DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
6/5/06		~~David Catanach~~ Jones	6/7/06	~~DHX~~ SWD	pTDS0615848431

Received 6/23/06 7/9/06

ABOVE THIS LINE FOR DIVISION USE ONLY

1036

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]

2006 JUN 5 PM 2 16

[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	05/19/06
Print or Type Name	Signature	Title	Date

seay04@leaco.net
e-mail Address

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Tuesday, June 20, 2006 10:06 AM
To: 'seay04@leaco.net'
Cc: Ezeanyim, Richard, EMNRD; Sanchez, Daniel J., EMNRD; Kautz, Paul, EMNRD
Subject: SWD Application: Reeves 26 Well No. 3 API: 30-025-03136 (Paladin Energy Corp)

Hello Eddie:
After reviewing this application, we have the following requests: done 6/23/06 (as per Eddie Seay)

1) Repost a new newspaper notice, which specifies: done
the Wolfcamp proposed injection interval as 9846 to 10056 and
the Devonian proposed injection interval as 11860 to 11960.

2) Send notice to Yates Petroleum Corporation as another leasee within the 1/2 mile radius.

3) The only log available on our web site for this well is an old GR-N log. Please look in your files for any other electric logs including temperature surveys or cement bond logs and send them to Paul Kautz in Hobbs (With the API number written on the log)

Note to Paul:
I noticed that one log shown for this well, actually belongs to another well and should probably be moved electronically?

Thank You,

William V. Jones Engineering Bureau Oil Conservation Division Santa Fe

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 4-1-98

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
dplaisance@paladinenergy.com

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

IV. Is this an expansion of an existing project? _____Yes __X__No
If yes, give the Division order number authorizing the project: _____

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

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

VII. Attach data on the proposed operation, including:

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

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

IX. Describe the proposed stimulation program, if any.

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

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

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

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

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

NAME: Eddie W. Seay seay04@leaco.net TITLE: Agent

SIGNATURE: Eddie W Seay DATE: May 19, 2006

* 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 1960

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

ATTACHMENT TO APPLICATION C-108

Reeves 26 #3
Unit O, 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 9846' to 11960'.
3) Well was drilled as a producer, then P & A.
4) The next higher producing zone is the Bone Springs at approximately 7000'. The next lower producing zone is the silurian at approximately 12,100'.

IV. NO.

V. MAP ATTACHED.

VI. LIST OF WELLS AND DATA ATTACHED.

VII. Paladin proposes to re-enter the above listed well. Drill out all plugs, run 5 1/2" casing and tag onto stub, cement 5 1/2" casing. Run 3 1/2" line from 9700' to 12,004'. Perforate Wolfcamp and Devonian. Run 3 1/2" plastic coated tubing with 5 1/2" packer and set at approximately 9796'.

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 9900' to 10,100'.

The fresh water formation in the area is the Ogallala which ranges in thickness from 100' to 160'. Analysis of water wells 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.

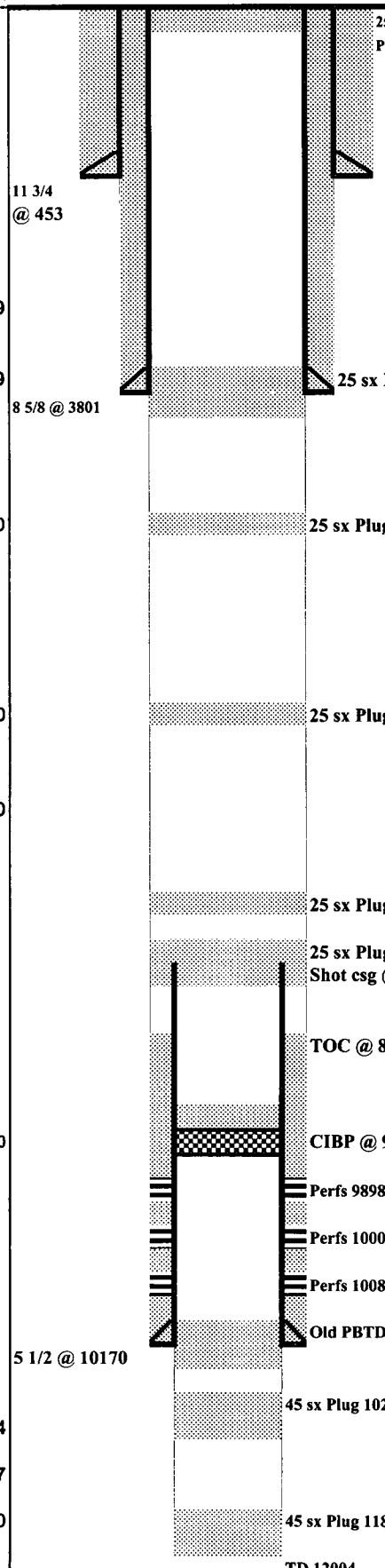
XIII. ATTACHED.

WELLBORE SCHEMATIC AND HISTORY

Current

COMPLETION SCHEMATIC | P&A

FORM	DEPTH
Rustler	1789
Yates	3299
San Andres	4990
Delaware	5740
Bone Spring	7000
Wolfcamp	9500
Penn	10354
Mississippian	10717
Devonian	11840



APINUM:	30-025-03136
OPERATOR:	PALADIN ENERGY CORP
LEASENAME:	REEVES 26 — WELL NO. 3
LOCATION:	UL: O SEC: 26 TWN: 18S RNG: 35E
	660 FSL 1980 FEL
TD 12004	PBD — KB — DF
	GL
POOL	PERFS
DRY & ABANDONED	
TEST (SHOW DATE)	
OIL	GAS WATER
OIL	GAS WATER

CASING RECORD

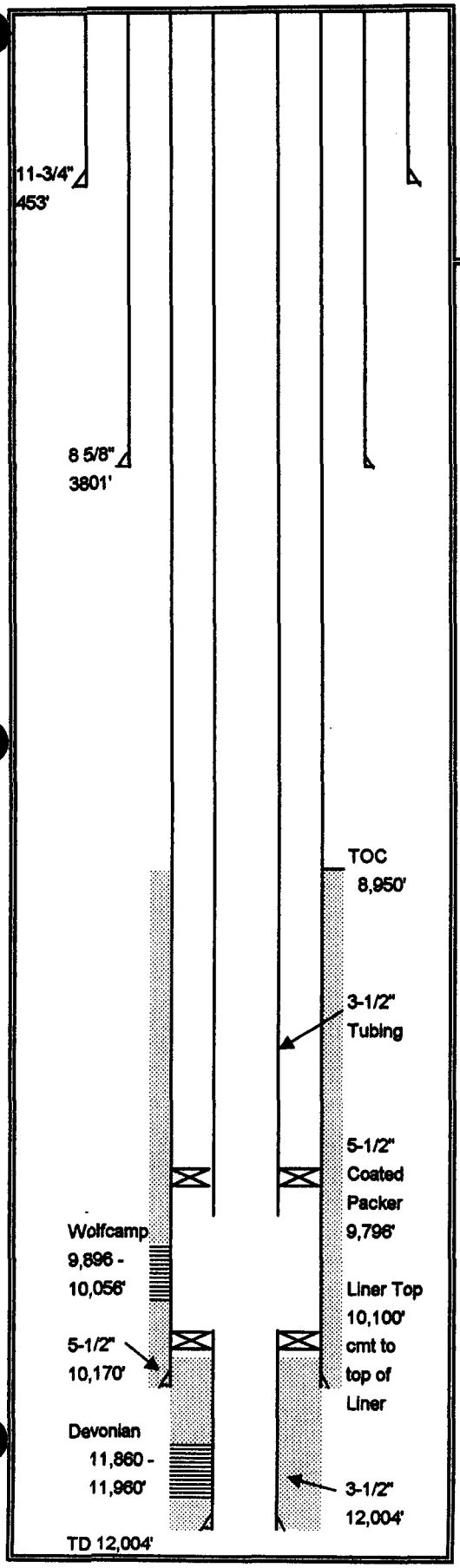
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	11 3/4	453	475 sx	15	Circ
INTER. 1	8 5/8	3801	1469 sx	11	Circ
PROD.	5 1/2	10170	115 sx	7 7/8	8950

