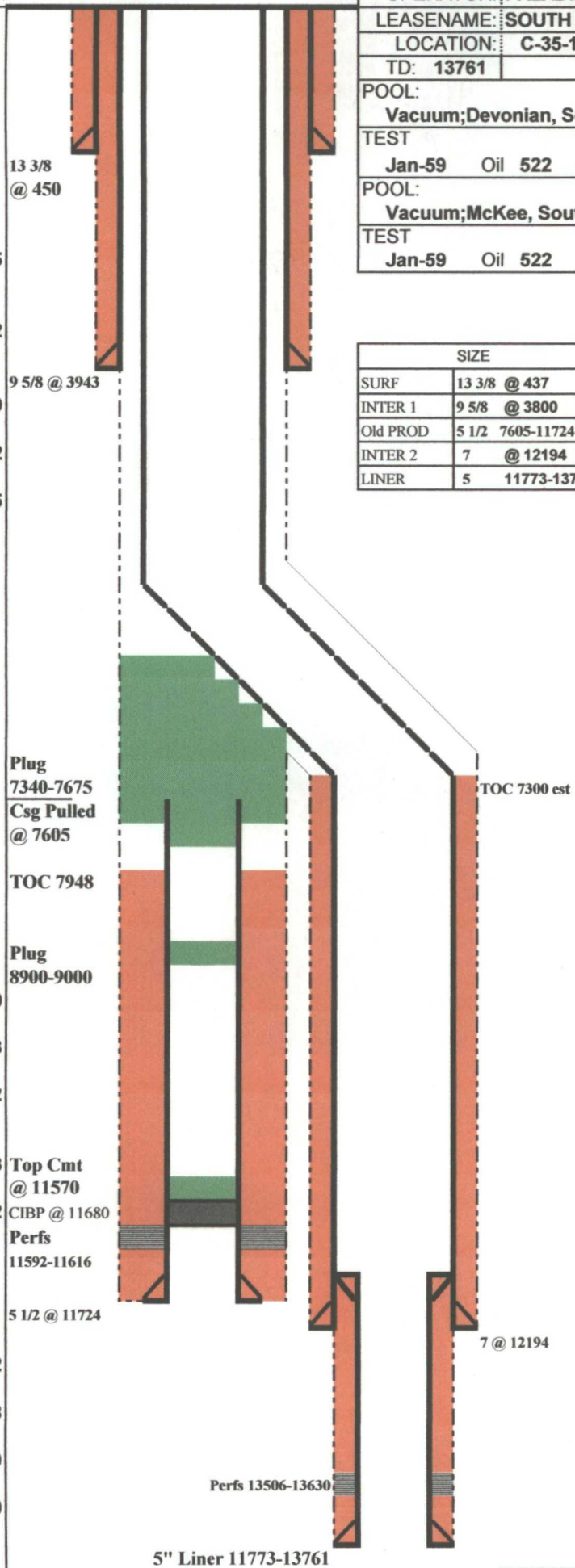
SPUD:	08/02/1959
COMP:	10/07/1959
P&A:	10/30/1970

PREPARED BY: Eddie Seay — UPDATED 08/01/11

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1795
Yates	3282
Queen	4449
Delaware	5772
Bone Spring	7025
Wolfcamp	10200
Strawn	10313
Mississippian	10732
Woodford	11583
Devonian	11512
Montoya	13002
Simpson	13278
McKee	13500
GW	13720



APINUM:	30-025-03152
OPERATOR:	PALADIN ENERGY CORP
LEASENAME:	SOUTH VACUUM UNIT # 353
LOCATION:	C-35-18S-35E 660 FNL 1980 FWL
TD:	13761

POOL:	Perfs	
Vacuum;Devonian, South	11592-11616	Abnd

TEST
Jan-59 Oil 522 Gas na Water na

POOL:	Perfs	
Vacuum;McKee, South	13506-13630	Active

TEST
Jan-59 Oil 522 Gas na Water na

	SIZE	CMT	HOLE	TOC
SURF	13 3/8 @ 437	450 sxs	17 1/2	0
INTER 1	9 5/8 @ 3800	1300 sxs	12 1/4	0
Old PROD	5 1/2 7605-11724	416 sxs	8 3/4	7948 temp
INTER 2	7 @ 12194	715 sxs	8 3/4	7300 est
LINER	5 11773-13761	250 sxs	na	11773

