

DATE IN <u>8/17/09</u>	SUSPENSE <u>9/3/09</u>	ENGINEER <u>Jones</u>	LOGGED IN <u>8-10-09</u>	TYPE <u>SWD</u>	APP NO. <u>0922229644</u>
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8/18/09

ABOVE THIS LINE FOR DIVISION USE ONLY

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



South Vacuum Unit 352
 30-025-0351
 paladin (164070)

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]

22557
 97368 pool

- [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 8/3/09
 Print or Type Name Signature Title Date
seay04@leaco.net
 e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: Paladin Energy Corp.
ADDRESS: 10290 Monroe Dr., Ste. 301 Dallas, TX 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? Yes No Previous SWD No. R-4147
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

TITLE: Agent

SIGNATURE: Eddie W. Seay

DATE: 7/28/09

E-MAIL ADDRESS: seay04@leaco.net

- * 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: 1958 when drilled.

ATTACHMENT TO APPLICATION C-108

South Vacuum Unit 35 #2
Unit I, Sect. 35, 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 Lock Set.
- B.
- 1) Injection formation is the Devonian.
 - 2) Injection interval 11630' to 11840'.
 - 3) Well was drilled as a producer, converted to a Devonian SWD, then converted to a McKee gas well.
 - 4) The next higher producing zone is the Mississippian at approximately 10752'.
The next lower producing zone is the Simpson at approximately 13,400'.

IV. NO.

V. MAP ATTACHED.

VI. LIST OF WELLS AND DATA ATTACHED.

VII. Paladin proposes to re-complete the above listed well. ~~Clean out well bore and plugs down~~ to old Devonian perfs, either re-perforate or acidize old perfs. Perforate Devonian. Run 3 1/2" plastic coated tubing with 7" packer and set at approximately 11570'.

- 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 formation is interbedded shale and limestone. The primary geologic formation is the Devonian from 11630' to 11840'.

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.

INJECTION WELL DATA SHEET

Tubing Size 3 1/2 " lined with IPC set in a
 packer at 11570 feet
 (Type of Internal coating)

Other type of tubing / casing seal if applicable NONE

Other Data

1. Is this a new well drilled for Injection? Yes No

If no, for what purpose was the well originally drilled? Production + converted to
 Deviation sub, then to a McKee open well.

2. Name of the Injection formation Devonian

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

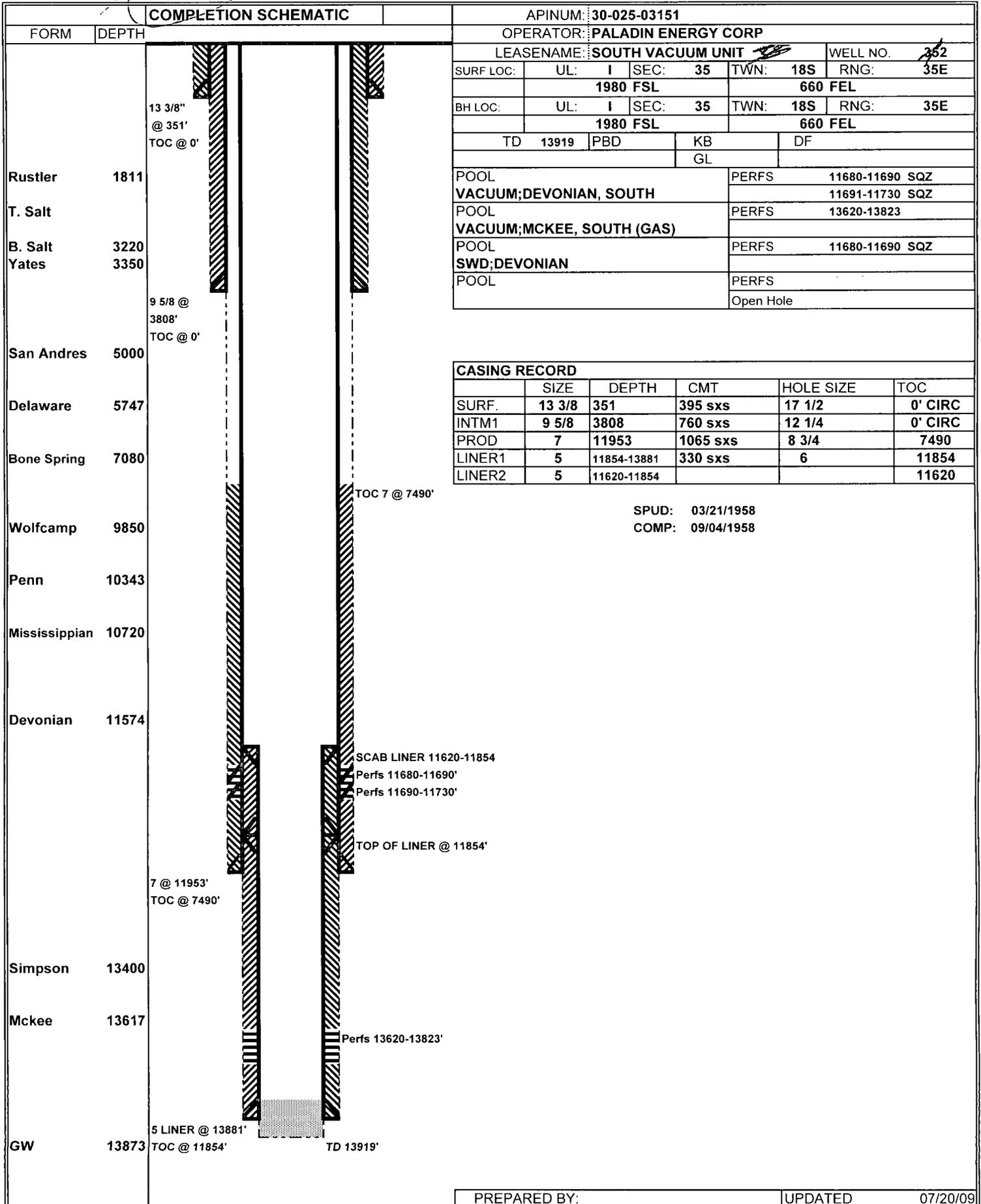
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e., sacks of cement or plug(s) used.

McKee of 13120 to 13823 CIRP + cement of 13580

5. Give the names and depths of any over or underlying oil or gas zones (pools) in this area.

Mississippian of 10752
Simpson of 13400

BEFORE WELLBORE SCHEMATIC AND HISTORY



COMPLETION SCHEMATIC

APINUM: 30-025-03151

FORM	DEPTH
Rustler	1811
T. Salt	
B. Salt	3220
Yates	3350
San Andres	5000
Delaware	5747
Bone Spring	7080
Wolfcamp	9850
Penn	10343
Mississippian	10720
Devonian	11574
Simpson	13400
Mckee	13617
GW	13873

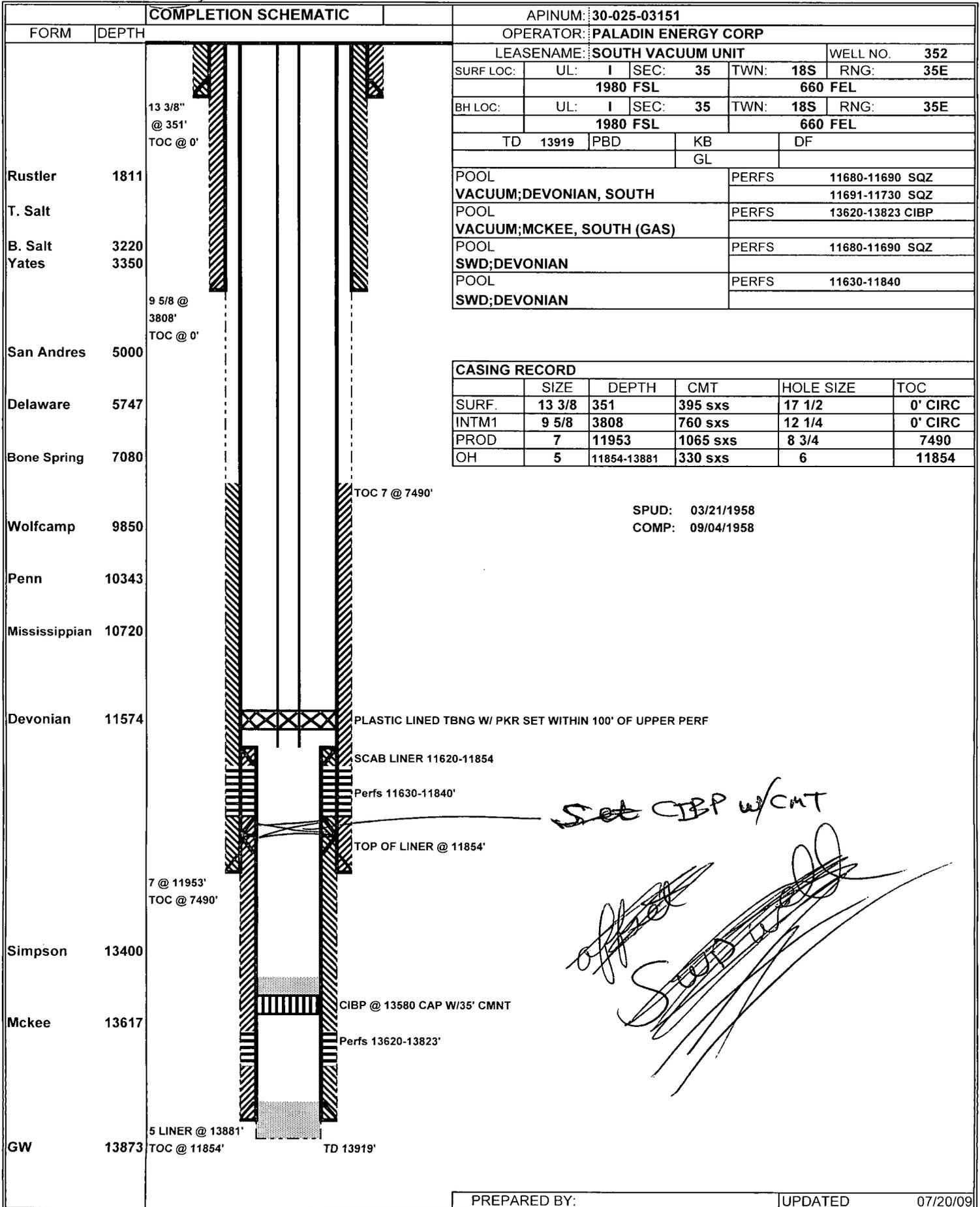
OPERATOR: PALADIN ENERGY CORP				
LEASENAME: SOUTH VACUUM UNIT				WELL NO. 352
SURF LOC:	UL: I	SEC: 35	TWN: 18S	RNG: 35E
1980 FSL			660 FEL	
BH LOC:	UL: I	SEC: 35	TWN: 18S	RNG: 35E
1980 FSL			660 FEL	
TD	13919	PBD	KB	DF
		GL		
POOL VACUUM;DEVONIAN, SOUTH			PERFS 11680-11690 SQZ	
			11691-11730 SQZ	
POOL VACUUM;MCKEE, SOUTH (GAS)			PERFS 13620-13823	
POOL SWD;DEVONIAN			PERFS 11680-11690 SQZ	
POOL			PERFS	
			Open Hole	