Dec-59 Completed Dry Hole

Feb-62 P&A

PREPARED BY: | UPDATED

Wellbore Schematic
Proposed Completion
With 3-1/2" Liner



Lease: Reeves 26 **Well:** #3 SWD API # 30-025-03136

Field: South Vacuum County: Lea State New Mexico

Section 26 Township 18-S Range 35-E

Elev . GL 3880' Elev. DF Elev. KB

Spudded Completed 11/4/1960 660' FSL, 1980 FEL

Surface Casing	11-3/4" OD		Grade	Armco SJ, SW
	Set @	453'	Hole Size	15"
	TOC	Sur.	Sacks	450
Intermediate Casing	8 5/8" OD	24 32#/Ft.	Grade	J-55
	Set @	3801'	Hole Size	11"
	TOC		Sacks	450
Production Casing	5-1/2"	17 & 20#/Ft.	Grade	J-55, N-80
	Set @	10,170	Hole Size	7-7/8"
	TOC	8,950'	Sacks	115
Liner Record	3-1/2" OD	9.3#/Ft.	Grade	P 110
	Top @	9,700'	Bottom @	12,004'
	Screen		Hole Size	4-3/4"
	TOC	9,700'	Sacks	200
Tubing Detail	3-1/2"	9.3#	Grade/Trd.	Plastic Coated
	Pkr. Set @	9,796'	EOT	9,810"
	Nipples			
	Anchors		Rods	

Perforation Record

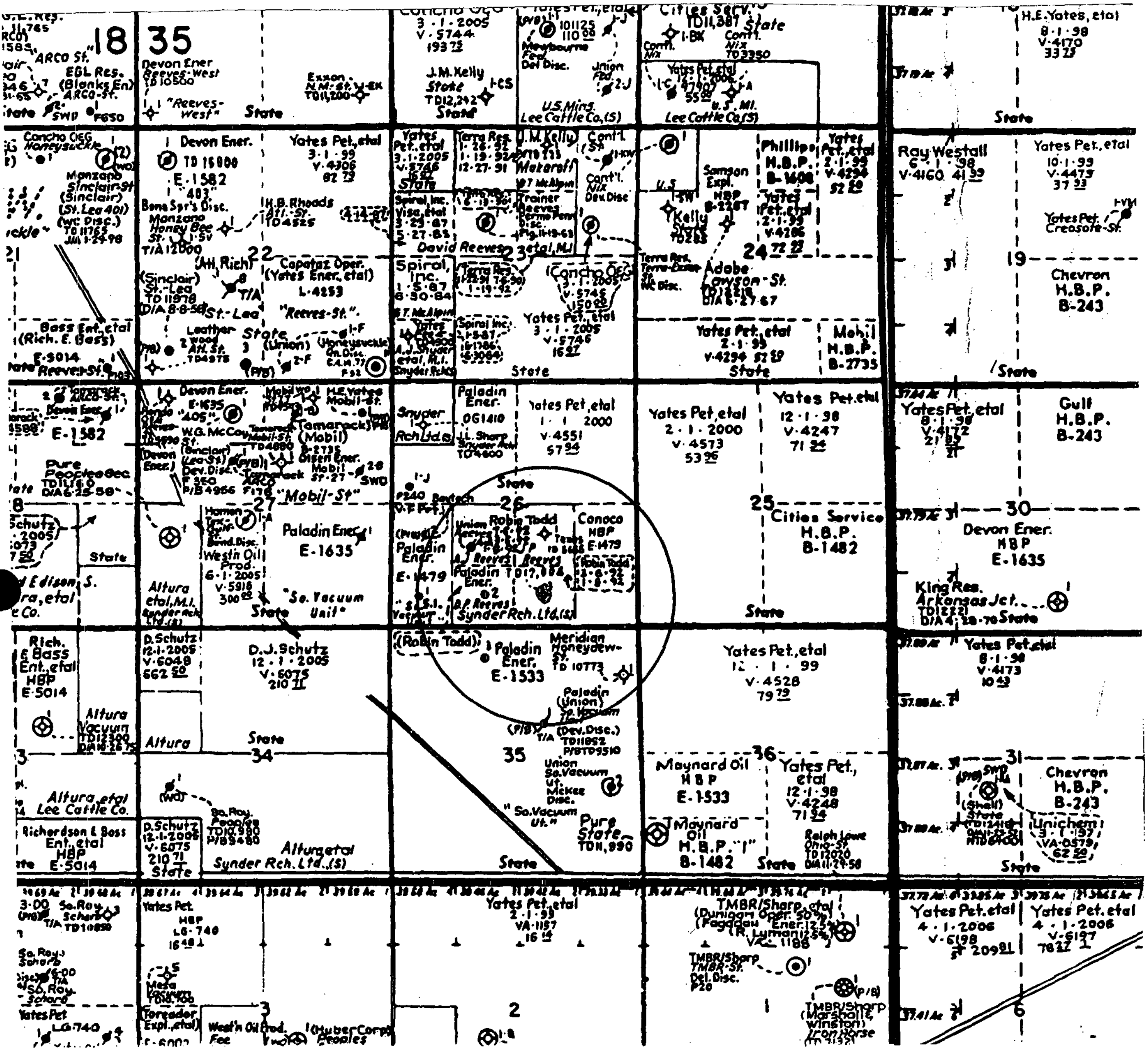
Current Perfs.

Proposed Perfs	11,860 - 11,960' 4 SPF	Devonian
Re-Perf	10,040 - 10,056'	Wolfcamp
	10,004 - 10,018'	Wolfcamp
	9,846 - 9,908'	Wolfcamp

Comments:

Prepared By: David Plaisance

Date:



35
18
Devon Ener
Reeves-West
"Reeves-West"
State
J.M.Kelly
State
U.S.Mins.
Lee Cattle Co.(S)
Cities Serv.
H.E.Yates, etal
8-1-98
V-4170
Devon Ener.
E-1582
Yates Pet.etal
3-1-99
V-4306
H.B.Rhoads
Manzano
Honey Bee
Phillips
H.B.P.
B-1608
Ray Westall
6-1-98
V-4160
Yates Pet.etal
10-1-99
V-4475
Yates Pet.
Creosote-St.
David Reeves
24
22
Capataz Oper.
(Yates Ener.,etal)
L-4253
"Reeves-St."
Spiral, Inc.
Concho O&G
Adobe
Lawson-St.
19
Chevron
H.B.P.
B-243
Bass Ent.,etal
(Rich. E. Bass)
E-5014
Reeves-St.
Yates Pet.etal
3-1-2005
V-5746
Yates Pet.etal
2-1-99
V-4294
Mobil
H.B.P.
B-2735
State
Devon Ener.
E-1635
H.E.Yates
Mobil-St.
Tamarack
(Mobil)
Paladin Ener.
OG1410
Yates Pet.etal
1-1-2000
V-4551
Yates Pet.etal
2-1-2000
V-4573
Yates Pet.etal
12-1-98
V-4247
Yates Pet.etal
8-1-98
V-4172
Gulf
H.B.P.
B-243
Pure
Peoples Sec.
"Mobil-St"
State
26
Robin Todd
Conoco
HBP
E-1479
25
Cities Service
H.B.P.
B-1482
30
Devon Ener.
HBP
E-1635
27
Paladin Ener.
E-1635
Westn Oil Prod.
6-1-2005
V-5918
"So. Vacuum Unit"
Altura etal,M.I.
Synder Rch.Ltd.(S)
King Res.
Arkansas Jct.
State
Rich. E Bass Ent.,etal
HBP
E-5014
D.Schutz
12-1-2005
V-6048
D.J.Schutz
12-1-2005
V-6075
(Robin Todd)
Paladin Ener.
E-1533
Meridian
Honeydew-St.
Yates Pet.etal
12-1-99
V-4528
Yates Pet.etal
8-1-98
V-4173
Altura
Vacuum
Altura
State
34
35
36
31
Maynard Oil
HBP
E-1533
Yates Pet.,etal
12-1-98
V-4248
Chevron
H.B.P.
B-243
Altura,etal
Lee Cattle Co.
So. Vacuum Ut.
Pure
State
TD11,990
Maynard Oil
H.B.P."I"
B-1482
State
Ralph Lowe
Ohio-St
Unichem
Richardson & Bass Ent.,etal
HBP
E-5014
D.Schutz
12-1-2005
V-6075
State
Alturaetal
Synder Rch. Ltd.(S)
State
Yates Pet.
HBP
LG-740
Yates Pet.etal
2-1-99
VA-1157
TMBR/Sharp, etal
TMBR/Sharp
Yates Pet.etal
4-1-2006
V-6198
Yates Pet.etal
4-1-2006
V-6197
Toreador Expl.,etal
Westn Oil Prod.
3
2
6
Iron Horse