UPDATED 08/02/11

Water Sample Analysis

Pool	Location Section	Township	Range	Chlorides
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	36494
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
Kemnitz 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	23786
Caudill Devonian	9	15S	36E	20874
Townsend Wolfcamp	6	16S	36E	38695
Dean Permo 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

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

August 06, 2011

Eddie Seay

Eddie Seay Consulting

601 W. Illinois

Hobbs, NM 88242

RE: REEVES 26 #4

Enclosed are the results of analyses for samples received by the laboratory on 08/03/11 9:00.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydorcarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accreditated through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Hope S. Moreno

Hope Moreno

Inorganic Technical Director

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

Eddie Seay Consulting
Eddie Seay
601 W. Illinois
Hobbs NM, 88242
Fax To: (505) 392-6949

Received:	08/03/2011	Sampling Date:	08/02/2011
Reported:	08/06/2011	Sampling Type:	Water
Project Name:	REEVES 26 #4	Sampling Condition:	** (See Notes)
Project Number:	REEVES 26 #4	Sample Received By:	Jodi Henson
Project Location:	SECT 26 T-18 R. 35		

Sample ID: WW 26-1 (H101609-01)

Bicarbonate 310.1M mg/L Analyzed By: HM

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Alkalinity, Bicarbonate	**185**	5.00	08/04/2011	ND	ND			0.103	

Calcium SM3500Ca-D mg/L Analyzed By: HM

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Calcium	**72.1**	1.60	08/05/2011	ND	20.8	104	20.0	2.24	

Carbonate 310.1M mg/L Analyzed By: HM

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Alkalinity, Carbonate	<0.00	0.00	08/04/2011	ND	ND				

Chloride, SM4500Cl-B mg/L Analyzed By: HM

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	**48.0**	4.00	08/04/2011	ND	108	108	100	0.00	

Conductivity 120.1 uS/cm Analyzed By: HM

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Conductivity	**630**	1.00	08/04/2011	ND	1440	102	1410	0.159	

Magnesium SM3500MgE mg/L Analyzed By: HM

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Magnesium	**17.5**	1.00	08/05/2011	ND	52.5	105	50.0	8.58	

pH pH Units Analyzed By: HM

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
pH	**7.43**	0.100	08/04/2011		7.10	101	7.00	0.00	

Potassium 8049 mg/L Analyzed By: HM

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier

Cardinal Laboratories

*=Accredited Analyte

Hope S. Moreno

Hope Moreno, Inorganic Technical Director

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

Eddie Seay Consulting
Eddie Seay
601 W. Illinois
Hobbs NM, 88242
Fax To: (505) 392-6949

Received:	08/03/2011	Sampling Date:	08/02/2011
Reported:	08/06/2011	Sampling Type:	Water
Project Name:	REEVES 26 #4	Sampling Condition:	** (See Notes)
Project Number:	REEVES 26 #4	Sample Received By:	Jodi Henson
Project Location:	SECT 26 T-18 R. 35		

Sample ID: WW 26-1 (H101609-01)

Potassium 8049 mg/L **Analyzed By: HM**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Potassium	**1.40**	1.00	08/05/2011	ND	7.40	92.5	8.00	14.7	

Sodium Calculated mg/L **Analyzed By: HM**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Sodium	**16.0**	1.00	08/05/2011	ND					

Sulfate 375.4 mg/L **Analyzed By: HM**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Sulfate	**66.5**	10.0	08/04/2011	ND	20.7	104	20.0	5.97	

TDS 160.1 mg/L **Analyzed By: HM**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TDS	**423**	5.00	08/04/2011	ND	258	44800	0.576	4.17	

Total Alkalinity 310.1M mg/L **Analyzed By: HM**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Alkalinity, Total	**152**	4.00	08/04/2011	ND	112	112	100	3.51	

Cardinal Laboratories *=Accredited Analyte

Hope S. Moreno

Hope Moreno, Inorganic Technical Director

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C
	Samples reported on an as received basis (wet) unless otherwise noted on report

Hope S. Moreno

Hope Moreno, Inorganic Technical Director

CARDINAL Laboratories

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476

Company Name:	Eddie Seay Consulting
Project Manager:	Eddie Seay
Address:	601 W. Illinois
City: Hobbs	State: NM Zip: 88242
Phone #: 2-2236	Fax #: 2-6946
Project #: Reeves 26 #4	Project Owner: Paladin Pr.
Project Name: Reeves 26 #4 - Water Well	
Project Location: Sec 26 T. 18 R. 35	
Sampler Name: Eddie Seay	