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	351	395 sxs	17 1/2	0' CIRC
INTM1	9 5/8	3808	760 sxs	12 1/4	0' CIRC
PROD	7	11953	1065 sxs	8 3/4	7490
LINER1	5	11854-13881	330 sxs	6	11854
LINER2	5	11620-11854			11620

SPUD: 03/21/1958
COMP: 09/04/1958

AFTER WELLBORE SCHEMATIC AND HISTORY



COMPLETION SCHEMATIC		APINUM: 30-025-03151			
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP			
		LEASENAME: SOUTH VACUUM UNIT			WELL NO. 352
		SURF LOC:	UL: I	SEC: 35	TWN: 18S
		1980 FSL			660 FEL
		BH LOC:	UL: I	SEC: 35	TWN: 18S
		1980 FSL			660 FEL
		TD	13919	PBD	KB
					DF
					GL
		POOL VACUUM;DEVONIAN, SOUTH			PERFS 11680-11690 SQZ
					11691-11730 SQZ
		POOL VACUUM;MCKEE, SOUTH (GAS)			PERFS 13620-13823 CIBP
		POOL SWD;DEVONIAN			PERFS 11680-11690 SQZ
		POOL SWD;DEVONIAN			PERFS 11630-11840

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	351	395 sxs	17 1/2	0' CIRC
INTM1	9 5/8	3808	760 sxs	12 1/4	0' CIRC
PROD	7	11953	1065 sxs	8 3/4	7490
OH	5	11854-13881	330 sxs	6	11854

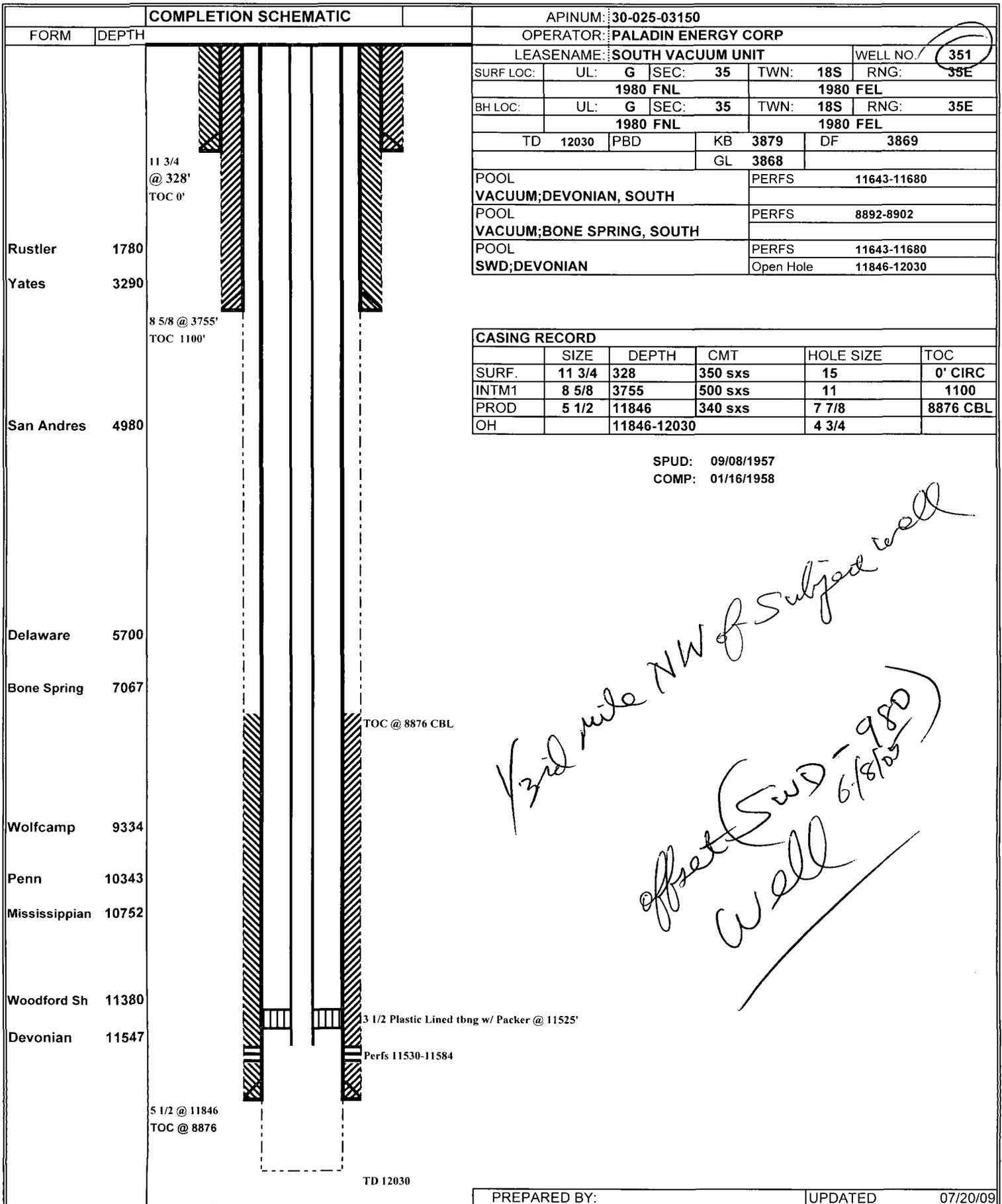
SPUD: 03/21/1958
 COMP: 09/04/1958

Set CIBP w/CMT

off set

SUPD

WELLBORE SCHEMATIC AND HISTORY



1/2 mile NW of subject well
offset (SWD - 980)
well

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-025-03150
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-1533-3
7. Lease Name or Unit Agreement Name South Vacuum
8. Well Number 351
9. OGRID Number 164070
10. Pool name or Wildcat SWD, Devonian (96101)

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
Paladin Energy Corp.

3. Address of Operator
10290 Monroe Drive, Suite 301 Dallas, TX 75229

4. Well Location
 Unit Letter G : 1980 feet from the North line and 1980 feet from the East line
 Section 35 Township 18-S Range 35-E NMP 18 Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3869'

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth to Groundwater 60' Distance from nearest fresh water well 1/2 Mile Distance from nearest surface water more than mile

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Convert well to SWD <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

8/16/05 - 9/15/05

MIRU. TIH w/ 4 3/4" bit & drill collars, drill out and clean casing to EOC at 11,846', circ clean. POOH. Tally into hole tag @ 11,845', drill to 12,030'. POOH, lay down drill collars, PU & RIH W/ pkr, set @ 11,485', ND BOP, NU wellhead, tst csg to 550#, lost 250# in 20 min. Bled off air & retest, lost 150 in 20 min. POOH, RIH w/ packer and RBP and check for leak. Leak between 7951-8550'. RIH w/tbg to 8597', balance 21 bls (100) sks Class "H", 8597-7650', pull tbg to 7727', reverse out 2 bls of cmt, pull tbg to 7415', Squeeze 3 bls into formation, final squeeze pressure 1800#. Tag cmt to 8113', RU and drill 8113-8320', circ clean. Break circ and drill cmt 8320-8618 circ clean., drill cmt 8618-8680', circ clean. TIH w/retrieving head, wash sand off RBP, catch and release plug, POOH LD RBP. PU & ran in hole with 372 jts 3 1/2" plastic coated tbg & packer. RU pump truck & displace hole w/packer fluid. Set packer @ 11,575', tst pkr & casing to 500# (OK). ND BOP, NU Well head. RD pulling unit. Perforations from 11,643-680', open hole 11,846-12,030'

9/16/05 Workover completed, ready to start injecting water.