DISPOSAL WELL

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN		RNG		N/S		E/W	
30-025-03136	REEVES 26	3	PALADIN ENERGY CORP	12004			LEA		O	26	18	S	35E	E	660	S	1980	E

Wells within 1/2 mile of the proposed disposal well.

	API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN		RNG		N/S (5280)		E/W (5280)		Distance
****	30-025-03129	MAKAROFF	001	JOHN M KELLY	225	D&A	P&A	Lea	P	B	23	18	S	35	E	330	N	1980	E	**990**
****	30-025-03130	STATE KW 23	001	CONTINENTAL OIL CO	12284	O	P&A	Lea	S	A	23	18	S	35	E	660	N	660	E	**1866**
****	30-025-03135	REEVES 26	002	PALADIN ENERGY CORP	11750	O	A	Lea	P	N	26	18	S	35	E	660	S	1980	W	**1320**
****	30-025-03139	JANIE P REEVES	001	TEXACO EXPL & PROD INC	5655	D&A	P&A	Lea	P	J	26	18	S	35	E	1980	S	1980	E	**1320**
****	30-025-03134	SOUTH VACUUM UNIT	261	PALADIN ENERGY CORP	11756	O	A	Lea	S	M	26	18	S	35	E	660	S	660	W	**2640**
****	30-025-03137	REEVES 26	004	UNION OIL CO OF CALIFORNIA	11730	O	P&A	Lea	P	K	26	18	S	35	E	1654	S	1654	W	**1922**
****	30-025-37035	SOUTH VACUUM UNIT	265	PALADIN ENERGY CORP	15248	G	A	Lea	S	L	26	18	S	35	E	1940	S	980	W	**2649**

DISPOSAL WELL

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN		RNG		N/S		E/W	
30-025-03136	REEVES 26	3	PALADIN ENERGY CORP	12004			LEA		O	26	18	S	35E	E	660	S	1980	E

Wells within 1/2 mile of the proposed disposal well and penatrate the proposed disposal interval.

	API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN		RNG		N/S (5280)		E/W (5280)		Distance
****	30-025-03130	STATE KW 23	001	CONTINENTAL OIL CO ✓	12284	O	P&A	Lea	S	A	23	18	S	35	E	660	N	660	E	**1866**
****	30-025-03135	REEVES 26	002	PALADIN ENERGY CORP ✓	11750	O	A	Lea	P	N	26	18	S	35	E	660	S	1980	W	**1320**
****	30-025-03134	SOUTH VACUUM UNIT	261	PALADIN ENERGY CORP ✓	11756	O	A	Lea	S	M	26	18	S	35	E	660	S	660	W	**2640**
****	30-025-03137	REEVES 26	004	UNION OIL CO OF CALIFORNIA ✓	11730	O	P&A	Lea	P	K	26	18	S	35	E	1654	S	1654	W	**1922**
****	30-025-37035	SOUTH VACUUM UNIT	265	PALADIN ENERGY CORP ✓	15248	G	A	Lea	S	L	26	18	S	35	E	1940	S	980	W	**2649**

17

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC P&A

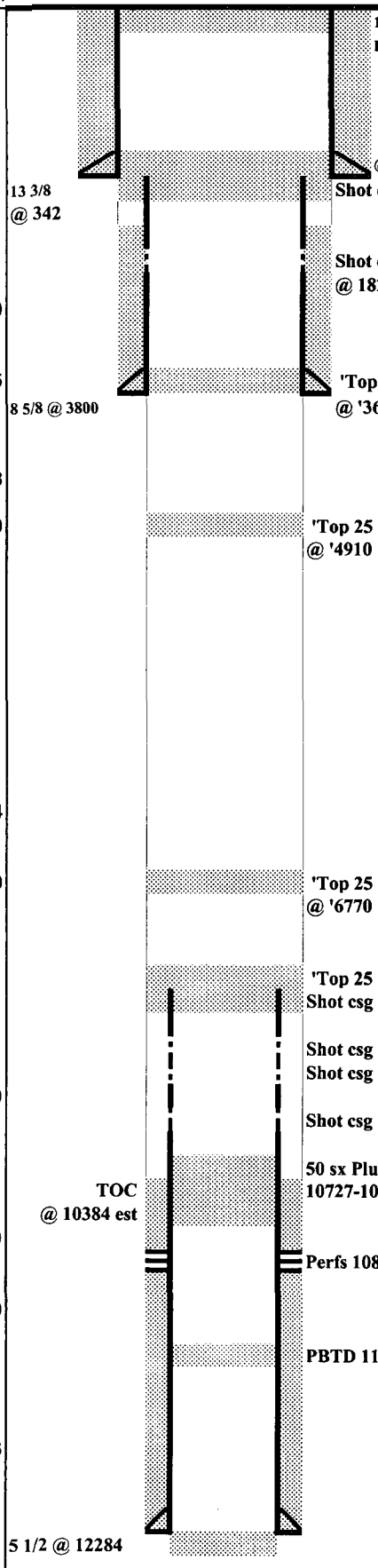
APINUM: 30-025-03130
OPERATOR: CONTINENTAL OIL CO
LEASENAME: STATE KW 23 # 1
LOCATION: UL: A SEC: 23 TWN: 18S RNG: 35E
660 FNL 660 FEL
TD 12284 PBD KB 3896 DF
GL

POOL	PERFS
Revees;Pennsylvanian	10877-10892

TEST (SHOW DATE)

Aug-60	OIL	165	GAS	na	WATER	0
	OIL		GAS		WATER	

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



CASING RECORD

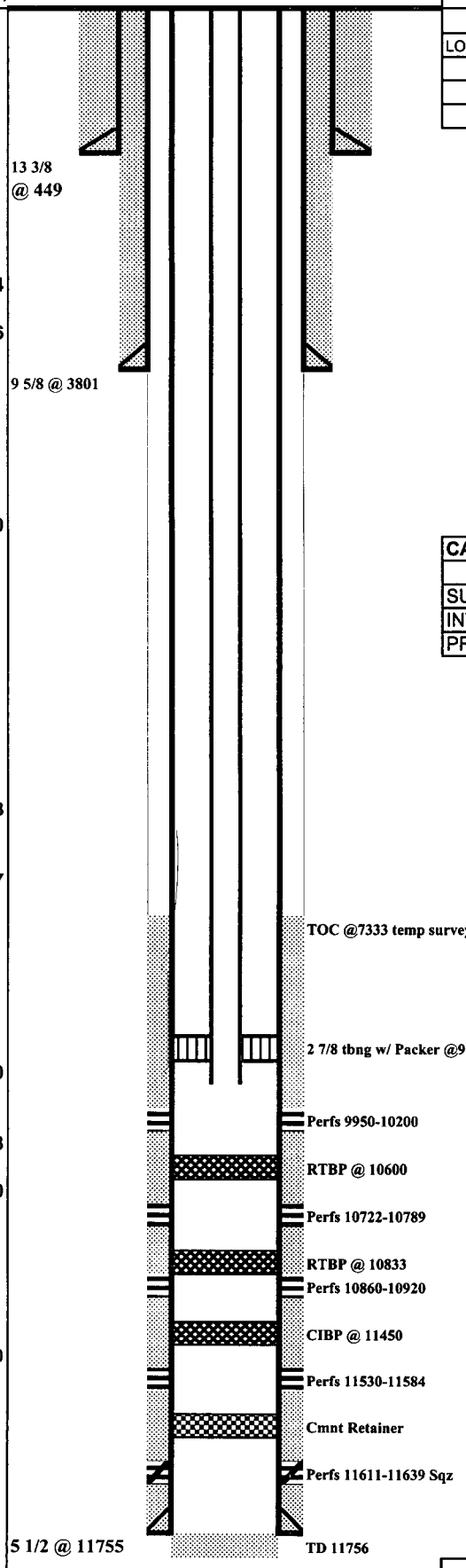
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	342	400 SX	17 1/2	0 Circ
INTER. 1	8 5/8	3800	1100 SX	11	
PROD.	5 1/2	12280	300 SX	7 7/8	10384 Calc