BILL TO

P.O. #:	
Company:	
Attn:	
Address:	
City:	
State: Zip:	
Phone #:	
Fax #:	

ANALYSIS REQUEST

FOR LAB USE ONLY Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP	# CONTAINERS	MATRIX: GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	PRESERV: ACID/BASE:	ICE / COOL	OTHER:	SAMPLING: DATE	TIME	Gen Chem
H1D1609 -1	WW 26 - 1	✓	1	✓							✓		8/2	4:20	✓

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 the client for the 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 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 services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Relinquished By: Eddie Seay	Date: 8/3 Time: 9:00	Received By: Jodi Henson	
Relinquished By:	Date: Time:	Received By:	

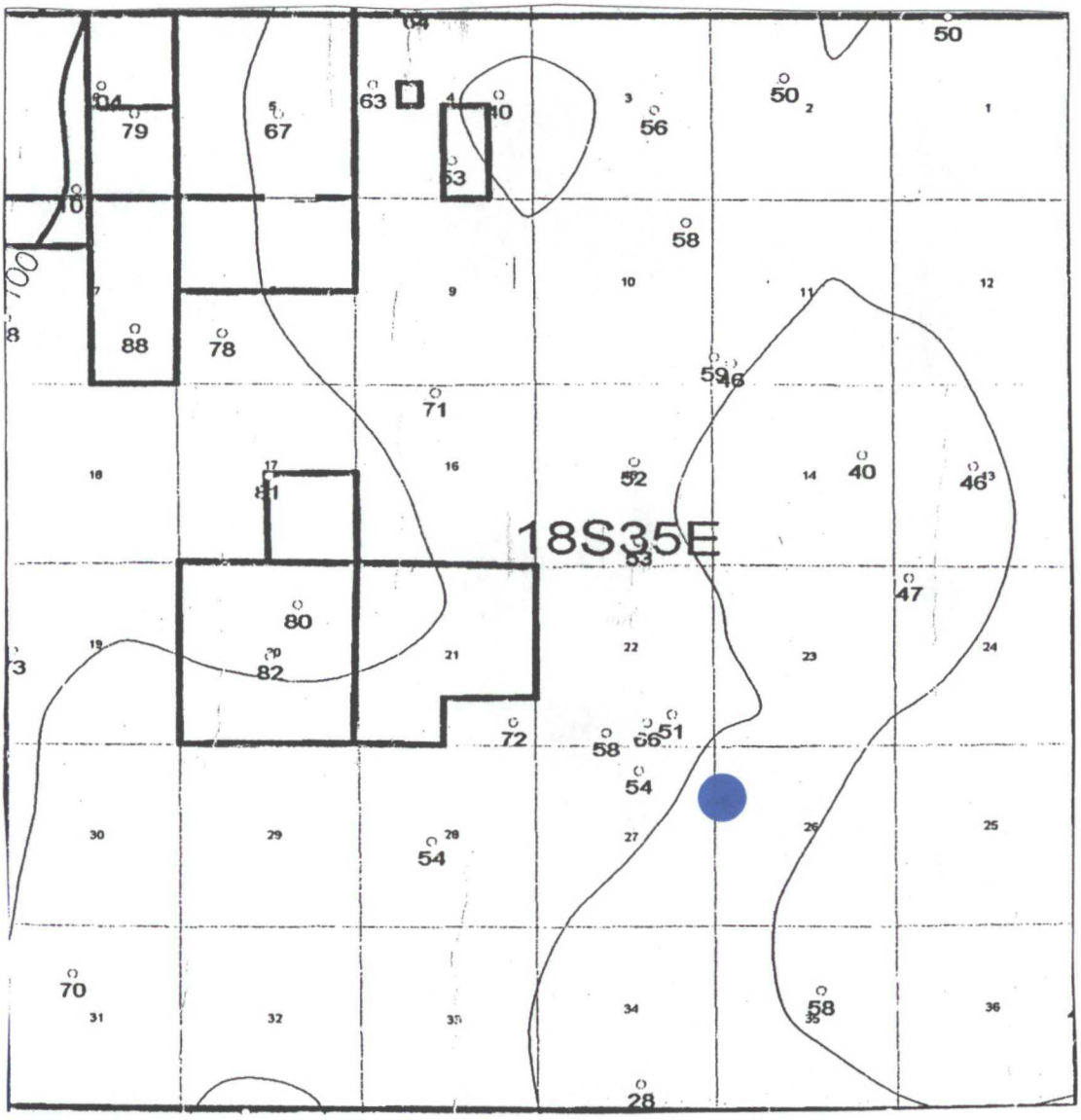
Phone Result:	☐ Yes ☐ No	Add'l Phone #:
Fax Result:	☐ Yes ☐ No	Add'l Fax #:
REMARKS:		