SWD - 980

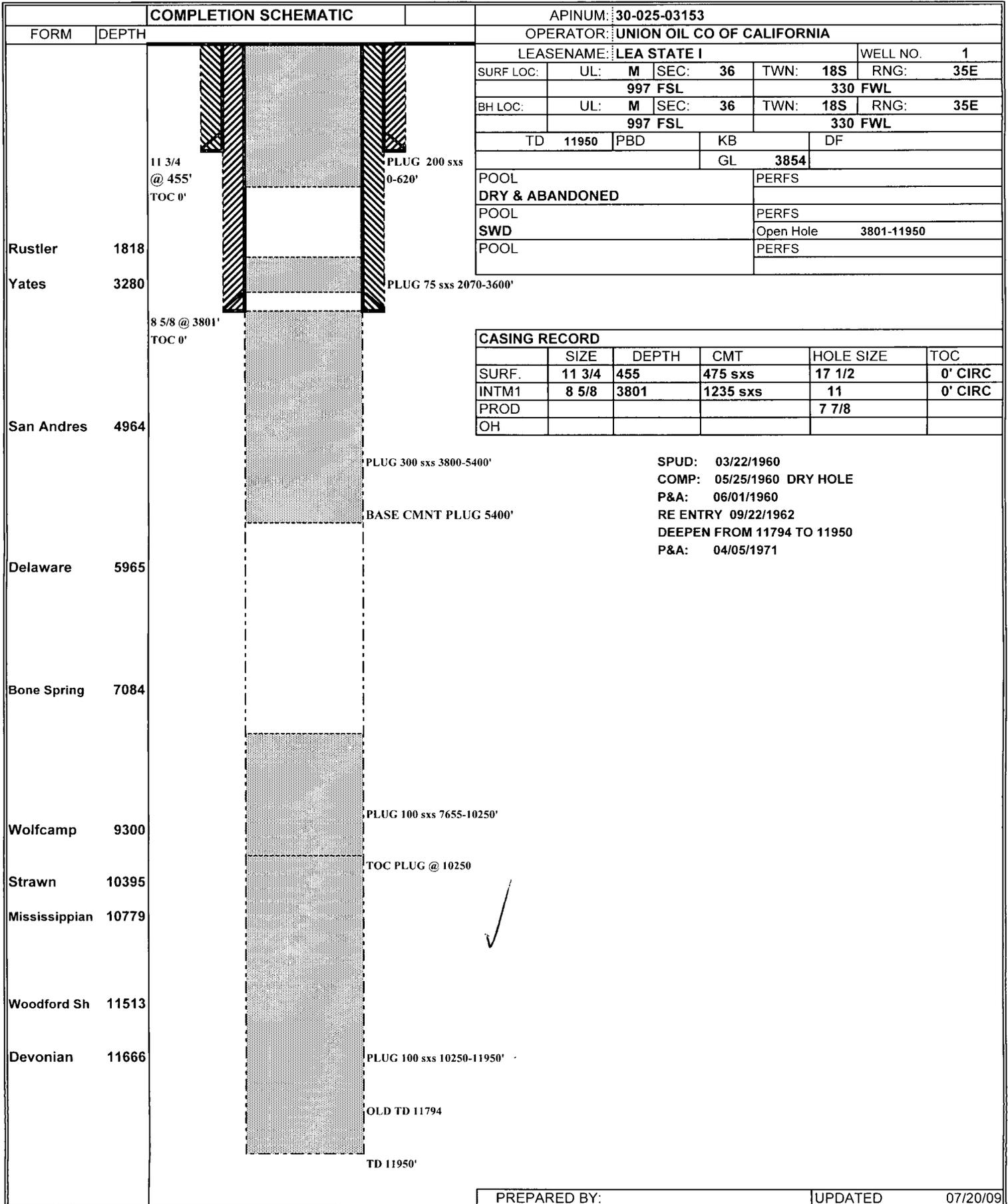
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Ann Westberry TITLE Manager, Corporate Support DATE 10/11/05

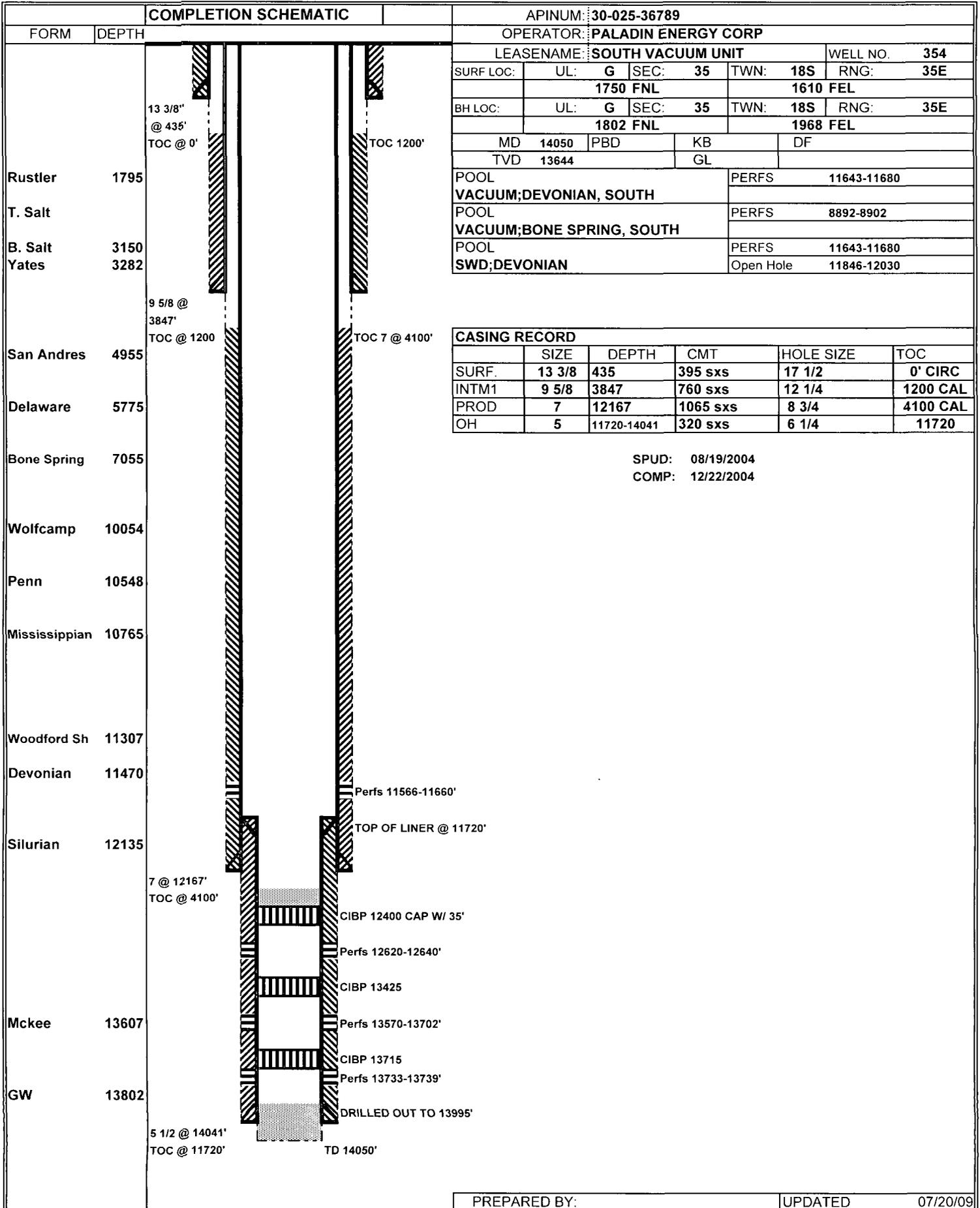
Type or print name Ann Westberry E-mail address: awestberry@paladinenergy.com Telephone No. 214-654-0132 X4

For State Use Only
 APPROVED BY: Larry Wink TITLE OC FIELD REPRESENTATIVE II/STAFF MANAGER DATE OCT 20 2005
 Conditions of Approval (if any):

WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY





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

ANALYTICAL RESULTS FOR
 EDDIE SEAY CONSULTING
 ATTN: EDDIE SEAY
 601 W. ILLINOIS
 HOBBS, NM 88242
 FAX TO: (575) 392-6949

Receiving Date: 07/27/09
 Reporting Date: 07/28/09
 Project Owner: PALADIN
 Project Name: PALADIN ST 35
 Project Location: BUCKEYE

