



PALADIN ENERGY CORP.

May 6, 2015

Via Email

Phillip R. Goetze, P.G.
Engineering and Geological Services Bureau
Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505

Re: Request to Clarify Well Construction
Paladin Energy Corp., South Vacuum 274 Well (30-025-37122)
Order No. SWD-1444

Mr. Goetze,

In conformance with your May 1st email request, I have examined the records for the South Vacuum 274 SWD well including the daily records in our files. I have discovered two reporting errors. The first involves the placement of the cast iron bridge plug reflected in the Form C-103 submitted on December 13, 2007. The second error relates to the events reported, and not reported, on the C-103 filed on December 19, 2013, during the SWD conversion operations.

The C-103 submitted in 2007 reported operations to abandon the Mckee Sand perforations from 13,814 – 938' and to plug back to the upper Mississippian formation. It indicated that a 5" CIBP was set at 13,700' with 35' of cement placed on top. However, our daily reports show that the plug was actually set at 12,775', after the wireline could not descend any further (please see attached report dated 8/23/2007). The plug was successfully set at 12,775' and 35' of cement was dump bailed on top.

With respect to the SWD conversion operations in 2013, our daily reports reflect that we were unable to set a second bridge plug at 12,600' as anticipated in the C-108 application. Attempts were made to descend to that depth but the work string got stuck, had to be cut and jarred loose, and afterwards they were still unable to get any lower than 12,400' WL measurements. Accordingly, as you note in your email, the C-103 filed on December 19, 2013, does not reflect installation of a CIBP at 12,600'. More importantly, through an oversight, it does not report the mechanical difficulties that prevented installation of a plug at 12,600', it mistakenly states "Drill out to PBTD @ 13,500'", and does not reflect that a CIBP exists at 12,775'.

PALADIN ENERGY CORP.

Accordingly the existing filings with the Division fail to reflect that since injection operations began in 2013, a CIBP at 12,775' along with the 35' of cement exists to maintained mechanical integrity, isolate the Mckee perforations, and ensure that all disposed fluids are injected into the permitted Devonian and Mississippian perforations. To address these reporting errors I have enclosed (a) the pertinent daily records from our files, (b) amended C-103's that Paladin intends to file with the Division to more accurately reflect the operations in 2007 and 2013, and (c) a revised well schematic that shows the current configuration of the South Vacuum Well No. 274.

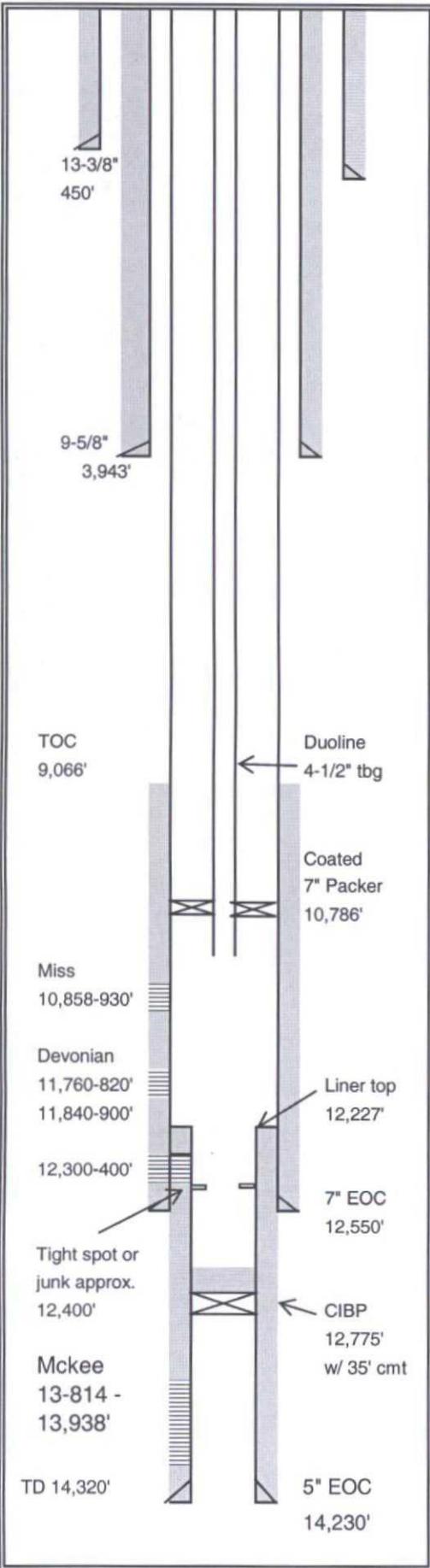
On behalf of the company, I sincerely apologize for these reporting errors. If you have any questions or need further information please let me know.