PREPARED BY: UPDATED

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

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					#	261
LOCATION:	UL: M	SEC: 26		TWN: 18S		RNG:	35E
	660 FSL			660 FWL			
TD	11756	PBD	11450	KB		DF	
				GL			

POOL				PERFS	
Vacuum;Devonian, South				11530-11584	
TEST (SHOW DATE)					
Apr-59	OIL 940	GAS na		WATER	0
	OIL	GAS		WATER	

POOL				PERFS	
Vacuum;Mississippian, South				10722-10789	
TEST (SHOW DATE)					
Sep-04	OIL 12	GAS 65		WATER	28
	OIL	GAS		WATER	

POOL				PERFS	
Vacuum;Wolfcamp, South				9950-10200	
TEST (SHOW DATE)					
Jun-05	OIL 54	GAS 201		WATER	45
	OIL	GAS		WATER	

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	449	450 sx	17 1/2	Circ
INTER. 1	9 5/8	3801	1350 sx	12 1/4	Circ
PROD.	5 1/2	11755	688 sx	8 3/4	7333 Temp

? 7100 % Fill ?

Apr-59	Completed in Devonian perfs 11611-11639
May-95	Sqz perfs 11611-11639. Perf 11530-11584
Sep-04	Set CIBP @ 11450 cap w/ 35' cement
	perf Mississippian @ 10860-10920
	Set RTBP @ 10833
	perf Mississippian @ 10722-10789
Jun-05	Set RTBP @ 10600
	perf Wolfcamp @ 9950-10200

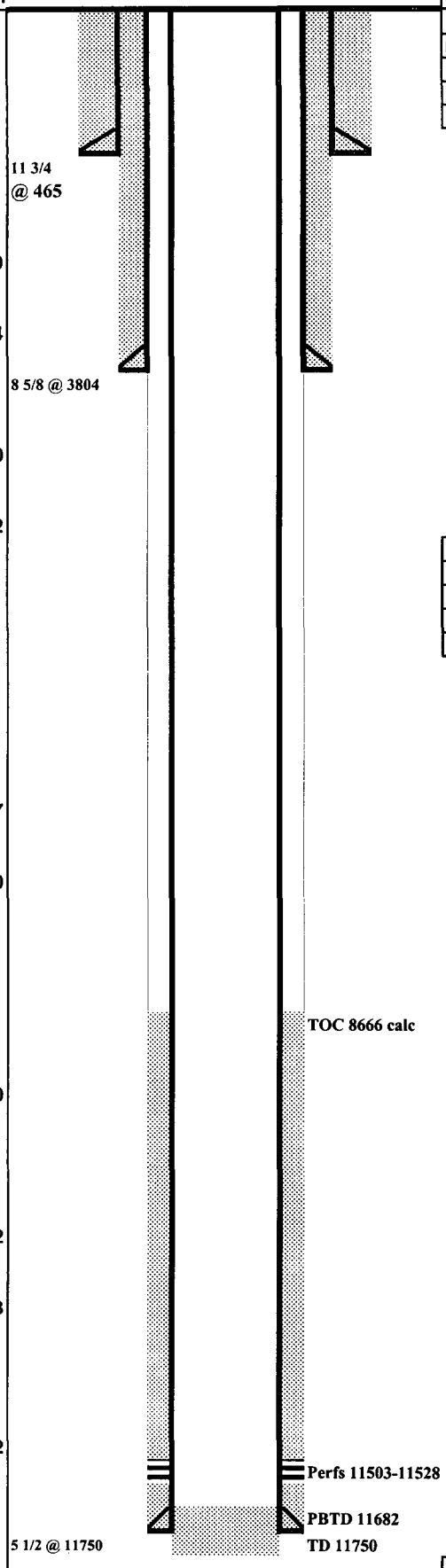
✓

PREPARED BY:	UPDATED

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

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					#	2
LOCATION:	UL:	N	SEC:	26	TWN:	18S	RNG:	35E
	660 FSL				1980 FWL			
TD	11750	PBD		KB		DF	
				GL			

POOL	PERFS
Vacuum;Devonian, South	11503-11528

TEST (SHOW DATE)

Jul-59	OIL	894	GAS	na	WATER	0
	OIL		GAS		WATER	

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	11 3/4	465	525 sx	17 1/2	Circ
INTER. 1	8 5/8	3804	1200 sx	11	Circ
PROD.	5 1/2	11750	575 sx	7 7/8	8666 Calc

≈ 80% Fillup?

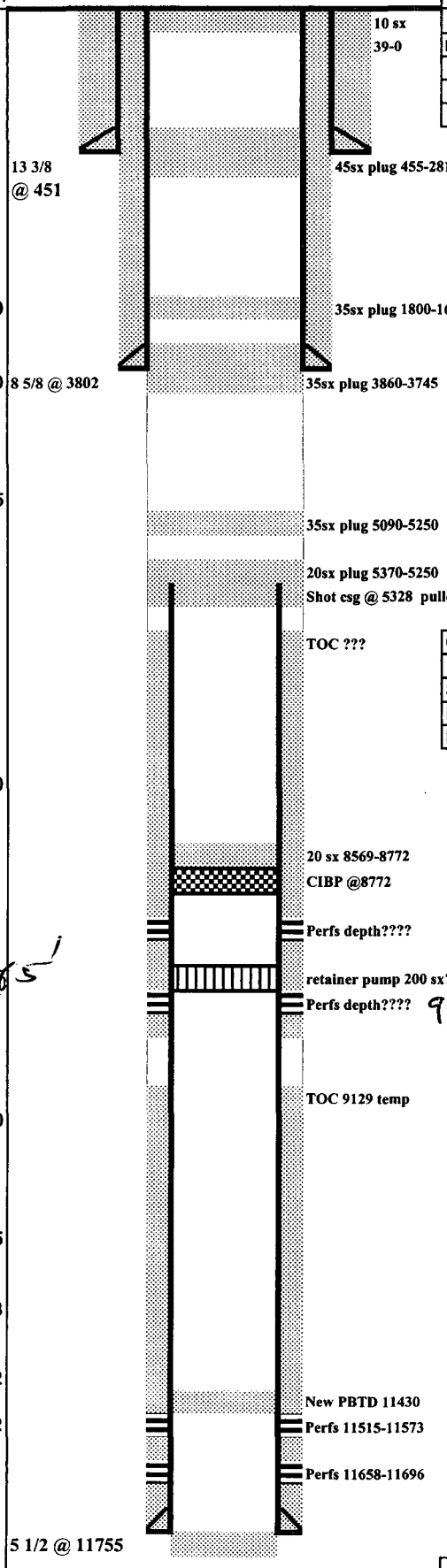
DEVONIAN PRODUCER

PREPARED BY:	UPDATED

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC | P&A

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



ABO 8565'

APINUM:	30-025-03137
OPERATOR:	UNION OIL CO OF CALIFORNIA
LEASENAME:	REEVES 26 # 4
LOCATION: UL: K SEC: 26 TWN: 18S RNG: 35E	
	1654 FSL 1654 FWL
TD 11730 PBD	KB / DF
	GL
POOL	PERFS 11515-11573
Vacuum;Devonian, South	11658-11696
TEST (SHOW DATE)	
Apr-60 OIL 538 GAS 44 WATER 0	
OIL GAS WATER	

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	11 3/4	451	475 sx	17 1/2	Circ
INTER. 1	8 5/8	3802	1288 sx	11	Circ
PROD.	5 1/2	11730	170 sx	7 7/8	9129 temp

??