Sampling Date: 07/27/09
 Sample Type: GROUNDWATER
 Sample Condition: INTACT @ 21°C
 Sample Received By: CK
 Analyzed By: HM

LAB NUMBER SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (u S/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:	07/27/09	07/27/09	07/27/09	07/27/09	07/27/09	07/27/09
H17870-1 SECTION 35-1	18	72.0	15.6	2.1	684	156
Quality Control	NR	49.7	51.5	2.95	1,412	NR
True Value QC	NR	50.0	50.0	3.00	1,413	NR
% Recovery	NR	99.4	103	98.3	100	NR
Relative Percent Difference	NR	<0.1	1.9	18.1	1.1	NR

METHODS:	SM3500-Ca-D	13500-Mg E	8049	120.1	310.1
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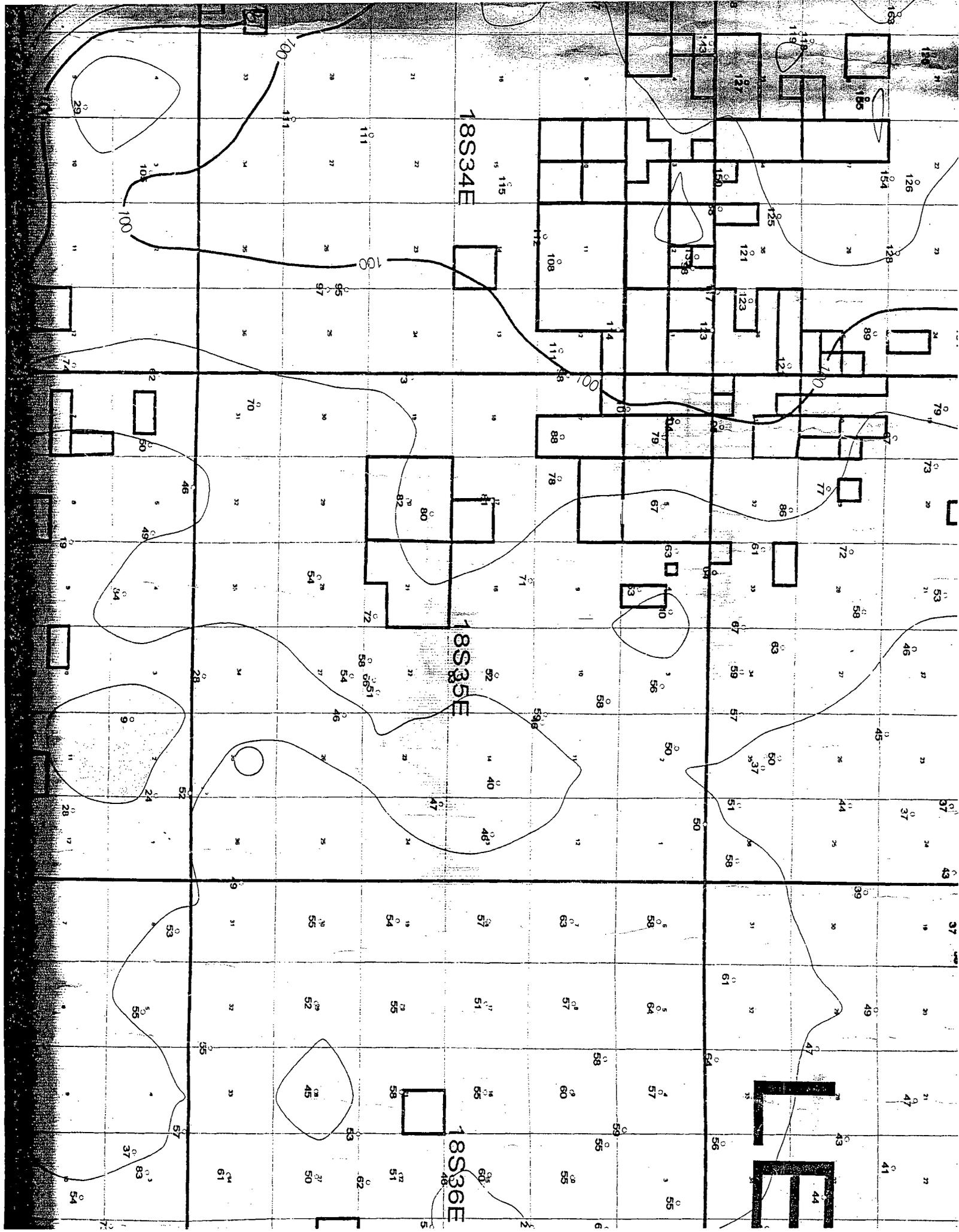
LAB NUMBER SAMPLE ID	Cl (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)
ANALYSIS DATE:	07/27/09	07/27/09	07/27/09	07/27/09	07/27/09	07/27/09
H17870-1 SECTION 35-1	44	65.5	0	190	7.68	404
Quality Control	490	37.1	NR	964	7.02	NR
True Value QC	500	40.0	NR	1000	7.00	NR
% Recovery	98.0	92.8	NR	96.4	100	NR
Relative Percent Difference	2.0	1.9	NR	3.7	0.1	0.3

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1
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Ally Stevens
 Chemist

07/28/09
 Date

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



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. Co.	35-15-36	Dev.	RD	19,525	12,691				
Atl. Rich.	-15-36	Dev.	RD	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.

LEASE OWNERS AND OFFSETS

LANDOWNER

NM State Land Office
310 Old Santa Fe trail
Box 1148
Santa Fe, NM 87504-1148

LAND LESSEE

Snyder Ranches Ltd.
Box 2158
Hobbs, NM 88241

OFFSET OPERATORS

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

Union Oil of California
108 Vzcr 1417
Van, TX 75790

PALADIN ENERGY CORP.

July 28, 2009

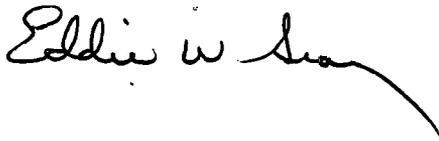
RE: South Vacuum Unit 35 #2
Unit I, Sect. 35, T. 18 S., R. 35 E.
API #30-025-03151

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, Agent
601 W. Illinois
Hobbs, NM 88242
(575)392-2236
seay04@leaco.net

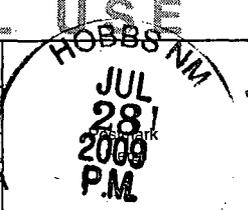
7008 1140 0001 3075 9491

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Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.49



Sent To **Snyder Ranches Ltd.**

Street, Apt. No., or PO Box No. **Box 2158**

City, State, ZIP+4 **Hobbs, NM 88241**

PS Form 3800, August 2006 See Reverse for Instructions

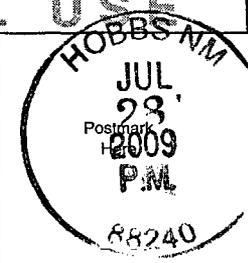
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Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.49



Sent To **Union Oil of California**

Street, Apt. No., or PO Box No. **108 Vzcr 1417**

City, State, ZIP+4 **Van, TX 75790**

PS Form 3800, August 2006 See Reverse for Instructions

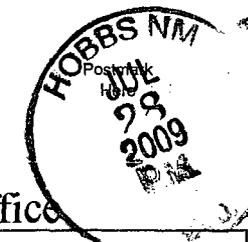
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.49



Sent To **NM State Land Office**

Street, Apt. No., or PO Box No. **310 Old Santa Fe trail**

City, State, ZIP+4 **Box 1148 Santa Fe, NM 87504 1148**

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. The well being applied for is the South Vacuum Unit 35 #2 located in Unit I, Section 35, Township 18 South, Range 35 East, Lea Co., NM. The injection formation is the Devonian from 11630' to 11840' 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, (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.



August 4, 2009

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

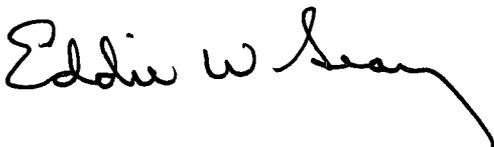
RE: Paladin Energy Corp.
C-108 Application
South Vacuum 35 #2 API 30-025-03151

Mr. Jones:

Find enclosed the C-108 Application to Convert the above listed well back to a Devonian SWD. This well was originally approved as a SWD under R 4147. Paladin recompleted it as a McKee gas well, the gas has depleted, so we are seeking to re-permit.

Your consideration is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Eddie W. Seay". The signature is written in a cursive style with a long, sweeping tail on the "y".