Delivered By: (Circle One)
Sampler - UPS - Bus - Other: 21°C

Sample Condition: Cool ☐ Yes ☐ No; Intact ☑ Yes ☐ No

CHECKED BY: (Initials)

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476



● Water well location

LEASE OWNERS AND OFFSETS

LANDOWNER

Snyder Ranches, Ltd.
Box 2158
Hobbs, NM 88241

OFFSET OPERATORS OR MINERAL INTEREST OWNERS

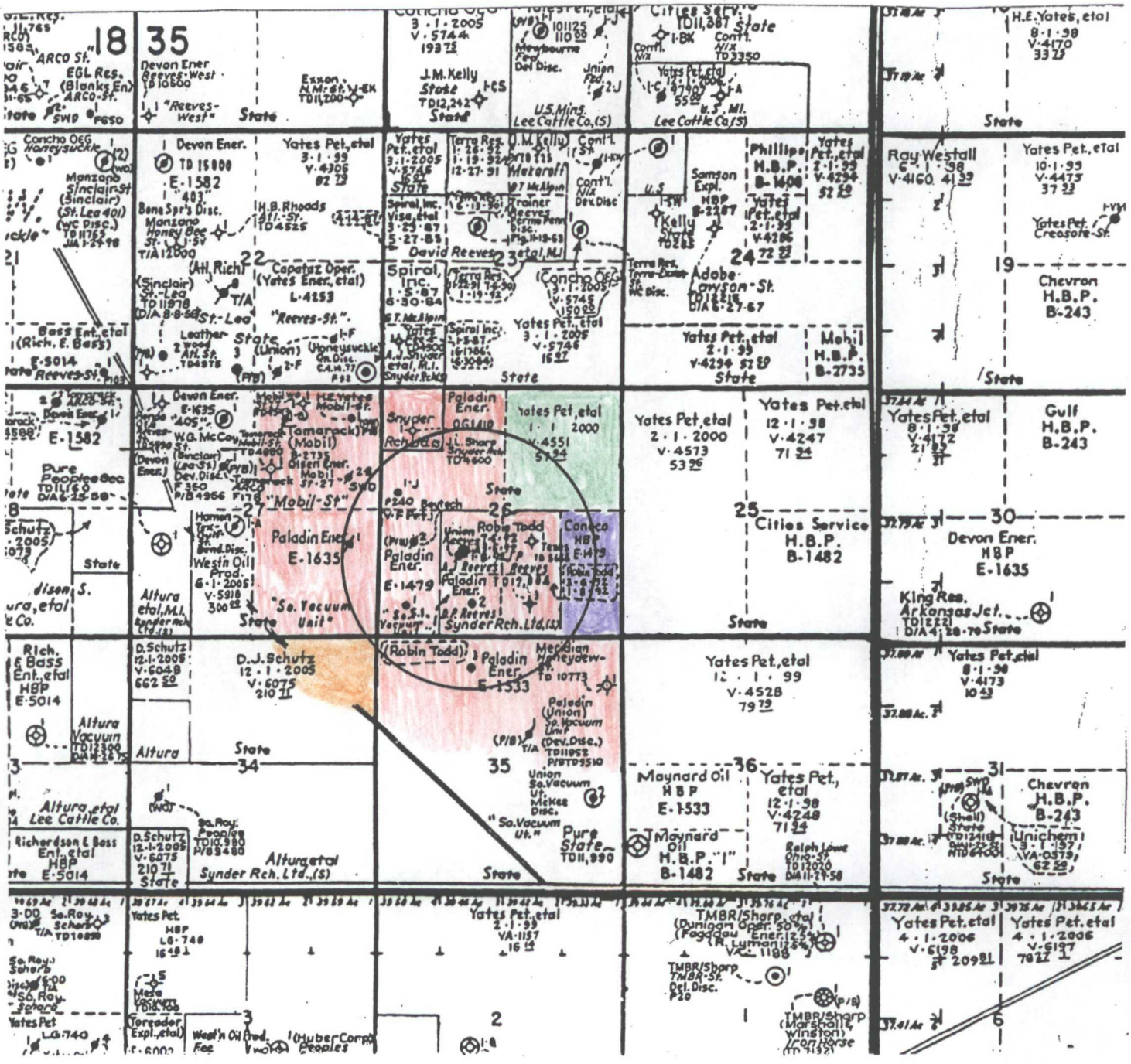
Paladin Energy Corp.
10290 Monroe Dr., Ste. 301
Dallas, TX 75229