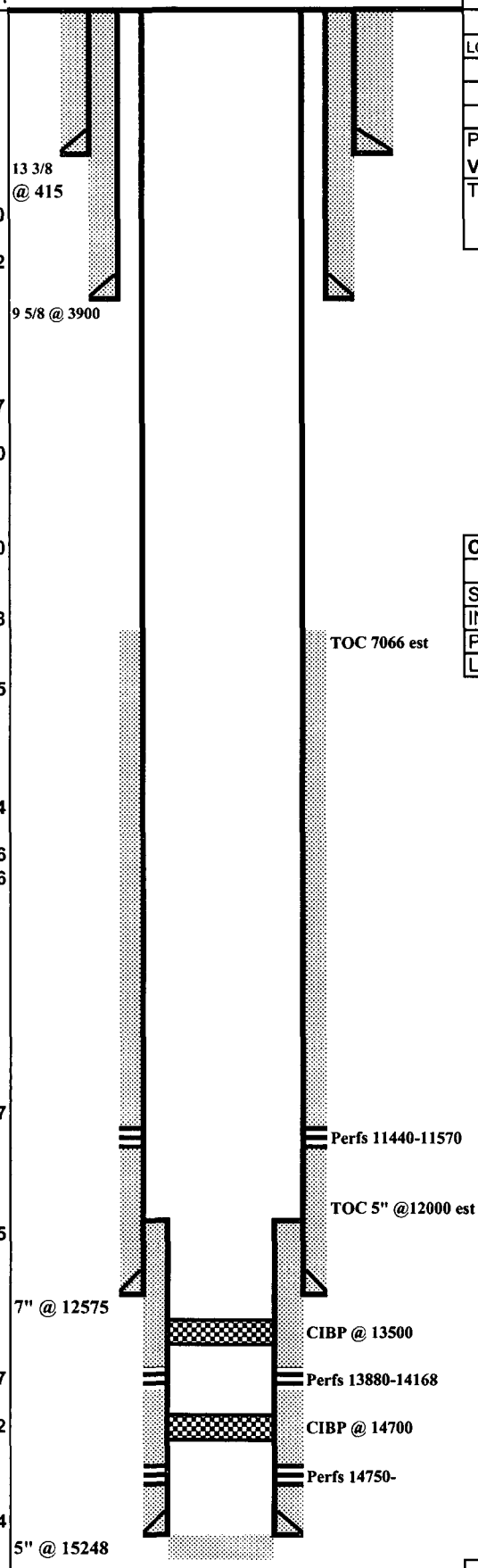
Jul-84	New PBTD 11430	
	Perf & Set retainer pump 200sx	
	Perf & test Bone Spring	
12/84-01/85	P&A	

PREPARED BY: | UPDATED

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1800
Yates	3282
Queen	4447
San Andres	4990
Delaware	5700
Bone Spring	7008
Wolfcamp	9675
Penn	10254
Chester	10616
Mississippian	10666
Devonian	11427
Silurian	12115
Montoya	14077
Mckee	14792
Granit Wash	15044



APINUM:	30-025-37035					
OPERATOR:	PALADIN ENERGY CORP					
LEASENAME:	SOUTH VACUUM UNIT				#	265
LOCATION:	UL: L	SEC: 26	TWN: 18S		RNG:	35E
	1940 FSL		980 FWL			
TD 15248	PBD 13500	KB	DF			
		GL				
POOL		PERFS				
Vacuum;Devonian, South		11440-11570				
TEST (SHOW DATE)						
Dec-05	OIL 66	GAS 0	WATER 2650			
	OIL	GAS	WATER			

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	415	395 sx	17 1/2	Circ
INTER. 1	9 5/8	3900	1290 sx	12 1/4	Circ
PROD.	7	12575	755 sx	8 3/4	7066 est
LINER 1	5	15248-12000	300 sx	6 1/4	12000 est

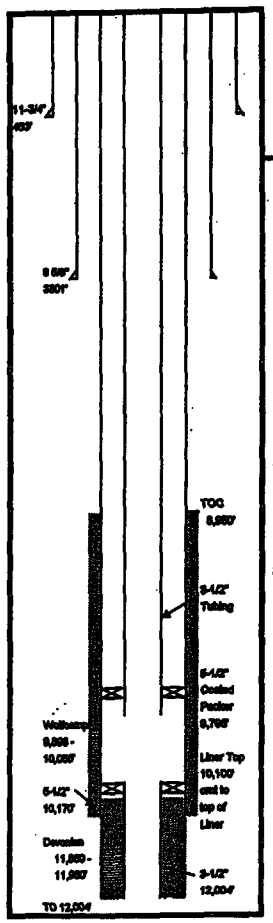
PREPARED BY: | UPDATED

VII

OPERATOR Paladin Energy Corp. LEASE Reeves 26

WELL NO. #3 660/S 1980/E Unit O 26 18 35

FOOTAGE LOCATION SECTION TOWNSHIP RANGE



Wellbore Schematic
Proposed Completion
With 5-1/2" Liner

Lease: Reeves 26 Well: #3 SWD API # 30-025-03136

Field: South Vacuum County: Lea State: New Mexico

Section 26 Township 18-S Range 35-E

Elev. GL 3997 Elev. DF Elev. KB

Spudded Completed 11/4/1960 660' FSL, 1980 FEL

Surface Casing	11-3/4" OD	Grade	Armco SJ, SW
	Set @ 400'	Hole Size	15"
	TOC Sur.	Sacks	450
Intermediate Casing	8 5/8" OD 24.32#/Ft.	Grade	J-55
	Set @ 3901'	Hole Size	11"
	TOC	Sacks	450
Production Casing	5-1/2" 17 & 20#/Ft.	Grade	J-55, N-80
	Set @ 10,170	Hole Size	7-7/8"
	TOC 8,950'	Sacks	115
Liner Record	3-1/2" OD 9.3#/Ft.	Grade	P 110
	Top @ 9,700'	Bottom @	12,004'
	Screen	Hole Size	4-3/4"
	TOC 9,700'	Sacks	200
Tubing Detail	3-1/2" 9.3# Grade/Thd.		Plastic Coated
	Plz. Set @ 9,700' EOT		9,610'
	Nipple		
	Anchors	Rods	
Perforation Record			
Current Perfs.			
Proposed Perfs	11,950 - 11,997' 4 SPF	Devonian	
Re-Perf	10,040 - 10,058'	Wolfcamp	
	10,004 - 10,016'	Wolfcamp	
	9,946 - 9,956'	Wolfcamp	

Comments:

Prepared By: David Plaisance
Date:

Well Construction Data

Surface Casing

Size 11 3/4" Cemented with 450 sx.

TOC Surface feet determined by circulation

Hole Size 15"

Intermediate Casing

Size 8 5/8" Cemented with 450 sx.

TOC Surface feet determined by calculated

Hole Size 11"

Long String

Size 5 1/2" Cemented with 115 sx.