Thank you,



David Plaisance
V.P. Exploration & Production
Paladin Energy Corp.
10290 Monroe Dr., Suite 301
Dallas, Texas 75229
(214) 654-0132

Lease: South Vacuum Well: 27-4 SWD API # 30-025-37122
 Operator: PALADIN Energy Corp.
 Field: South Vacuum County: Lea State New Mexico
 Section 27 Township 18-S Range 35-E
 Elev. GL 3886' Elev. DF _____ Elev. KB _____
 Spudded 4/30/2005 Completed 9/1/2005



Surface Casing	13-3/8"	48#	Grade	_____
	Set @	450'	Hole Size	17-1/2"
	TOC	surf.	Sacks	328
Intermediate Casing	9-5/8"	40#	Grade	_____
	Set @	3943'	Hole Size	12-1/4"
	TOC	Surface	Sacks	1,298
Production Casing	7"	26 & 29#	Grade	N-80
	Set @	12,550'	Hole Size	8-3/4"
	TOC	7,486'	Sacks	810
Liner Record	5"	18#	Grade	_____
	Top @	12,227'	Bottom @	14,230'
	Screen	_____	Hole Size	6-1/8"
	TOC	11,773'	Sacks	262

Tubing Detail	Grade/Trd.	_____
Pkr. Set @	EOT	_____
Nipples	_____	_____
Anchors	_____	Rods _____

Perforation Record	Mississippian	10,858-78', 10,890-900', 10,920-30'
	Devonian	11,760-820', 11,840-930', 12,300-400'
	Mckee	13,814-18', 13,824-30', 13,844-48' - abandoned

Completion

** Tight spot or possible junk at approx. 12,400'

PRESENT COMPLETION 5/5/2015

Paladin Pulling Report

Well Servicing, Workover & Completion Record

LEASE SVU 27 WELL NO 4 DATE(S) 11/6/2013
 FIELD South Vaccumn COUNTY Lea STATE N.M.
 CONTRACTOR TWS SUPERVISOR Pete Stull
 WORK SUMMARY _____
 CONTRACTOR _____

Move in and RU PU. RU wireline truck to perforate. First run w/dummy gun couldn't get into top of 5" liner at 12,120' POW LD tools and pick up 2-3/4" junk basket w/2 weight bars, RIW and got into top of liner and pushed something down to 12,380' wouldn't go any farther. Tools stuck work tools and came loose. POW LD junk basket PU 3-1/8" csg gun w/4' 2-3/8" tbg muleshoe on end. Run in well correlate to Gray log. Perforate 4 spf 20' 80 holes 12,380 -12,400' Made 2nd run and perf 12,360- 12,380, make 3rd run perf 12,340-12,360', make 4th run perf 12,12,320-12,340', make 5th run perf 12,300-12,320' all 4 spf for a total of 400 holes across 100' section. RD wireline truck and SWI SDFN

DAILY COSTS:

ROAD, LOCATIONS & DAMAGES			TULULARS	
RIG COST	4,700		WELLHEAD EQUIPMENT	
EQUIPMENT RENTAL	500	Bop	SUBSURFACE EQUIPMENT	
LOGGING & PERFORATING	17,555	Casedhole	ARTIFICIAL LIFT EQUIPMEN	
STIMULATION			SUCKER RODS	
TRUCKING & TRANSPORTATION		PT & Vac	TANKS	
CEMENTING			PRESSURE VESSELS	
COMPLETION FLUIDS			FLOWLINES	
CONTRACT & COMPANY SERVICES			INSTALLATION	
MISCELLANEOUS SUPPLIES	900	rv hnd	FITINGS, VALVES, ETC.	
ENGR. & SUPERVISION	1,000		METERS, LACT, ETC.	
CASING				
<i>Pkr Hand & Equip</i>				
			TOTAL DAILY COST	24,655
			CUMULATIVE COST	192,269

WELL RECORD

PULLED FROM WELL	EQUIPMENT	RUN IN WELL
------------------	-----------	-------------

PALADIN ENERGY CORP.

Well Servicing, Workover & Completion Record

LEASE	S Vac 27	WELL NO	4	DATE(S)	8/23/2007
FIELD	S Vacuum	COUNTY	Lea	STATE	NM
CONTRACTOR	Joe's Well Ser	SUPERVISOR	Pete Stull		
WORK SUMMARY					

Open well, finish POW w/11 more jts 2-7/8" tbg, LD 23 jts of tbg, 5" Arrowset pkr, SN, 4' perf jt., bull plug. RU WL PU 5" CIBP RIW to set went down to log up and plug is stuck work to free plug, didn't free up so set plug at 12775' POW mix and RIW w/bailer had trouble also w/bailer getting stuck. Dump cmt POW mix cmt RIW w/bailer dump 35' cmt on plug. POW PU 7" CIBP RIW and set plug at 12055', POW PU bailer make 3 runs and dump 35' of cmt on top of plug. POW w/WL SWI SDFN

DAILY COSTS:						
ROAD, LOCATIONS & DAMAGES				TULULARS		
RIG COST		4000		WELLHEAD EQUIPMENT		
EQUIPMENT RENTAL				SUBSURFACE EQUIPMENT		
LOGGING & PERFORATING		16352		ARTIFICIAL LIFT EQUIPMENT		
STIMULATION				SUCKER RODS		
TRUCKING & TRANSPORTATION				TANKS		
CEMENTING				PRESSURE VESSELS		
COMPLETION FLUIDS				FLOWLINES		
CONTRACT & COMPANY SERVICES				INSTALLATION		
MISCELLANEOUS SUPPLIES				FITINGS, VALVES, ETC.		
ENGR. & SUPERVISION		985		METERS, LACT, ETC.		
OTHER				ELECTRICAL EQUIPMENT		
				TOTAL DAILY COST		21337
				CUMULATIVE COST		27682

WELL RECORD		
PULLED FROM WELL	EQUIPMENT	RUN IN 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. 30-025-37122
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name South Vacuum
8. Well Number 274
9. OGRID Number 164070
10. Pool name or Wildcat SWD Mississippian 96319

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, Texas 75229

4. Well Location
 Unit Letter _____ P _____ : _____ 960 _____ feet from the _____ South _____ line and _____ 693 _____ feet from the _____ East _____ line
 Section 27 Township 18-S Range 35-E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3887' GR

12. 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"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Re-completion 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.

Amended Report

- R/U pulling unit, N/D tree. Pull 2-7/8" tubing. GIH and squeeze cement in 7" casing from approximately 10,930-11,700'. Left existing Mississippian perforations from 10,858-78', 10,890-900', 10,920-30' and Devonian perms from 11,760-900' open. Drilled out cement and retainer. Made attempts, but could not get deeper than 12,400' inside 5" liner because of tight spot or obstruction. Could not set CIBP plug at 12,600' (+,-). (Existing CIBP at 12,775' w/ 35' cement on top.) Perforated Devonian from 12,300-400'. Ran CBL.
- R/D E-line, GIH with 2-7/8" workstring and packer, set packer. Acidize Miss/Devonian perforations with total of 5,500 gallons of 15% NEFE acid. Swabbed back acid. POOH with workstring and packer. GIH with 4-1/2" Duoline lined tubing and coated packer. Set packer at 10,786'. N/U tree, test casing to 540 psi for 30 minutes. Held good. Place well on SWD operations as per Order SWD-1444. Closed loop system.