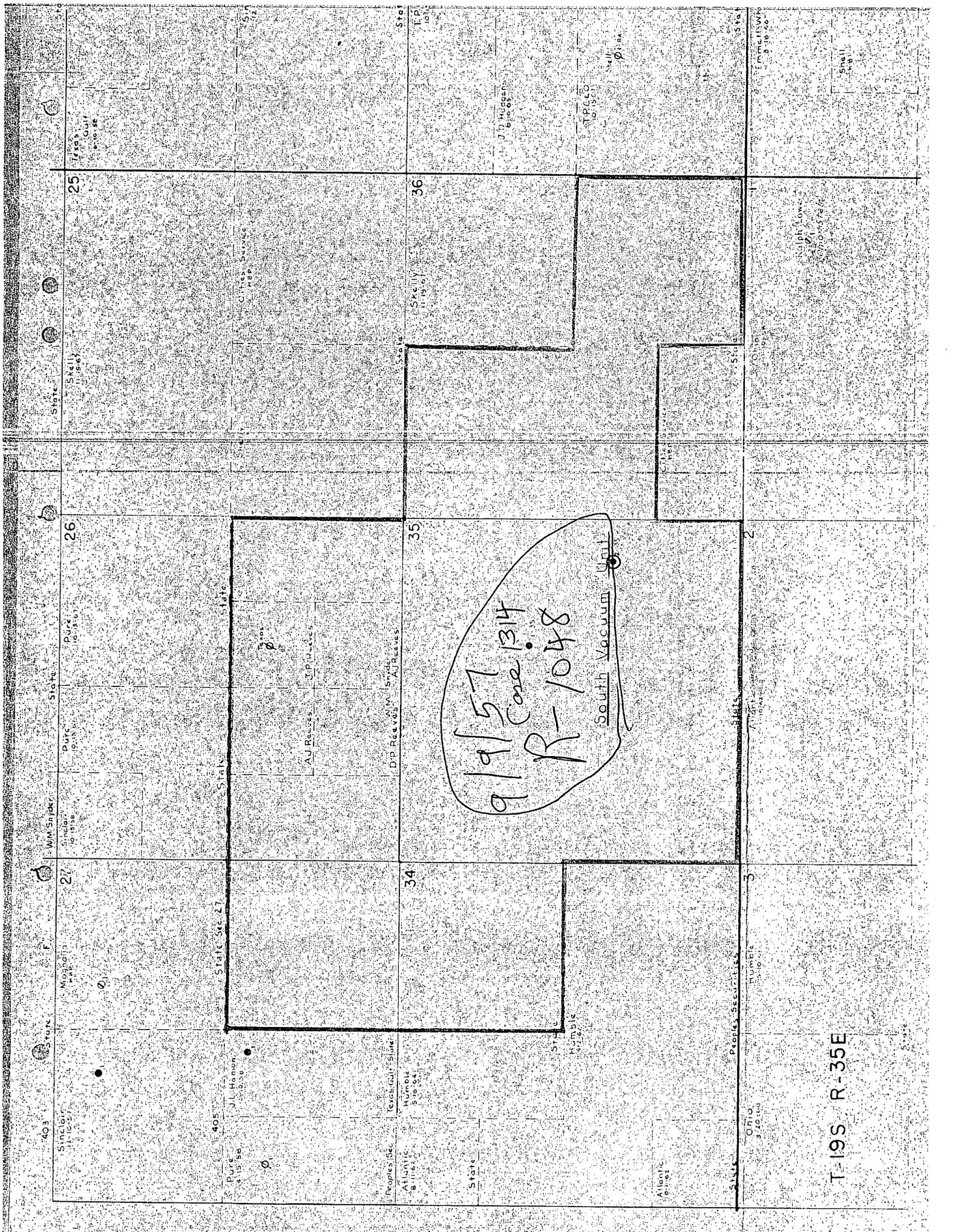
Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
575-392-2236
seay04@leaco.net

cc: Paladin Energy

API	Formation	WELL_NAME	WT_Status	IP_Status	OPERATOR	FIG_NS	NS_CD	FIG_EW	EW_CD	OCID_UL	SDIV_UL	Sec	Fig	TVD_DEP	FOGRID_CDE	PROPERTY	LAWENBR	ACRES	STUD_DATE	COMPL_STATUS	PLUG DATE	ONE PRODUCING POOL NAME	ESJN
3002503130	MCKEE	SOUTH VACUUM UNIT 131	A	16-Sep-05	PALADIN ENERGY CORP	1980 N	980 N	1980 E	G	G	G	35 185 35E	13030	13030	16407H	23357 S	S	120	08-Sep-57	Active		ONE PRODUCING POOL NAME	18
3002503151	MCKEE	SOUTH VACUUM UNIT 132	A		PALADIN ENERGY CORP	1980 S	660 S	1980 E	I	I	I	35 185 35E	13919	13919	16407H	23357 S	G	360	21-Mar-58	Active		VACUUMMCKEE SOUTH (GAS)	18
3002503152	MCKEE	SOUTH VACUUM UNIT 133	A		PALADIN ENERGY CORP	660 N	997 S	1980 W	C	C	C	35 185 35E	11725	11725	16407H	23357 S	O	360	10-Nov-58	Active		VACUUMMCKEE SOUTH (GAS)	18
3002503153	MCKEE	LEA STATE 1081	P		UNION OIL CO OF CALIFORNIA	997 S	1750 N	1750 W	M	M	M	36 185 35E	11794	11794	23770	11469 S	S	40		Plugged	01-Apr-71		18
3002503789	MCKEE	SOUTH VACUUM UNIT 134	A		PALADIN ENERGY CORP	1750 N	1610 E	1610 E	G	G	G	35 185 35E	14090	14090	16407H	23357 S	G	320	19-Aug-04	Active		VACUUMMCKEE SOUTH (GAS)	18

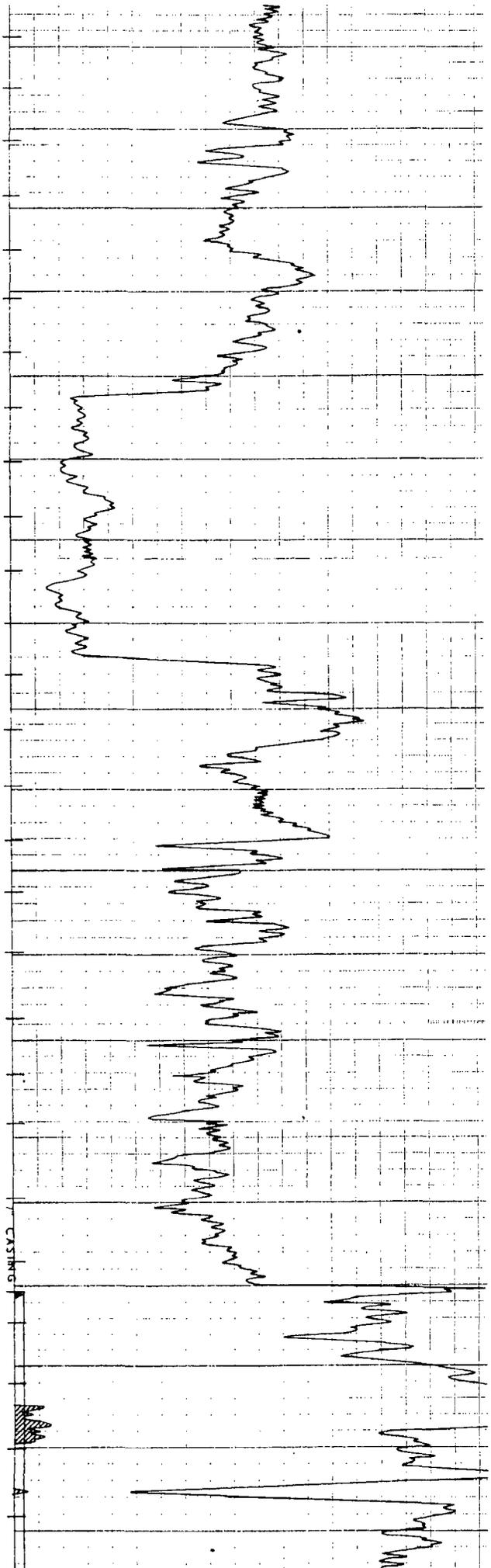
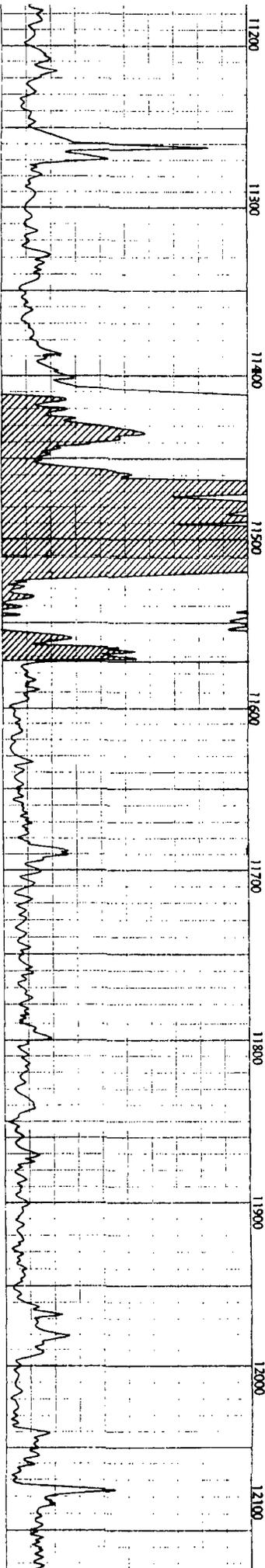
13

(any 2009)



9/9/57
Case 1314
R-1048
South Vacuum Unit

T-19S R-35E



NO. OF COPIES RECEIVED	
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U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease
State Fee
5. State Oil & Gas Lease No.
E-1533

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER- Salt Water Disposal	7. Unit Agreement Name
2. Name of Operator Union Oil Company of California	8. Farm or Lease Name South Vacuum Unit "35"
3. Address of Operator P.O. Box 671 - Midland, Texas 79701	9. Well No. 2
4. Location of Well UNIT LETTER I 1980 FEET FROM THE South LINE AND 660 FEET FROM THE East LINE, SECTION 35 TOWNSHIP 18-S RANGE 35-E NMPM.	10. Field and Pool, or Wildcat Vacuum Devonian South
15. Elevation (Show whether DF, RT, GR, etc.) 3862' GR	12. County Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER <input type="checkbox"/>	OTHER Conversion to disposal service <input checked="" type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

T.D.: 11700'

Ran Baker Lok-Set Packer on 11606' 2-3/8" Plasticcoated tubing at 11622'.
Acidized with 1500 gals. 20% Unisol acid.
Initial disposal rate: 3360 BPD at 950 psi wellhead pressure.
Well placed on disposal service June 5, 1971.