Yates Petroleum Corp.
105 S. Fourth St.
Artesia, NM 88210

State of New Mexico
State Land Office
310 Old Santa Fe Trail
Box 1148
Santa Fe, NM 87504

Conoco
3401 E. 30th. St.
Farmington, NM 87402

Olsen Energy Inc.
3512 Paesanos Pkwy, Ste. 1
San Antonio, TX 78231



- State of N.M - Yates Pet.
- State of N.M - Paladin
- State of N.M - Conoco
- State of N.M.

PALADIN ENERGY CORP.

RE: Reeves 26 #4
Unit K, Sect. 26, T. 18 S., R. 35 E.
API #30-025-03137

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, (505)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,

Eddie W. Seay

Eddie W. Seay, Agent
601 W. Illinois
Hobbs, NM 88242
(505)392-2236
seay04@leaco.net

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Sent To: Conoco
Street, Apt. No.; or PO Box No.: 3401 E. 30th St.
City, State, ZIP+4: Farmington, NM 87402

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Sent To: State of New Mexico
Street, Apt. No.; or PO Box No.: State Land Office
City, State, ZIP+4: 310 Old Santa Fe Trail, Box 1148
Santa Fe, NM 87504

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Sent To: Paladin Energy Corp.
Street, Apt. No.; or PO Box No.: 10290 Monroe Dr., Ste. 301
City, State, ZIP+4: Dallas, TX 75229

PS Form 3800, August 2006 See Reverse for Instructions

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Street, Apt. No.; or PO Box No.: 105 S. Fourth St.
City, State, ZIP+4: Artesia, NM 88210

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Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
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Sent To: Snyder Ranches, Ltd.
Street, Apt. No.; or PO Box No.: Box 2158
City, State, ZIP+4: Hobbs, NM 88241

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SAN ANTONIO TX 78231

OFFICIAL USE

Postage	$ $1.68
Certified Fee	$2.85
Return Receipt Fee (Endorsement Required)	$2.30
Restricted Delivery Fee (Endorsement Required)	$0.00
Total Postage & Fees	$ $6.83

HOBBS, NM 88240 0640 11 Postmark Here AUG 12 2011 08/12/2011 USPS

7010 2780 0000 1726 8294

Sent To: Olsen Energy Inc.
Street, Apt. No.; or PO Box No.: 3542 Paesanos Pkwy, Ste. 1
City, State, ZIP+4: San Antonio, TX 78231

PS Form 3800, August 2006 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, application to add open hole section to its already approved SWD, (OCD SWD 1092). The well being applied for is the Reeves 26 #4, API 30-025-03137, located in Unit K, Section 26, Township 18 South, Range 35 East, Lea Co., NM. The approved injection formation is the Wolfcamp from 9883′ to 10018′ and the Devonian from 11512′ to 11696′ through perforations. We are seeking to add open hole section from bottom of casing at 11730′ to approximately 12230′, all in the Devonian. Expected maximum injection rate is 3000 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 Advertisting 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 August 6, 2011 and ending with the issue of August 6, 2011.

And that the cost of publishing said notice is the sum of $ 33.67 which sum has been (Paid) as Court Costs.

Joyce Clemens

Joyce Clemens, Advertising Manager
Subscribed and sworn to before me this 9th day of August, 2011.

Gina Fort

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

OFFICIAL SEAL
GINA FORT
Notary Public
State of New Mexico
My Comm. Expires 6/30/14

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, application to add open hole section to its already approved SWD, (OCD SWD 1092). The well being applied for is the Reeyes 26 #4, API 30-025-03137, located in Unit K, Section 26, Township 18 South, Range 35 East, Lea Co. NM. The approved injection formation is the Wolfcamp from 9883' to 10018' and the Devonian from 11512' to 11696' through perforations. We are seeking to add open hole section from bottom of casing at 11730' to approximately 12230', all in the Devonian. Expected maximum injection rate is 3000 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 August 6, 2011.