Spud Date: 8/28/2013

Rig Release Date: 11/15/2013

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

SIGNATURE David Plaisance TITLE V.P DATE: 5/5/2015

Type or print name David Plaisance E-mail address: dplaisance@paladinenergy.com Telephone No. 214-654-0132
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

Goetze, Phillip, EMNRD

From: David Plaisance <dplaisance@paladinenergy.com>
Sent: Wednesday, May 06, 2015 4:00 PM
To: Goetze, Phillip, EMNRD
Cc: Michael Feldewert
Subject: RE: South Vacuum Unit No. 274 - Change in Operation Status
Attachments: SV 274 SWD letter to OCD 5-2015.docx; SV 27-4 SCHEMATIC Present.xls; SV 274-8-07 report.xlsx; SV 274-9-13 reports.xls; C103-S. Vac 274 Amended 1, 5-4-2015.doc; C103-S. Vac 274 Amended 2, 5-4-2015.doc

Mr. Goetze,

Please see the attached letter of explanation and supporting documents regarding your request for information on the Paladin Energy Corp., South Vacuum 274 SWD well.

Sincerely,

David Plaisance
Paladin Energy Corp.
10290 Monroe Dr., Suite 301
Dallas, Texas 75229
(214) 654-0132 Ext 3

From: Goetze, Phillip, EMNRD [<mailto:Phillip.Goetze@state.nm.us>]
Sent: Friday, May 01, 2015 10:03 AM
To: David Plaisance
Cc: Brown, Maxey G, EMNRD; Michael Feldewert (mfeldewert@hollandhart.com); Sonnamaker, William, EMNRD
Subject: South Vacuum Unit No. 274 - Change in Operation Status

RE: SWD-1444; South Vacuum Well No. 274 (API 30-025-37122)

Mr. Plaisance:

OCD received the analytical information submitted by Holland & Hart on behalf of Paladin Energy. Review of the analyses for the new sources of injection fluids does not indicate any issues of compatibility for disposal in the South Vacuum Well No. 274 and the submitted information satisfies the requirements for injection of the new sources under administrative order SWD-1444. Please submit an C-103 to the Hobbs District office documenting the start of injection from the new sources. This will indicate the change of operation status to commercial disposal.

Additionally, the operator is requested to clarify a well construction item for the conversion of the South Vacuum Well No. 274 to a SWD well. Both the proposed well design in the C-108 application for the SWD order and the APD submitted to District dated December 18, 2013, identify a CIBP (with cement cap) to be placed at approximately 12635 ft. The C-103 filed on December 19, 2013, does not note the installation. Please verify the installation of the CIBG and provide a current well completion diagram showing the final construction along with copies of the appropriate daily reports. Please contact me (phone or e-mail) with any questions regarding this matter. PRG

Phillip R. Goetze, P.G.
Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505

O: 505.476.3466 F: 505.476.3462
phillip.goetze@state.nm.us

Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Wednesday, May 13, 2015 8:18 AM
To: 'David Plaisance'
Cc: Brown, Maxey G, EMNRD; Sonnamaker, William, EMNRD; Michael Feldewert (mfeldewert@hollandhart.com)
Subject: South Vacuum Unit No. 274 - Completion Information

Mr. Plaisance:

Thank you for the immediate response to my request. The information you provided on May 6th addressed all the questions I had regarding the conversion of the SVU No. 274 to a SWD well. The completion information shows that the well's final completion satisfies the intent stipulated in the SWD order (minimal distance of casing below the lowest perf). This information will be included in the SWD order image file to avoid any future questions on the final construction. PRG

Phillip R. Goetze, P.G.

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
O: 505.476.3466 F: 505.476.3462
phillip.goetze@state.nm.us