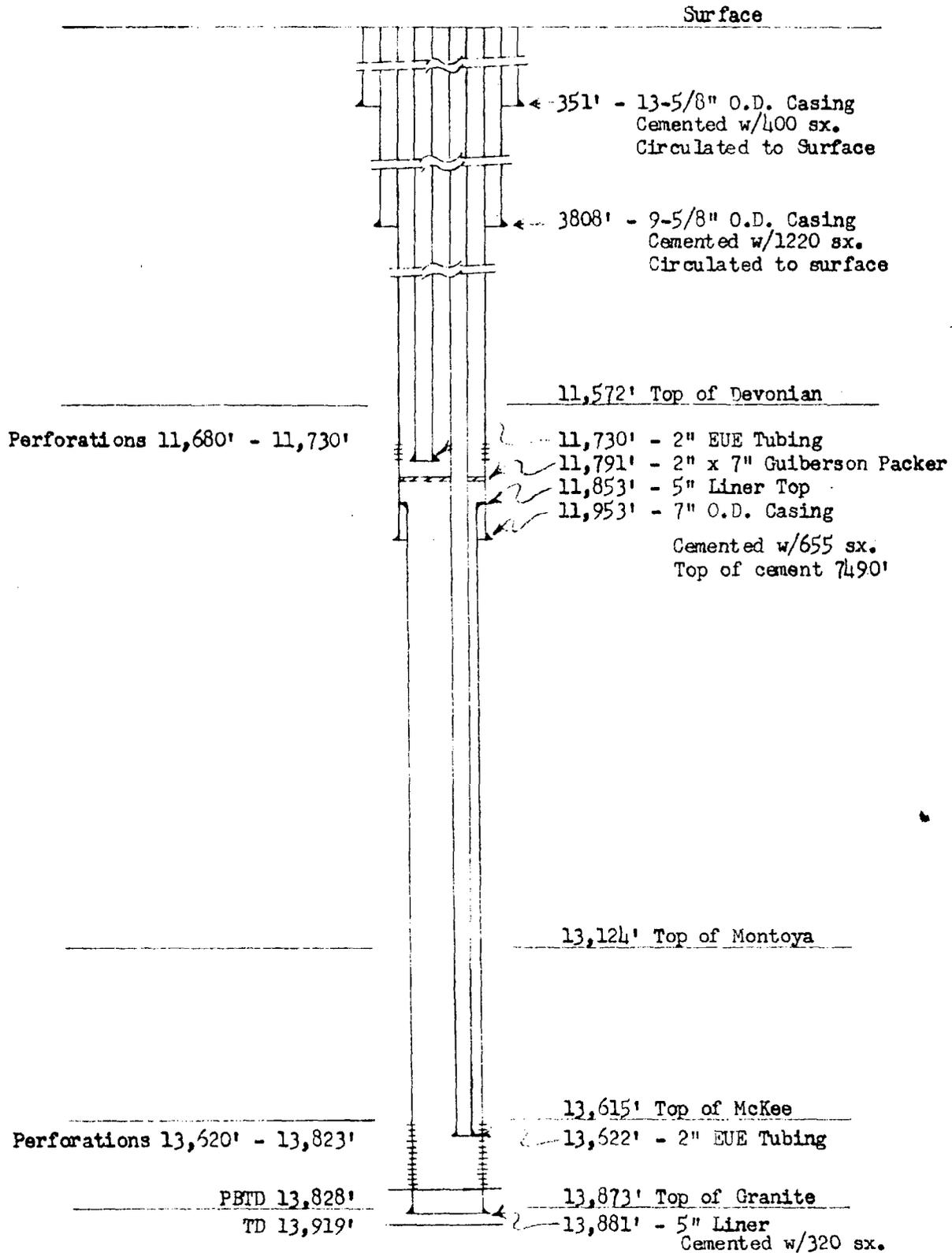
Auth: OCC Order No. R-4147 dated May 24, 1971.

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

SIGNED John Tyler TITLE District Production Supt. DATE March 1, 1972

APPROVED BY Joe D. Ramey TITLE _____ DATE MAR 3 1972
Dist. I, Supv.

CONDITIONS OF APPROVAL, IF ANY:



WELL EQUIPMENT - SOUTH VACUUM UNIT #2-35

Subject

Date 9-26-58
 HCS File No.
 Page By

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

08/14/09 13:27:36
OGOWVJ -TPS7
PAGE NO: 2

Sec : 35 Twp : 12S Rng : 25E Section Type : NORMAL

L	K	J	I
40.00	40.00	40.00	40.00
NMSH	NMSH	NMSH	NMSH
E01533 0004	E01533 0004	E01533 0003	E01533 0003
FOREST OIL PERMIA	FOREST OIL PERMIA	PALADIN ENERGY CO	PALADIN ENERGY CO
C 10/10/57	C 10/10/57	C U 10/10/57	C U 10/10/57
			A
M	N	O	P
40.00	40.00	40.00	40.00
NMSH	NMSH	NMSH	NMSH
E01533 0004	E01533 0004	E01533 0004	E01533 0004
FOREST OIL PERMIA	FOREST OIL PERMIA	FOREST OIL PERMIA	FOREST OIL PERMIA
C 10/10/57	C 10/10/57	C 10/10/57	C 10/10/57

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

08/14/09 13:29:34
OGOWVJ -TPS7
PAGE NO: 1

Sec : 02 Twp : 188 Rng : 35E Section Type : NORMAL

4 39.50 CS V08263 0000 THE BLANCO COMPAN 05/01/13	3 39.46 CS V08263 0000 THE BLANCO COMPAN 05/01/13	2 39.42 CS V08263 0000 THE BLANCO COMPAN 05/01/13	1 39.38 CS V08263 0000 THE BLANCO COMPAN 05/01/13
E 40.00 CS V08263 0000 THE BLANCO COMPAN 05/01/13	F 40.00 CS V08263 0000 THE BLANCO COMPAN 05/01/13	G 40.00 CS V08263 0000 THE BLANCO COMPAN 05/01/13	H 40.00 CS V08263 0000 THE BLANCO COMPAN 05/01/13

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OCSSECT

ONGARD
INQUIRE LAND BY SECTION

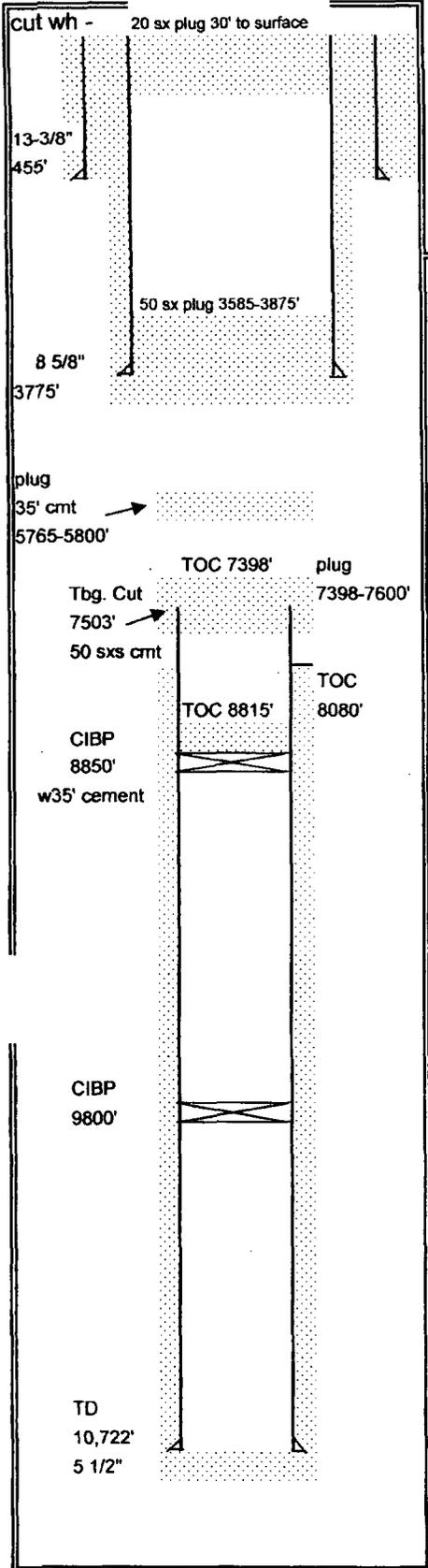
04/29/05 13:44:16
OGOWVJ -TPOG
PAGE NO: 1