SWD-1092
30-025-03137

Well_Name:	REEVES 26 # 004	API:	30-025-03137		
Location:	K-26-18.0S-35E 1654 FSL 1654 FWL				
Lat:	32.71577121		Long:	-103.431262	
Operator Name:	PALADIN ENERGY CORP	County:	Lea		
Land Type:	Private	Well Type:	SWD		
Spud Date:	1/1/1900 1	Plug Date:			
Elevation GL:	3861	Depth TVD:	11730		
Year:	2008				
Pool Name:	SWD;DEVONIAN				
Month	Gas(MCF)	CO2(MCF)	Water(BBLS)	Other(BBLS)	Days Injected
January	0	0	0	0	0
February	0	0	0	0	0
March	0	0	0	0	0
April	0	0	0	0	0
May	0	0	0	0	0
June	0	0	75738	0	0
July	0	0	84526	0	0
August	0	0	86157	0	0
September	0	0	76893	0	0
October	0	0	75866	0	0
November	0	0	69498	0	0
December	0	0	72876	0	0
Year:	2009				
Pool Name:	SWD;DEVONIAN				
Month	Gas(MCF)	CO2(MCF)	Water(BBLS)	Other(BBLS)	Days Injected
January	0	0	72292	0	0
February	0	0	65923	0	0
March	0	0	74786	0	0
April	0	0	80650	0	0
May	0	0	68026	0	0
June	0	0	70918	0	0
July	0	0	76769	0	0
August	0	0	61261	0	0
September	0	0	68891	0	0
October	0	0	71115	0	0
November	0	0	48840	0	0
December	0	0	67215	0	0
Year:	2010				
Pool Name:	SWD;DEVONIAN				
Month	Gas(MCF)	CO2(MCF)	Water(BBLS)	Other(BBLS)	Days Injected
January	0	0	31647	0	0
February	0	0	0	0	0
March	0	0	5000	0	0

SWD-1092
30-025-03137

Well_Name:	REEVES 26 # 004	API:	30-025-03137		
Location:	K-26-18.0S-35E 1654 FSL 1654 FWL				
Lat:	32.71577121		Long:	-103.431262	
Operator Name:	PALADIN ENERGY CORP	County:	Lea		
Land Type:	Private	Well Type:	SWD		
Spud Date:	1/1/1900 1	Plug Date:			
Elevation GL:	3861	Depth TVD:	11730		
April	0	0	15011	0	0
May	0	0	35972	0	0
June	0	0	52294	0	0
July	0	0	53214	0	0
August	0	0	47500	0	0
September	0	0	50763	0	0
October	0	0	52039	0	0
November	0	0	90516	0	0
December	0	0	63447	0	0
Year:	2011				
Pool Name:	SWD;DEVONIAN				
Month	Gas(MCF)	CO2(MCF)	Water(BBLS)	Other(BBLS)	Days Injected
January	0	0	38821	0	0
February	0	0	41750	0	0
March	0	0	48177	0	0
April	0	0	48044	0	0
May	0	0	39835	0	0
June	0	0	43106	0	0
July	0	0	0	0	0
August	0	0	0	0	0
September	0	0	0	0	0
October	0	0	0	0	0
November	0	0	0	0	0
December	0	0	0	0	0

Question 6) Please explain why you want to inject into the Wolfcamp and what effect this injection will likely have on existing Wolfcamp producing wells and Wolfcamp oil and gas saturations? Send plots of Wolfcamp production in this area and for this well in particular (labeled as to OCD Pools producing). Send Geologic structure maps as needed to show this well's relative position in the structure and in the reservoir.

Answer to 6a) Paladin wants to dispose of water into the Wolfcamp and Devonian because these formations will take water with no effect on any production in the area. The Wolfcamp production rates are marginal because of low bottom hole pressures and low porosities and permiabilities in the field. Paladin does not believe that injection will cause any change in oil or gas saturations in the Wolfcamp. The majority of the injected water will go into the more porous and permeable Devonian.