TOC 8950 feet determined by TS

Hole Size 7 7/8"

Total Depth 12004'

Injection Interval Plan to run 3 1/2 liner from 9705 to TD 12004

9946' feet to 11960 feet

(perforated or open-hole; indicate which)

Side 2 V

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2" Lining Material: Plastic Coated

Type of Packer: Baker Tension

Packer Setting Depth: 9796'

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 and gas

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. this well is P&A schematic of Plugs attached; our plans are to re-enter for SWD

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

   The Bone Springs is at 7000'

   The Silurian is at 12,100'

X1

CARDINAL LABORATORIES

PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603
PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
EDDIE SEAY CONSULTING
601 W. ILLINOIS
HOBBS, NM 88242
FAX TO: (505) 392-6949

Receiving Date: 05/04/06
Reporting Date: 05/05/06
Project Number: PALADIN
Project Name: PALADIN SOUTH VACUUM
Project Location: BUCKEYE, NM

Sampling Date: 05/03/06
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: HM
Analyzed By: AB/HM

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (μS/cm)	T-Alkalinity ($mgCaCO_3/L$)
ANALYSIS DATE:		05/05/06	05/05/06	05/05/06	05/05/06	05/04/06	05/05/06
H11080-1	WW #26	<1	64	39	2.6	519	160
H11080-2	WW #35	33	64	19	1.7	596	160
Quality Control		NR	48.1	48.6	3.98	1428	NR
True Value QC		NR	50.0	50.0	4.00	1413	NR
% Recovery		NR	96.2	97.2	99.6	101	NR
Relative Percent Difference		NR	0.0	0.0	7.9	0.1	NR
METHODS:			SM3500-Ca-D	3500-Mg E	8049	120.1	310.1

LAB NUMBER	SAMPLE ID	Cl^- (mg/L)	SO_4 (mg/L)	CO_3 (mg/L)	HCO_3 (mg/L)	pH (s.u.)	TDS (mg/L)
ANALYSIS DATE:		05/04/06	05/05/06	05/05/06	05/05/06	05/04/06	05/04/06
H11088-1	WW #26	36	49	0.0	195	7.58	358
H11088-2	WW #35	44	86	0.0	195	7.42	437
Quality Control		990	27.3	NR	976	6.81	NR
True Value QC		1000	25.0	NR	1000	7.00	NR
% Recovery		99	109	NR	97.6	97.3	NR
Relative Percent Difference		2.0	1.6	NR	0.0	0.8	NR
METHODS:		SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1

Chemist

05-08-06
Date

H11080

CARDINAL LABORATORIES, INC.

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

2111 Beechwood, Abilene, TX 79603 (915) 673-7001 Fax (915) 673-7020
101 East Marland, Hobbs, NM 88240 (505) 393-2326 Fax (505) 393-2476

Page____ of ____

Company Name: Eddie Seay Consulting	BILL TO PO #:
Project Manager: Eddie Seay	Company:
Address: 601 W Illinois	Attn:
City: Hobbs State: NM Zip: 88242	Address:
Phone #: 2-2234	City:
Fax #: 2-6949	State: Zip:
Project #: Paladin Project Owner: Paladin	Phone #:
Project Name: Paladin South Vacuums	Fax #:
Project Location: S. Buckeye	

ANALYSIS REQUEST: Gen Chemistry ✓

FOR LAB USE ONLY LAB I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX: GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	PRES.: ACID	ICE / COOL	OTHER:	SAMPLING: DATE	TIME	
H11080 -1	WW # 24	C	1	C							✓		5/3	3:20	✓
-2	WW # 35	C	1	C							✓		"	4:10	✓

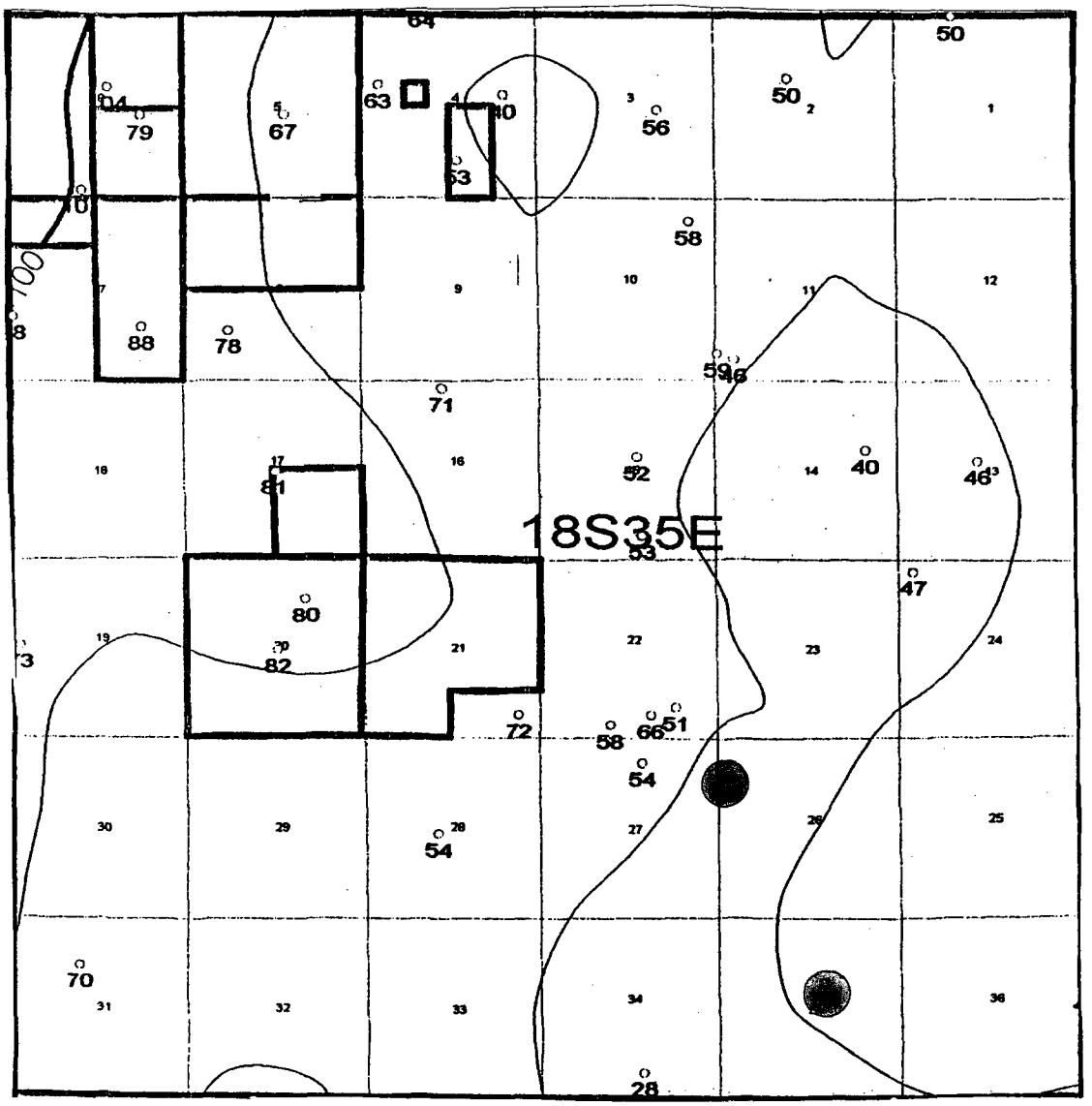
PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed 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.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished: Eddie W Seay	Date: 5/4 Time: 10:30	Received By:	Phone Result ☐ Yes ☐ No Additional Fax #:
Relinquished By:	Date: Time:	Received By: (Lab Staff) Hope L Moore	Fax Result ☐ Yes ☐ No REMARKS:
Delivered By: (Circle One) Sampler - UPS - Bus - Other:		Sample Condition Cool ☑ Yes ☐ No Intact ☑ Yes ☐ No	CHECKED BY: (Initials)

† Cardinal cannot accept verbal changes. Please fax written changes to 915-673-70[illegible]

X1



● water well locations

Lea

POOL: McCormack - Silurian

All values in Parts per Million - PPM.

COMPANY	LOCATION	FORMATION	CODE	Chloride Cl.	Sodium Na.	Magesium Mg.	Calcium Ca.	Sulfate So4	Sulfide H2S
Mobil - OCD	D-33-21-37	Sil.	PW	28,684	13,645				

Pool Chloride Average (All Pool Formations).	Form. Silurian	28,684
Pool Formation Average - PPM Cl.	Form.	
Pool Formation Average - PPM Cl.	Form.	
Pool Formation Average - PPM Cl.	Form.	