Sec : 35 Twp : 18S Rng : 35E Section Type : NORMAL

D 40.00 NMSH E01533 0003 PALADIN ENERGY CO C U 10/10/57	C 40.00 NMSH E01533 0003 PALADIN ENERGY CO C U 10/10/57 A	B 40.00 NMSH E01533 0004 FOREST OIL PERMIA C 10/10/57	A 40.00 NMSH E01533 0004 FOREST OIL PERMIA C 10/10/57 A
E 40.00 NMSH E01533-0004 FOREST OIL PERMIA C 10/10/57	F 40.00 NMSH E01533-0004 FOREST OIL PERMIA C 10/10/57	G 40.00 NMSH E01533 0003 PALADIN ENERGY CO C U 10/10/57 A A	H 40.00 NMSH E01533 0003 PALADIN ENERGY CO C U 10/10/57

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

WELLBORE SCHEMATIC



Lease: Honeydew 35 State **Well:** 1 **API #** 30-025-30003
Operator: State BTD
Field: S. Vacuum **County:** Lea **State** New Mexico
Section 35 **Township** 18-S **Range** 35-E
Elev. GL 3866' **Elev. DF** _____ **Elev. KB** _____
Spudded 10/12/1987 **Completed** 11/9/1987

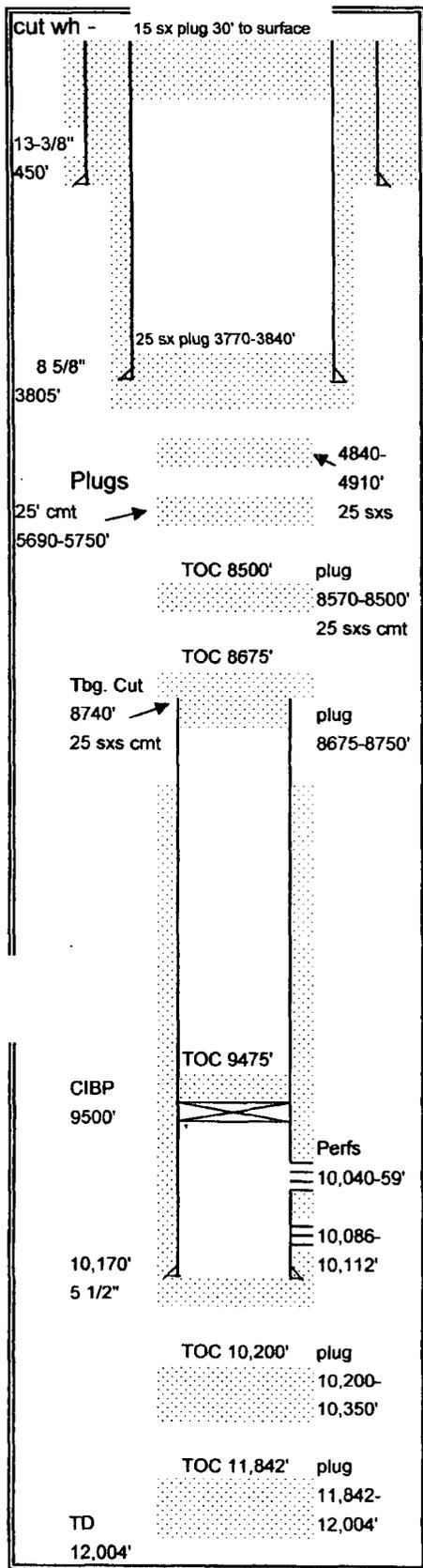
Surface Casing	13-3/8" 48#	Grade _____	Set @ <u>455'</u>	Hole Size <u>17 1/2"</u>	TOC <u>Surface</u>	Sacks <u>475</u>
Intermediate Casing	8 5/8" 32#/Ft.	Grade _____	Set @ <u>3775'</u>	Hole Size <u>12-1/4"</u>	TOC <u>Surface</u>	Sacks <u>1,500</u>
Production Casing	5 1/2" OD 17#/Ft.	Grade _____	Set @ <u>10,722'</u>	Hole Size <u>7 7/8"</u>	TOC <u>8,080'</u>	Sacks <u>600</u>
Liner Record	" OD #/Ft.	Grade _____	Top @ _____	Bottom @ _____	Screen _____	Hole Size _____
Tubing Detail	TAC Set @ _____	Grade/Trd. _____	Nipples _____	EOT _____	_____	_____
Perforation Record	No perforations - dry hole					
P&A Record	CIBP @9800' CIBP @ 8850", dump bailed 35', TOC 8815" 50 sxs 7398-7600' 50 sxs 3585-3875' 10 sxs 0 to surface Cut off Wellhead-install dry hole marker					
Comments:	Well P&A'd 9/30/88 dry hole marker 9/30/88					

PRESENT COMPLETION

Date: _____

Prepared By: _____

WELLBORE SCHEMATIC



Lease: Reeves A **Well:** 3-26 **API #** 30-025-03136
Operator: State BTD
Field: S. Vacuum **County:** Lea **State** New Mexico
Section 26 **Township** 18-S **Range** 35-E
Elev. GL 3866' **Elev. DF** _____ **Elev. KB** _____
Spudded _____ **Completed** 8/1/1960

Section	Size	Weight	Grade	Set @	Hole Size	Sacks
Surface Casing	13-3/8"	48#	Grade			
	Set @	455'			17 1/2"	
	TOC	Surface				475
Intermediate Casing	8 5/8"	32#/Ft.	Grade			
	Set @	3805'			12-1/4"	
	TOC	Surface				1,500
Production Casing	5 1/2" OD	17#/Ft.	Grade			
	Set @	10,170'			7 7/8"	
	TOC					115
Liner Record	" OD	#/Ft.	Grade			
	Top @			Bottom @		
	Screen			Hole Size		
	TOC			Sacks		
Tubing Detail			Grade/Trd.			
	TAC Set @		EOT			
	Nipples					
Perforation Record						
P&A Record						
Comments:						

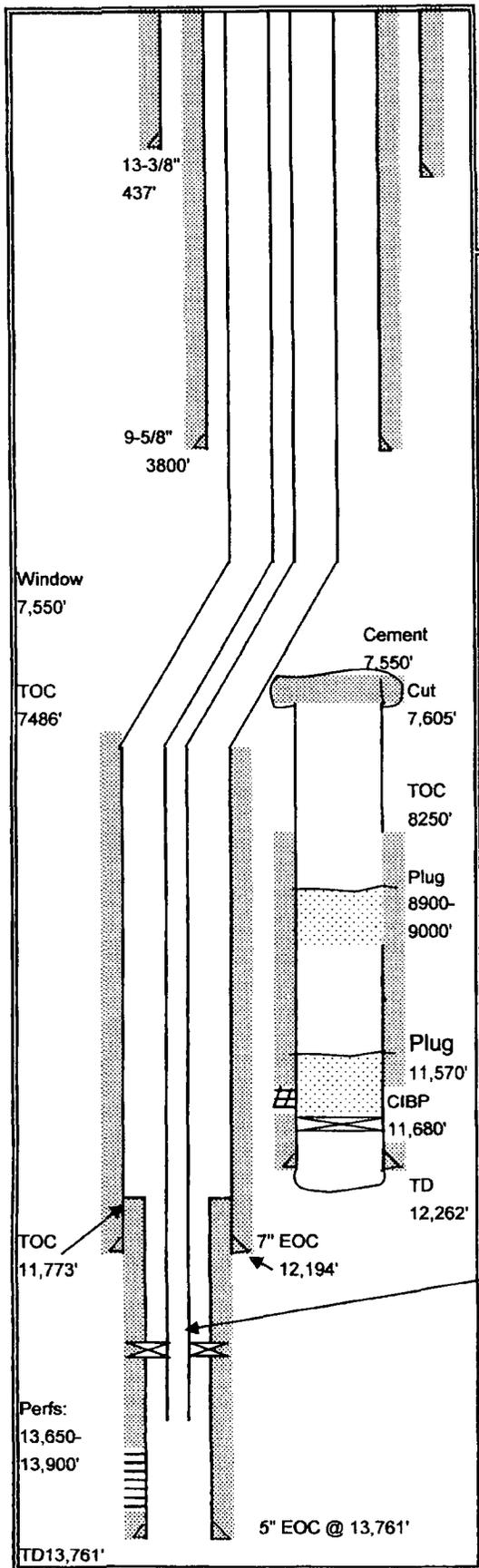
PRESENT COMPLETION

Date: _____

Prepared By: _____

Wellbore Schematic

Lease: South Vacuum Unit Well: 35-3 API # 30-025-03152
 Operator: PALADIN Energy Corp.
 Field: South Vacuum County: Lea State New Mexico
 Section 35 Township 18-S Range 35-E
 Elev. GL 3870' Elev. DF _____ Elev. KB _____
 Spudded _____ Completed _____