6b) Paladin's South Vacuum 26 # 1 and South Vacuum 26 # 3 wells are both Wolfcamp producers in the South Reeves; Wolfcamp Pool. Both are on rod pump. The average production for South Vacuum 26 # 1 and the South Vacuum 26 # 3 well are as follows:

South Vacuum 26 # 1 averages 4 BOPD, 50 MCFGPD, 14 BWPD
South Vacuum 26 # 3 averages 3 BOPD, 10 MCFGPD, 3 BWPD

Question 7) Same as 6) above for the Devonian. Also what is the regional oil-water contact in this Devonian?

Answer to 7a) The effects of re-injection into the Devonian should not adversely effect saturations because the water contact has been at the top of the formation for some time. This is a strong water drive interval and production is through high volume withdraw with only about a 1% oil cut. The South Vacuum; Devonian wells in the vicinity of the proposed SWD well are produced on electrical submersible pumps. The average production from these wells are as follows:

South Vacuum 26 # 5 averages 32 BOPD, 0 MCFGPD, 2390 BWPD
Reeves 26 # 2 averages 21 BOPD, 0 MCFGPD, 3200 BWPD

As evidenced by the large amount of water withdraw from sub pump operations the water contact is at the top of the formation. There is no well capable of flowing to surface and in Paladin's opinion there is no oil-water contact below the intersection of the base of the Woodford Shale and the top of the Devonian formation.

Paladin has not prepared any structure maps of the Wolfcamp or Devonian formations. Paladin does have a recent Geomap structure maps on the Devonian and the Strawn formations. However, the lease agreement with Geomap Company does not permit reproduction and sharing structural maps.

Eddie W Seay
Eddie Seay Consulting

Inactive Well List

Total Well Count: 55 Inactive Well Count: 0

Printed On: Wednesday, August 17 2011

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date

WHERE Ogrid:164070, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

9/2/11

Injection Permit Checklist 2/8/07

SWD Order Number 1092 Dates: Division Approved ______ District Approved ______

Well Name/Num: Reeves 26 #4 Date Spudded: 1960

API Num: (30-) 025-03137 County: LEA

Footages 1654 FSL/1654 FWL Sec 26 Tsp 18S Rge 35E

Operator Name: PALADIN Energy CORP Contact David Plaisance (Eddie Seay)

Operator Address: 10290 MONROE DR, SUITE 301 DALLAS, TX 75229

Current Status of Well: ______ Planned Work: ______ Inj. Tubing Size: 3 1/2

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	17 1/2 11 3/4	451	475	CIRC
Intermediate	11 8 5/8	3802	1288	CIRC
Production	7 7/8 5 1/2	11,730	370	7550' TS. OLD (9,129 TS)
Last DV Tool				
Open Hole/Liner				
Plug Back Depth		11730		

Diagrams Included (Y/N): Before Conversion ✓ After Conversion ✓

Checks (Y/N): Well File Reviewed ______ ELogs in Imaging ✓

Lease inj well or Nearby

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash			
Capitan Reef			
Cliff House, Etc:			
Formation Above			
Top Inj Interval	~~9883~~ 10,002	WOLFCAMP	
Bottom Inj Interval	11512 ~~11600~~	DEVONIAN	
Formation Below	12230		

1977 PSI Max. WHIP

Open Hole (Y/N) N + perfs.

NO Deviated Hole (Y/N)

9883 1/2 / 1976.6 / 1977

Fresh Water: Depths: 0-160' Wells(Y/N) Yes Analysis Included (Y/N): Yes Affirmative Statement ✓

Salt Water Analysis: Injection Zone (Y/N/NA) WC/Dev Disp Waters (Y/N/NA) ______ Types: McKee, Dev, SIL

Notice: Newspaper(Y/N) ✓ Surface Owner ✓ Mineral Owner(s) ______

Other Affected Parties: Yates, SNYDER Ranches LTD + others

AOR/Repairs: NumActiveWells 7 ~~Repairs? ______ Producing in Injection Interval in AOR~~ ______

AOR Num of P&A Wells 2 Repairs? ______ Diagrams Included? ______ RBDMS Updated (Y/N) ______

Well Table Adequate (Y/N) ______ AOR STRs. Sec ______ Tsp ______ Rge ______ UIC Form Completed (Y/N) ✓

New AOR Table Filename ______ Sec ______ Tsp ______ Rge ______ This Form completed ______

Conditions of Approval: Sec ______ Tsp ______ Rge ______ Data Request Sent 7/30/07

reply 8/6/07

AOR Required Work: ______

Required Work to this Well: ______