CODE:
WF = Water Flood Water
PW = Produced Water (Primary)
R = Reef water.

POOL: Dean - Devonian

All values in Parts per Million - PPM.

COMPANY	LOCATION	FORMATION	CODE	Chloride Cl.	Sodium Na.	Magesium Mg.	Calcium Ca.	Sulfate So4	Sulfide H2S
Atl. Rich. "A"	35-15-36	Dev.	PW	19,525	12,691				
Atl Rich	-15-36	Dev.	PW	18,260	10,924	175	1,312	1,100	

Pool Chloride Average (All Pool Formations).	Form. Devonian	18,893
Pool Formation Average - PPM Cl.	Form.	
Pool Formation Average - PPM Cl.	Form.	
Pool Formation Average - PPM Cl.	Form.	

CODE:

WF = Water Flood Water

PW = Produced Water (Primary)

R = Reef water.

LEA

POOL: Anderson Ranch - Wolfcamp

All values in Parts per Million - PPM.

COMPANY	LOCATION	FORMATION	CODE	Chloride Cl.	Sodium Na.	Magesium Mg.	Calcium Ca.	Sulfate So4	Sulfide H2S
Conoco	11-16-32	Wolf	PW	23,785	15,460				
Conoco-OCD	2-16-32	Wolf	PW	11,040	7,176				

Pool Chloride Average (All Pool Formations).	Form. Wolf	17,125
Pool Formation Average - PPM Cl.	Form.	
Pool Formation Average - PPM Cl.	Form.	
Pool Formation Average - PPM Cl.	Form.	

CODE:

WF = Water Flood Water

PW = Produced Water (Primary)

R = Reef water.

PALADIN ENERGY CORP.

May 19, 2006

RE: Reeves 26 #3
Unit O, Sect. 26, T. 18 S., R. 36 E.
API #30-025-03136

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

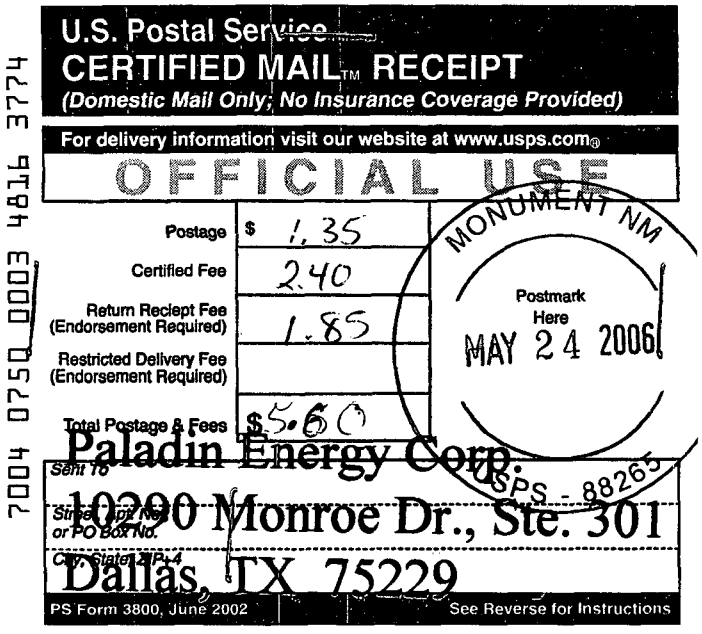
LEASE OWNERS AND OFFSETS

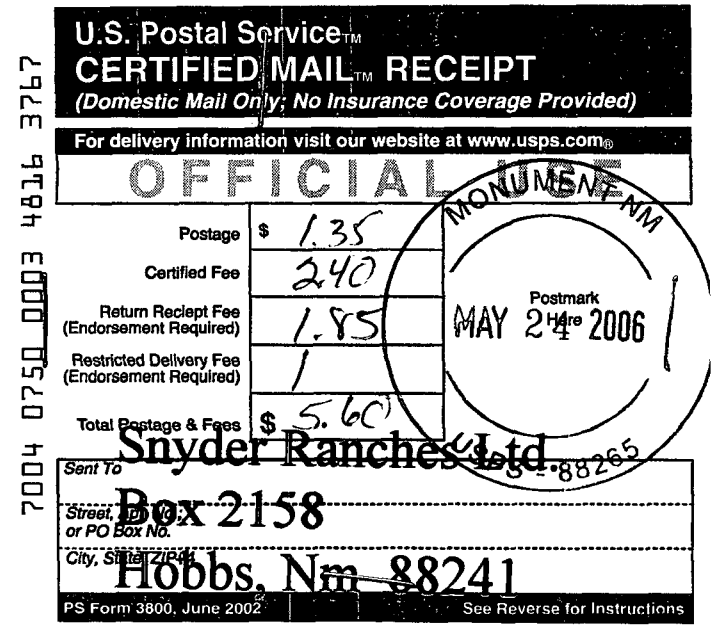
LANDOWNER

Snyder Ranches Ltd.
Box 2158
Hobbs, NM 88241

OFFSET OPERATORS

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


7004 0750 0003 4816 3724
U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com®
OFFICIAL USE
Postage $ 1.35
Certified Fee 2.40
Return Reciept Fee (Endorsement Required) 1.85
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees $ 5.60
MONUMENT NM
Postmark Here
MAY 24 2006
USPS - 88265
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, June 2002
See Reverse for Instructions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For delivery information visit our website at www.usps.com®
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Postage $ 1.35
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Restricted Delivery Fee (Endorsement Required) 1
Total Postage & Fees $ 5.60
MONUMENT NM
Postmark Here
MAY 24 2006
USPS - 88265
Sent To
Snyder Ranches Ltd.
Street, Apt. No. or PO Box No.
Box 2158
City, State, ZIP+4
Hobbs, Nm 88241
PS Form 3800, June 2002
See Reverse for Instructions

LEGAL NOTICE

Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, Paladin Energy Corp., 10290 Monroe Dr., Ste. 301, Dallas, Texas 75229, is filing a C-108 Application for Salt Water Disposal. The well being applied for is the Reeves 26 #3, located in Unit O, Section 26, Township 18 South, Range 35 East, Lea Co., NM. The injection formation is the Wolfcamp and Devonian, located from 9846′ to 11960′ below surface. 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, (505)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 DAILY LEADER**, a daily 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 DAILY LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of May 23, 2006 and ending with the issue of May 23, 2006.

And that the cost of publishing said notice is the sum of $23.88 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 31st day of May 2006

Debbie Schilling

Debbie Schilling
Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2006

LEGAL NOTICE
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Published in the Lovington Leader May 23, 2006.

Form C-103
(Revised 3-55)

NEW MEXICO OIL CONSERVATION COMMISSION
MISCELLANEOUS REPORTS ON WELLS

HOBBS OFFICE OCC

(Submit to appropriate District Office as per Commission Rule 1106)

1960 AUG 9 AM 9:40

COMPANY The Pure Oil Company - P.O. Box 2532 - Hobbs, New Mexico
(Address)

LEASE Reeves "A" WELL NO. 3-26 UNIT O S 26 T 18-S R 35-E

DATE WORK PERFORMED 8-1-60 POOL South Vacuum (Devonian)

This is a Report of: (Check appropriate block)

- [ ] Beginning Drilling Operations
- [ ] Plugging
- [ ] Results of Test of Casing Shut-off
- [ ] Remedial Work
- [x] Other Current Status Report

Detailed account of work done, nature and quantity of materials used and results obtained

Well was drilled to 12,004' in the Devonian, which was not productive. Placed plugs 12,004' 11,842' with 45 sacks cement and 10,350' to 10,200' with 45 sacks cement. Ran 5-1/2" OD cas to 10,170' and cemented with 115 sacks cement with 70 gallons LA-2 added. Perforated 5-1/2" casing 10,086 to 10,112' with 104 shots and attempted completion in the Wolfcamp. This was treated with 3000 gallons of retarded acid in two stages of 1500 gallons each. We then perforated 5-1/2" OD casing from 10,040' to 10,059' and 10,004' to 10,018' with 4 shots per foot. These perforations were treated with 1000 gallons mud acid and 5000 gallons retarded acid. 5-1/2" OD casing was then perforated 9898' to 9908'. Well was dry. Casing has not been pulled and no work has been performed on the well.

FILL IN BELOW FOR REMEDIAL WORK REPORTS ONLY

Original Well Data:

DF Elev. _____ TD _____ PBD _____ Prod. Int. _____ Compl Date _____

Tbng. Dia _____ Tbng Depth _____ Oil String Dia _____ Oil String Depth _____

Perf Interval (s) _____

Open Hole Interval _____ Producing Formation (s) _____

RESULTS OF WORKOVER:	BEFORE	AFTER
Date of Test		
Oil Production, bbls. per day		
Gas Production, Mcf per day		
Water Production, bbls. per day		
Gas-Oil Ratio, cu. ft. per bbl.		
Gas Well Potential, Mcf per day		
Witnessed by		

Form C-103
(Revised 3-55)

NEW MEXICO OIL CONSERVATION COMMISSION
MISCELLANEOUS REPORTS ON WELLS
(Submit to appropriate District Office as per Commission Rule 1106)

COMPANY The Pure Oil Company - Box 671 - Midland, Texas
(Address)

LEASE South Vacuum n Reeves "A" WELL NO. 4-26 UNIT K S 26 T 18-S R 35-E

DATE WORK PERFORMED 2-10-60 4-14-60 POOL South Vacuum (Devonian)

This is a Report of: (Check appropriate block)

[X] Beginning Drilling Operations
[ ] Plugging
[X] Results of Test of Casing Shut-off
[ ] Remedial Work
[X] Other Well Completion

Detailed account of work done, nature and quantity of materials used and results obtained

Spud 17-1/2" hole 2-10-60, drilled to 456', 2-11-60 ran 451' of 11-3/4" OD 42# casing, cemented with 475 sacks, pumped plug to 412', maximum pressure 250#, had cement returns t surface, 24 hours WOC. (Cement job complete 3:00 PM 2-11-60). Tested casing and cement with 1000#, held 30 minutes OK. Drilled 456' to 3802', 2-18-60 ran 3802' of 8-5/8" OD 24 32# casing with guide shoe at 3802', float collar at 3733', cemented with 1288 sacks, maxi pressure 1200#, had cement returns to surface (job completed at 8:00 PM 2-18-60), 24 hours tested casing and cement with 1000#, held 30 minutes OK. Drilled 3802' to 11730', 4-14-60 ran 11730' of 17# and 20# 5-1/2" OD casing, ~~xxxxxxxx~~ with shoe at 11730', float collar at 11693', cemented with 170 sacks, pumped plug to 11693', maximum pressure 1200#, job comple 2:00 PM 4-14-60, 24 hours WOC. Tested casing and cement with 1000# for 30 minutes, held O Drilled float collar and cement from 11693' to 11728' PBTD. Ran cement log to 11729', indicated top cement outside 5-1/2" OD casing at 9129'. Perforated 5-1/2" OD casing 11658 Ran TIW packer on 11597' of 2" tubing, set packer at 11565'.

FILL IN BELOW FOR REMEDIAL WORK REPORTS ONLY

Original Well Data:

DF Elev. _____ TD _____ PBD _____ Prod. Int. _____ Compl Date _____

Tbng. Dia _____ Tbng Depth _____ Oil String Dia _____ Oil String Depth _____

Perf Interval (s) _____

Open Hole Interval _____ Producing Formation (s) _____

RESULTS OF WORKOVER:	BEFORE	AFTER
Date of Test		
Oil Production, bbls. per day		
Gas Production, Mcf per day		
Water Production, bbls. per day		
Gas-Oil Ratio, cu. ft. per bbl.		
Gas Well Potential, Mcf per day		

Inactive Well List

Total Well Count:61 Inactive Well Count:0 Since:3/28/2005

Printed On: Wednesday, June 21 2006

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

WHERE Ogrid:164070, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15

2006 JUN 29 PM 12 07

June 27, 2006

NMOCD Engineering
ATTN: Will Jones
1220 S. Saint Francis Drive
Santa Fe, NM 88504

RE: Paladin Energy
Reeves 26 #3 SWD

Mr. Jones:

Enclosed is the additional information you requested, advertisement and notices to Yates.

If you need anything else, please call.

Thanks,

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

SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Kathy Donaghe ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* KATHY DONAGHE

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article *(Transf* 7004 0750 0003 4816 3781

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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 daily 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, beginning with the issue of June 24, 2006 and ending with the issue of June 24, 2006.

And that the cost of publishing said notice is the sum of $23.88 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 26th day of June 2006

Debbie Schilling

Debbie Schilling
Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2010

LEGAL NOTICE
Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, Paladin Energy Corp., 10290 Monroe Dr., Ste. 301, Dallas, Texas 75229, is filing a C-108 Application for Salt Water Disposal. The well being applied for is the Reeves 26 #3, located in Unit O, Section 26, Township 18 South, Range 35 East, Lea Co., NM. The injection formation is the Wolfcamp from 9846' to 10056' and the Devonian from 11860' to 11960' below surface. 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, (505) 392-2236, or any objection or request for hearing must be directed to the Oil Conservation Division, (505) 476-3440, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within fifteen (15) days.

Published in the Lovington Leader June 24, 2006.

Injection Permit Checklist

SWD Order Number 1036 Dates: Division Approved _____ District Approved _____

Information Request Letter or Email sent _____

Well Name/Num: REEVES 26 well #3 Date Spudded: 11/4/60

API Num: (30-) 025-03136 County: LEA

Footages 660FSL/1980 FEL 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

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	15 — 11 3/4	453	475	CIRC
Intermediate	11 — 8 5/8	3801	1469	CIRC
Production	7 7/8 — 5 1/2	10170	115	8850 T.S.
Last DV Tool				
Open Hole/Liner				
Plug Back Depth				

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

Checks (Y/N): Well File Reviewed ✓ ELogs in Imaging CAROLD GR-N Survey Logs

3 1/2" TUBING
RE-ENTRY of P&A
RE-INSTALL 5 1/2" CSG
NCT-COMMERCIAL
+ 3 1/2" Liner 10,100 - 12,004'

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash	OK		
Capitan Reef	X		
Cliff House, Etc:	X		
Formation Above	BONE SPRING		
Top Inj Interval	9846 - 10,05[illegible]	WC	
Bottom Inj Interval	1850 - 11960	DEV.	
Formation Below			

1969 PSI Max. WHIP

N Open Hole (Y/N)

N Deviated Hole (Y/N)

Fresh Water Site Exists (Y/N) Y Analysis Included (Y/N): Y

Salt Water Analysis: Injection Zone (Y/N/NA) ~~NA~~ ✓ Disposal Waters (Y/N/NA) ✓ Types: McKee/DEV/SILUR.

Affirmative Statement Included (Y/N): ✓ Newspaper Notice Adequate (Y/N) No Well Table Adequate (Y/N) ✓

Surface Owner ~~SLO~~ SNYDER RANCHES Noticed (Y/N) ✓ Mineral Owner(s) ? all leased ?

AOR Owners: Yates, CHEVRON TEXACO, CHEVRON TEXACO UNIVERSAL Noticed (Y/N) ___

CID/Potash/Etc Owners: _____ Noticed (Y/N) ___

AOR Num Active Wells 3 Repairs? ___ Producing in Injection Interval in AOR No

AOR Num of P&A Wells 2 Repairs? ___ Diagrams Included? ✓

— RE-DOE NEWSPAPER
— Send To Yates SLO?

Data to Generate New AOR Table _____ New Table Generated? (Y/N)

	STR	E-W Footages	N-S Footages
Wellsite			
Northeast			
North			
Northwest			
West			
Southwest			
South			
Southeast			
East			

Conditions of Approval:

1. RUN CBL on original 5 1/2"
2. Send any new Logs to OCD
3. _____
4. _____

RBDMS Updated (Y/N) _____

UIC Form Completed (Y/N) _____

This Form completed _____