Surface Casing	13-3/8" 48#	Grade _____
	Set @ 437'	Hole Size 17-1/2"
	TOC surf.	Sacks 450
Intermediate Casing	9-5/8" 40#	Grade _____
	Set @ 3800'	Hole Size 12-1/4"
	TOC Surface	Sacks 1,300
Production Casing	7" 26 & 29#	Grade N-80
	Set @ 12,194'	Hole Size 8-3/4"
	TOC 7,486'	Sacks 715
Liner Record	5" 18#	Grade _____
	Top @ 11,773'	Bottom @ 13,761'
	Screen _____	Hole Size 6-1/8"
	TOC 11,773'	Sacks 250
Tubing Detail	2-3/8" & 2-7/8"	Grade/Trd. _____
	Pkr. Set @ 13,414'	EOT _____
	Nipples X - 13,432'	_____
	Anchors _____	Rods _____
Perforation Record	Original Hole Perfs - Devonian - 11,592-616' squeezed	
	Proposed Perfs - Mckee - 13,650-13,900' (selected)	
Completion	Perfs: 13,506-09', 13,522-25', 13,556-59', 13,591-94', 13,627-30'	
	2-3/8" P 110 tubing to 11,494'	
	2-7/8" P110 & N-80 tubing from 11,494' to surface	
	5" Arrow set Retrievable Packer @13,414'	
	Otis X Nipple (1.85" profile) @ 13,432'	

PPRESENT COMPLETION 7/30/2004

7008 1140 0001 3075 9521

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Restricted Delivery Fee (Endorsement Required)	
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AUG 18 2009 PM
 88240

Sent To **Yates Petroleum Corp.**
 Street, Apt. No., or PO Box No. **105 S. 4th St.**
 City, State, ZIP+4 **Artesia, NM 88210**

PS Form 3800, August 2008 See Reverse for Instructions

7008 1140 0001 3075

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Certified Fee	280
Return Receipt Fee (Endorsement Required)	230
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 649

HOBBS NM
 Post Here **AUG 18 2009 PM**
 88240

Sent To **Forrest Oil Permian Corp.**
 Street, Apt. No., or PO Box No. **707 17th St., Ste. 3600**
 City, State, ZIP+4 **Denver, CO 80202**

PS Form 3800, August 2008 See Reverse for Instructions

Eddie W. Seay

From: "David Plaisance" <dplaisance@paladinenergy.com>
To: "Eddie Seay" <seay04@leaco.net>
Sent: Wednesday, August 19, 2009 3:28 PM
Eddie,

To answer W. Jones question #1, our landman took a look at unit order R-1048. He feels that the unit is still in force and being held as it was originally defined, and we are the operator of the entire unit. On question #2, the static fluid level of the S. Vac 35 #1 well is 2,500 ft. If you need any further information let me know.

Thanks,
David Plaisance

8/20/2009

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Friday, August 14, 2009 2:37 PM
To: 'Eddie Seay'
Cc: Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD
Subject: Disposal application on behalf of Paladin: South Vacuum Unit 35 #2 30-025-03151 Devonian

Hello Eddie:

Application looks generally fine, but (as usual) I have a couple questions:

- 1) Is the (State) South Vacuum Unit still in place as defined in R-1048 and is Paladin now the operator of the whole Unit?
- 2) Please ask Paladin for the current static fluid level in the Devonian SWD-980 (South Vacuum Unit 35 #1). We asked for this in the SWD-980 order and I cannot find where Paladin ever turned it in.
- 3) The permit would require a CIBP and cement within 200 feet of the bottommost injection perforation – I don't see one on the "after" wellbore diagram.
- 4) Please send notice to Yates Petroleum Corporation and Forest Oil Permian – or send a land takeoff of Devonian ownership within all tracts located within ½ mile of this well. Our records show Yates and Forest as lessees. The ½ mile circle extends south into Sections 1 and 2 and southeast into the S/2 SW/4 of Section 36 (which does not seem to be in the South Vacuum Unit).

Thank You,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

Cancelled 8/14/09

Tracking:

Jones, William V., EMNRD

From: Eddie Seay [seay04@leaco.net]
Sent: Tuesday, August 18, 2009 11:06 AM
To: Jones, William V., EMNRD
Subject: Read: Disposal application on behalf of Paladin: South Vacuum Unit 35 #2 30-025-03151 Devonian
Attachments: ATT4353029.txt

This is a receipt for the mail you sent to "Eddie Seay" <seay04@leaco.net> at 8/14/2009 2:37 PM

This receipt verifies that the message has been displayed on the recipient's computer at 8/18/2009 11:05 AM

This inbound email has been scanned by the MessageLabs Email Security System.

August 24, 2009

NMOCD Engineering
ATTN: Will Jones
1220 S. Saint Francis Drive
Santa Fe, NM 87505

RE: Paladin Energy Corp.
South Vacuum Unit 35 #2 (API 30-025-03151)
Supplement to C-108

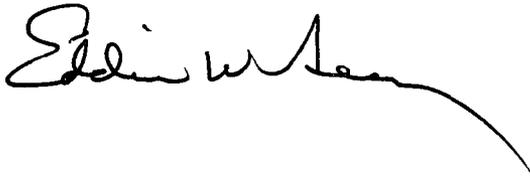
Mr. Jones:

Find answers to questions concerning the above permit request:

- (1) Paladin is the operator of the entire unit, and all is still in place as defined by R-1048.
- (2) The static fluid level of 35 #1 is 2500 ft.
- (3) Paladin will place CIBP with cement above perforations as requested.
- (4) Find copies of notices as requested.

Should you need anything further, please call.

Thanks,



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

cc: Paladin Operating

RECEIVED OGD
2009 AUG 26 P 12: 21

Injection Permit Checklist (8/14/09)

Case R- SWD WFX PMX IPI Permit Date UIC Qtr

Wells 1 Well Name: SOUTH Vacuum UNIT 35 #2

API Num: (30-) 025-03151 Spud Date: 1958 New/Old: 0 (UIC primacy March 7, 1982)

Footages 1980 FSL/600FEL Unit I Sec 35 Tsp 18S Rge 35E County Lea

Operator: PALADIN Energy CORP. Contact DAVID PLAISANCE

OGRID: 164670 RULE 5.9 Compliance (Wells) 1/57 (Finan Assur) OK OK

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

Current Status of Well: Scab Liner 11630-11854 McKee Well

Planned Work to Well: PLUG BACK Planned Tubing Size/Depth: 3 1/2 @ 11570

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2 13 3/8</u>	<u>351</u>	<u>395</u>	<u>CIRC.</u>
Existing <input checked="" type="checkbox"/> Intermediate	<u>12 1/4 9 5/8</u>	<u>3808</u>	<u>760</u>	<u>CIRC.</u>
Existing <input checked="" type="checkbox"/> Long String	<u>8 3/4 7</u>	<u>11953</u>	<u>1065</u>	<u>7490 TS,</u>

Materials: 5 1/2 11854-13881 Open Hole: 13881-13919 Total Depth 13919

Well File Reviewed

Diagrams: Before Conversion After Conversion Elogs in Imaging File:

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)			
Above (Name and Top)	<u>12750</u>	<u>MISS.</u>	
Injection.....	<u>11574</u>	<u>DEV.</u>	
Interval TOP:	<u>11630</u>	<u>Dev</u>	<u>NOT NOW</u>
Injection.....	<u>11840</u>	<u>Dev</u>	<u>" "</u>
Interval BOTTOM:			
Below (Name and Top)	<u>13406</u>	<u>SANDSON</u>	

*See R-4537 THIS well
See R-4147 5/24/71
also see SWD-980
offshore well*

2326 PSI Max. WHIP
Open Hole (Y/N)

Sensitive Areas: Capitan Reef Cliff House Salt Depths 1950, 3220

.... Potash Area (R-114-P) Potash Lessee Noticed?

Fresh Water: Depths: 100'-160' Wells 1/2 Analysis? Affirmative Statement NO

Disposal Fluid Sources: Paladin own operation, McKee, DEV, SIL, WC Analysis?

Disposal Interval Production Potential/Testing/Analysis Analysis: Depleted IN 1960's

Notice: Newspaper (Y/N) Surface Owner SLO / Snyder Ranch Mineral Owner(s)

RULE 26.7(A) Affected Parties: UNION OIL FORE OIL Permit

Area of Review: Adequate Map (Y/N) and Well List (Y/N)

Active Wells 4 Num Repairs 0 Producing in Injection Interval in AOR No
..P&A Wells Num Repairs 0 All Wellbore Diagrams Included? The BLANCO CO.

Questions to be Answered:

Set CBP within 200' of lower perf.
Sand TRACTS in STATE with ownership.

Required Work on This Well: Sand Fluid label Request Sent Reply:

AOR Repairs Needed: of Dev. Request Sent Reply:

Request Sent Reply: