

DATE IN 4/10/08	SUSPENSE	ENGINEER W Jones	LOGGED IN 4/10/08	TYPE SWD	APP NO. PKVR0810150472
--------------------	----------	---------------------	----------------------	-------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Patricia
Energy Corp*

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]

*DM BHS
NCT-172*

30-025-08008

- [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

RECEIVED
2008 APR 10 PM 1 31

- [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
Print or Type Name

Eddie W Seay
Signature

Agent
Title

4/8/2008
Date

seay 04 @ 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
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: 4/7/2008
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: when drilled.

ATTACHMENT TO APPLICATION C-108

NM BH State NCT 1 #2
Unit F, Sect. 11, Tws. 12 S., Rng. 32 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) 2 7/8" plastic coated tubing.
 - 4) Baker lock set.
- B.
 - 1) Injection formation is the Devonian.
 - 2) Injection interval 11110' to 11425'.
 - 3) Well was drilled as a producer.
 - 4) The next higher producing zone is the Penn at approximately 10400'.
 - 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-complete the above listed well. Drill out and remove all plugs. Squeeze all perforations per OCD. Clean out well bore and deepen well to approximately 200 ft. into open hole section. Run 2 7/8" plastic coated tubing and packer and set at approximately 11000'. Will inject into perforated section and open hole. (see schematic)

- 1) Plan to inject approximately 4000 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 name is the Devonian found from 11100' to 11450'.

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

Side 1

OPERATOR: Paladin Energy Corp

WELL NAME & NUMBER: New Mexico BH State #2

WELL LOCATION: 1980/N 1980/W

FOOTAGE LOCATION

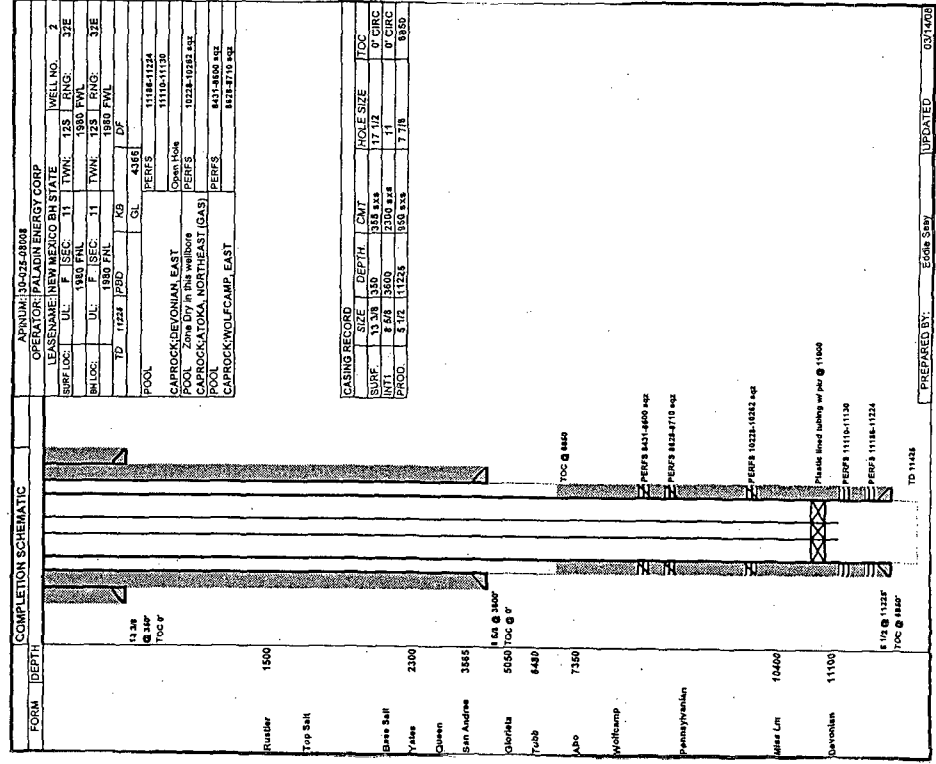
UNIT LETTER F

SECTION 11

TOWNSHIP 12

RANGE 32 E

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 1/2 Casing Size: 13 3/8
 Cemented with: 350 sx. or ft
 Top of Cement: Surface Method Determined: Circ.

Intermediate Casing

Hole Size: 11 Casing Size: 9 5/8
 Cemented with: 2300 sx. or ft
 Top of Cement: Surface Method Determined: Circ.

Production Casing

Hole Size: 7 3/8 Casing Size: 5 1/2
 Cemented with: 950 sx. or ft
 Top of Cement: 6850 Method Determined: TS

Total Depth: 11325

Injection Interval

11100 feet to 11450

(Perforated or Open Hole; indicate which)

4

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8 Lining Material: IPC
 Type of Packer: Baker lock set
 Packer Setting Depth: 11000
 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: Devonian

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

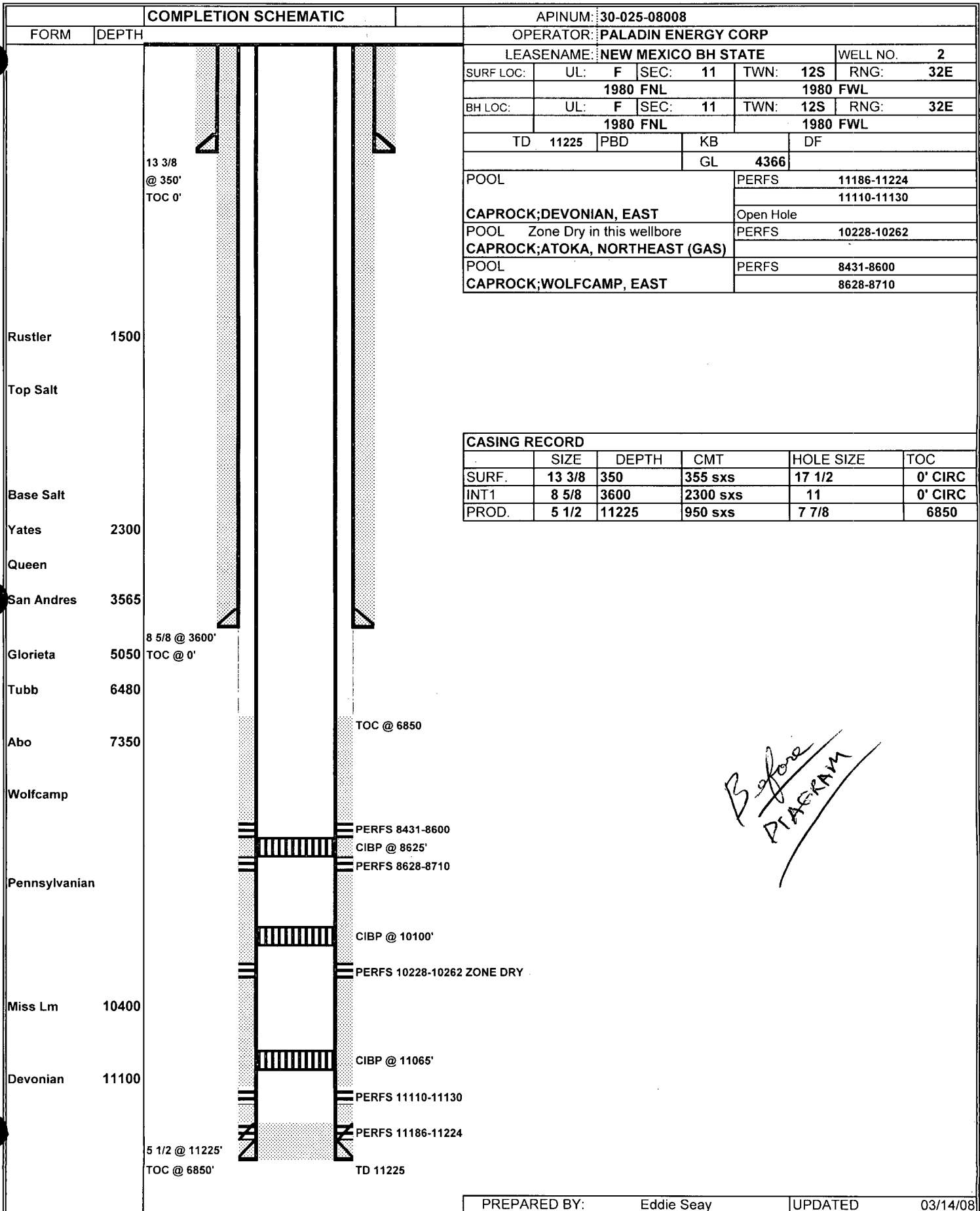
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. zones will be cement sg.

Wolfcamp 8431 - 8710 Pennsylvanian 10228 - 10282

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

The silurian underlying and the
Pennsylvanian overlies the Devonian

WELLBORE SCHEMATIC AND HISTORY

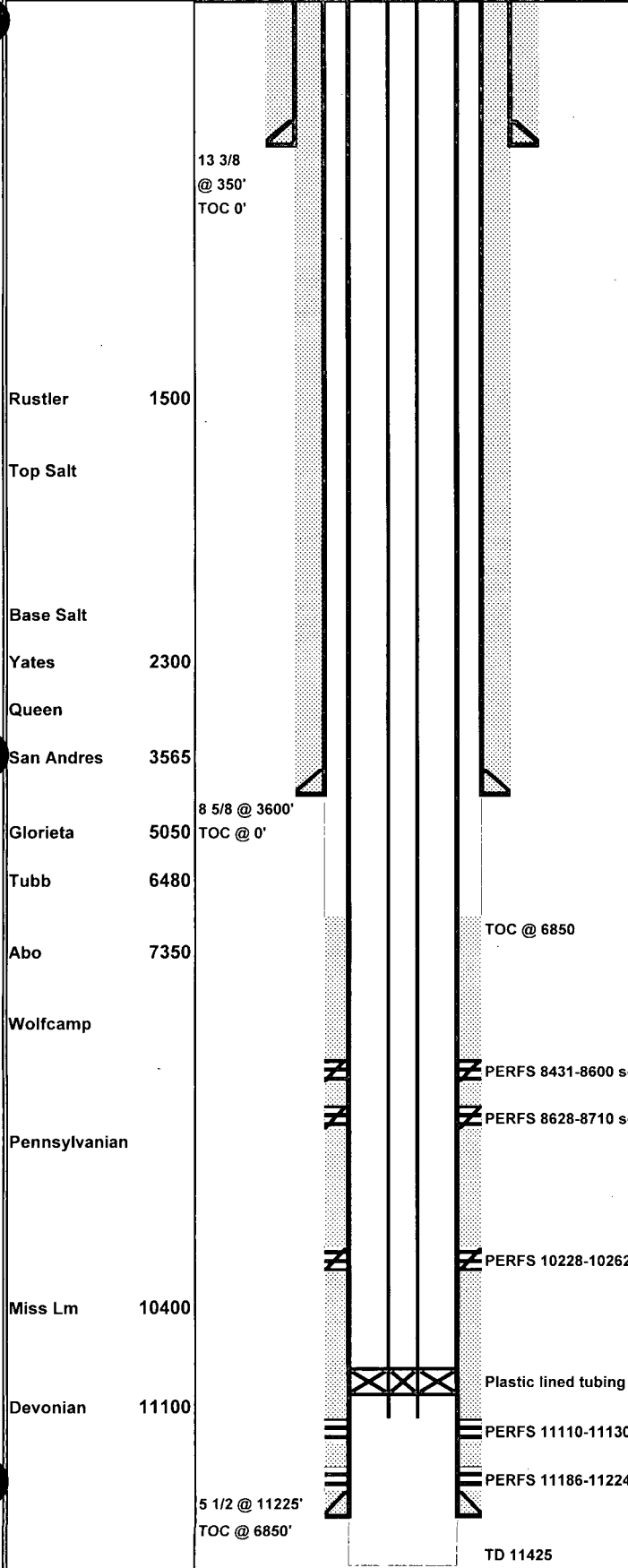


PREPARED BY: Eddie Seay UPDATED: 03/14/08

WELLBORE SCHEMATIC AFTER

COMPLETION SCHEMATIC

FORM DEPTH



APINUM: 30-025-08008

OPERATOR: PALADIN ENERGY CORP

LEASENAME: NEW MEXICO BH STATE

WELL NO. 2

SURF LOC: UL: F SEC: 11 TWN: 12S RNG: 32E

1980 FNL

1980 FWL

BH LOC: UL: F SEC: 11 TWN: 12S RNG: 32E

1980 FNL

1980 FWL

TD 11225

PBD

KB

DF

GL 4366

POOL

PERFS 11186-11224

11110-11130

CAPROCK;DEVONIAN, EAST

Open Hole

POOL Zone Dry in this wellbore

PERFS 10228-10262 sqz

CAPROCK;ATOKA, NORTHEAST (GAS)

POOL

PERFS 8431-8600 sqz

CAPROCK;WOLFCAMP, EAST

8628-8710 sqz

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	350	355 sxs	17 1/2	0' CIRC
INT1	8 5/8	3600	2300 sxs	11	0' CIRC
PROD.	5 1/2	11225	950 sxs	7 7/8	6850

PREPARED BY: Eddie Seay

UPDATED

03/14/08

COMPLETION SCHEMATIC		APINUM: 30-025-00100					
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP					
		LEASENAME: H C POSEY A					WELL NO. 3
SURF LOC:	UL: J SEC: 11 TWN: 12S RNG: 32E						
	1980 FSL						1980 FEL
BH LOC:	UL: J SEC: 11 TWN: 12S RNG: 32E						
	1980 FSL						1980 FEL
TD 11237	PBD KB DF						
	GL 4344						
POOL	PERFS 11074-11103						
CAPROCK;DEVONIAN, EAST	Open Hole 11147-11237						
POOL	PERFS						
POOL	PERFS						
Rustler	1470						
Top Salt	1530						
Base Salt	2161						
Yates	2277						
Queen		5 1/2 Partially collapsed @ 2400'					
San Andres	3568						
Glorieta	8 5/8 @ 3590' TOC @ 0'						
Tubb	6393	CIBP @ 5484					
Abo	7190						
Wolfcamp		TOC @ 8282 T.S.					
Pennsylvanian							
Miss Lm	10440						
Devonian	11071	PERFS 11074-11103					
	5 1/2 @ 11147' TOC @ 8350'	Plug 408 sxs TD 11237					

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	301	225 sxs	17 1/2	0' CIRC
INT1	8 5/8	3590	1500 sxs	11	0' CIRC
PROD.	5 1/2	11147	600 sxs	7 7/8	8282' T.S.

P&A PROCEEDURE SUBMITTED 01/09/2008

PREPARED BY: Eddie Seay

UPDATED 03/14/08

UPDATED

03/14/08.

DISPOSAL WELL

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN	RNG	N/S	E/W
30-025-08008	NEW MEXICO BH STATE	2	PALADIN ENERGY CORP						F	11	12S	32E	1980 N	1980 W

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	E/W	Distance
30-025-00078	STATE EC D	1	AMERADA PETROLEUM CORP	11206		P&A			N	2	12S	32E	660 S	1980 W	2640
30-025-00100	H C POSEY A	3	PALADIN ENERGY CORP	11237		TA			J	11	12S	32E	1980 S	1980 E	1866
30-025-00103	H C POSEY A	6	PALADIN ENERGY CORP	11215		A			H	11	12S	32E	1650 N	990 E	2333
30-025-00104	STATE EC C	1	PALADIN ENERGY CORP	11240		A			G	11	12S	32E	1980 N	1980 E	1320
30-025-00105	STATE EC C	2	PALADIN ENERGY CORP	11228		A			B	11	12S	32E	660 N	1980 E	1866
30-025-00107	GROSS STATE	1	UNION OIL CO OF CALIFORNIA	11295		P&A			L	11	12S	32E	1980 S	660 W	1866
30-025-00108	NEW MEXICO BH STATE	3	PALADIN ENERGY CORP	11272		A			E	11	12S	32E	1980 N	663 W	1317
30-025-00109	NEW MEXICO BH STATE	1	PALADIN ENERGY CORP	11225		A			K	11	12S	32E	1989 S	1985 W	1311
30-025-00110	NEW MEXICO BH STATE	4	PALADIN ENERGY CORP	11235		A			D	11	12S	32E	990 N	990 W	1400
30-025-08007	NEW MEXICO BH STATE	1	PALADIN ENERGY CORP	11220		A			C	11	12S	32E	660 N	1980 W	1320
30-025-08009	NEW MEXICO BH STATE	2	PALADIN ENERGY CORP	11226		A			N	11	12S	32E	660 S	1984 W	2640

FINISH P&A

~~OTHERS ARE NOT TO BE USED~~

SINK SWD-790

ACTIVE DENARIAN

MIDLAND © MAP

WELLBORE SCHEMATIC AFTER

COMPLETION SCHEMATIC		APINUM: 30-025-00103			
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP			
		LEASENAME: H C POSEY A			WELL NO. 6
		SURF LOC:	UL: H	SEC: 11	TWN: 12S RNG: 32E
		1650 FNL			990 FEL
		BH LOC:	UL: H	SEC: 11	TWN: 12S RNG: 32E
		1650 FNL			990 FEL
		TD 11215	PBD	KB	DF
					GL 4339
		POOL		PERFS 11078-11088	
				10966-10976	
				11030-11060	
		CAPROCK;DEVONIAN, EAST		Open Hole 11120-11215	
		POOL		PERFS 9956-9990	
		CAPROCK;UPPER PENN, EAST		10010-10040	
		POOL		PERFS	

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	299	225 sxs	17 1/2	0' CIRC
INT1	8 5/8	3600	1500 sxs	11	0' CIRC
PROD.	5 1/2	11120	600 sxs	7 7/8	7790' T.S.

FORMATION	DEPTH	SCHEMATIC
Rustler	1467	
Top Salt	1523	
Base Salt	2131	
Yates	2254	
Queen		
San Andres	3552	
Glorieta		8 5/8 @ 3600' TOC @ 0'
Tubb	6370	
Abo	7170	
Wolfcamp		TOC @ 7790 T.S.
Pennsylvanian		
Miss Lm	10304	PERFS 10185-10210
Devonian	10954	CIBP @ 10850
		PERFS 10966-10976
		PERFS 11030-11060
		PERFS 11078-11088
		5 1/2 @ 11120' TOC @ 8350'
		Plug 175 sxs TD 11215

PREPARED BY: Eddie Seay

UPDATED 03/14/08

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-00078				
FORM	DEPTH	OPERATOR: AMERADA PETROLEUM CORP				
13 3/8 @ 299' TOC 0' Rustler 1442 Top Salt 1518 Base Salt 2140 Yates 2268 Queen San Andres 3560 8 5/8 @ 3610' TOC @ 25' T.S. Glorieta 4945 Abo 7212 Wolfcamp Pennsylvanian Miss Lm 10460 Devonian 11143 5 1/2 @ 11204' TOC @ 7115' Plug 10sx TOC 25' Plug 35sx 3612-3700 Plug 35sx 4077-4200 PULLED 5 1/2 @ 4100 TOC @ 7115 T.S. Plug 11020-11140 PERFS 11143-11189 Rtr @ 11198 sqz 100 sxs TD 11260		LEASENAME: STATE EC D		WELL NO. 1		
		SURF LOC:	UL: N	SEC: 2	TWN: 12S	RNG: 32E
		660 FSL		1980 FWL		
		BH LOC:	UL: N	SEC: 2	TWN: 12S	RNG: 32E
		660 FSL		1980 FWL		
		TD 11260	PBD 0	KB	DF	
				GL		
		POOL			PERFS 11143-11189	
		CAPROCK;DEVONIAN, EAST			Open Hole 11204-11260 sqz	
		POOL			PERFS	
POOL			PERFS			

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	299	245 sxs	17 1/2	0' CIRC
INT1	8 5/8	3610	1500 sxs	11	25 T.S.
PROD.	5 1/2	11204	600 sxs	7 7/8	7115' T.S.

COMPLETION SCHEMATIC

OPERATOR: AMERADA PETROLEUM CORP

WELL NO.	2
----------	---

	660 FSL	660 FWL
--	---------	---------

GL

PERFS

Open Hole

PERFS

PERFS

Plug 10sx

Top Salt	1550
----------	------

Yates	2292
-------	------

Queen

San Andres	3570
------------	------

Plug 35sx 3490-3610

Glorieta

Abo	7260
-----	------

Wolfcamp

PLUG 8589-8800

Pennsylvanian

Miss Lm	10720
---------	-------

Plug 11020-11140

Devonian 11307

Plug 35 sxs 11221-11336

TD 11336

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	299	225 sxs	17 1/2	0' CIRC
INT1	8 5/8	3610	1500 sxs	11	0' CIRC
PROD.					

UPDATED	03/14/08
---------	----------

COMPLETION SCHEMATIC		APINUM: 30-025-23278	
FORM	DEPTH	OPERATOR: ELK OIL COMPANY	
13 3/8 @ 342' TOC 0' Plug 10sx Plug 25 sxs Plug 25sx 3550-3650 PLUG 25 sxs 5000-5100 PLUG 25 sxs 7400-7500 PLUG 25 sxs 9700-9800 Plug 25 sxs 10600-10700 TD 10700		LEASENAME: CONNER STATE WELL NO. 1 SURF LOC: UL: A SEC: 10 TWN: 12S RNG: 32E 660 FNL 660 FEL BH LOC: UL: A SEC: 10 TWN: 12S RNG: 32E 660 FNL 660 FEL TD 10700 PBD 0 KB DF GL 4383 POOL PERFS DRY & ABANDONED Open Hole POOL PERFS POOL PERFS	
	Rustler 1600		
	Top Salt 1750		
	Base Salt 2150		
	Yates 2350		
	Queen		
	San Andres 3580	8 5/8 @ 3650' TOC @ 0'	
	Glorieta 5150		
	Abo 7520		
	Wolfcamp		
Pennsylvanian			
Miss Lm 10680			

CASING RECORD

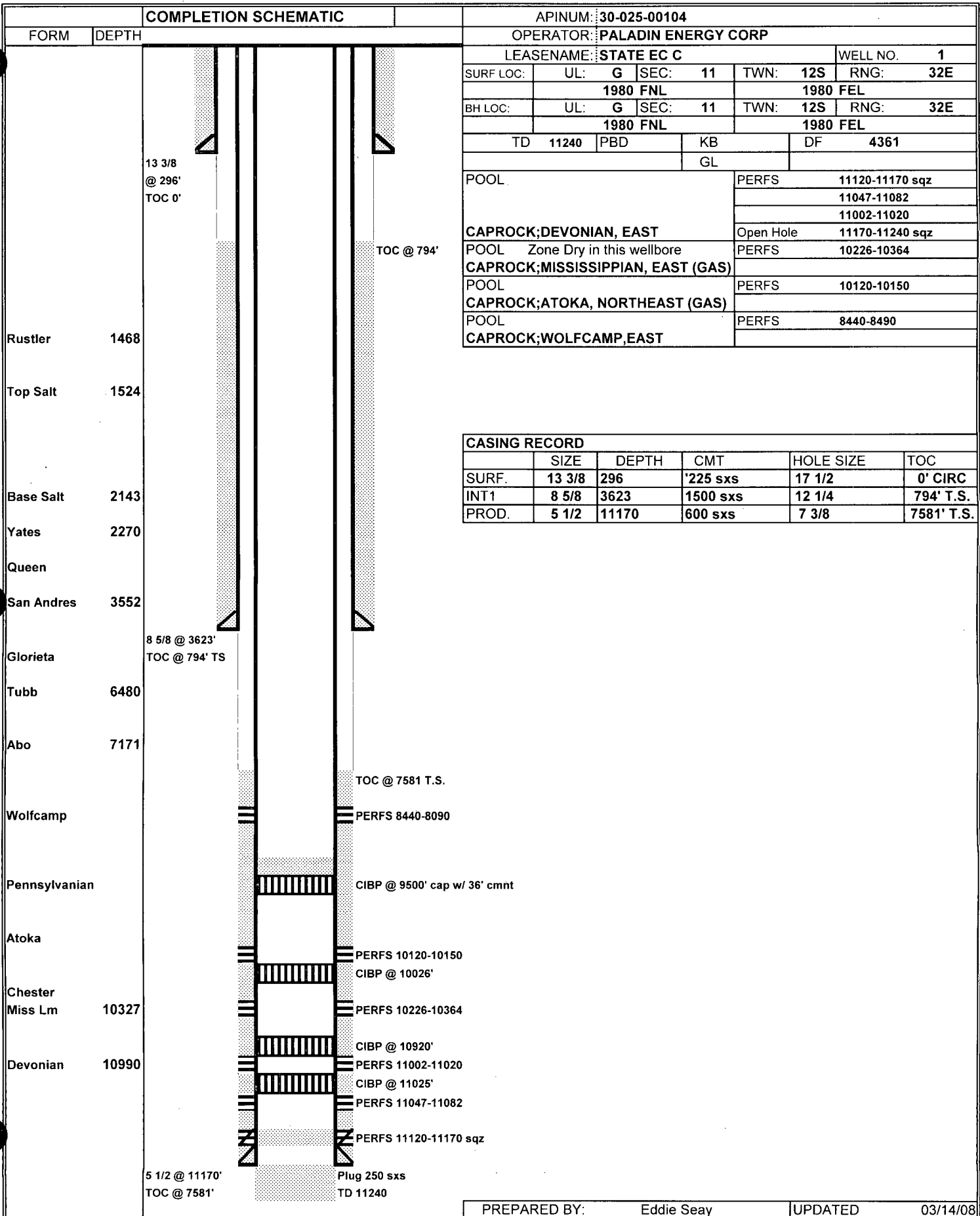
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	342	350 sxs	17 1/2	0' CIRC
INT1	8 5/8	3650	300 sxs	11	0' CIRC
PROD.					

PREPARED BY: Eddie Seay

UPDATED 03/14/08

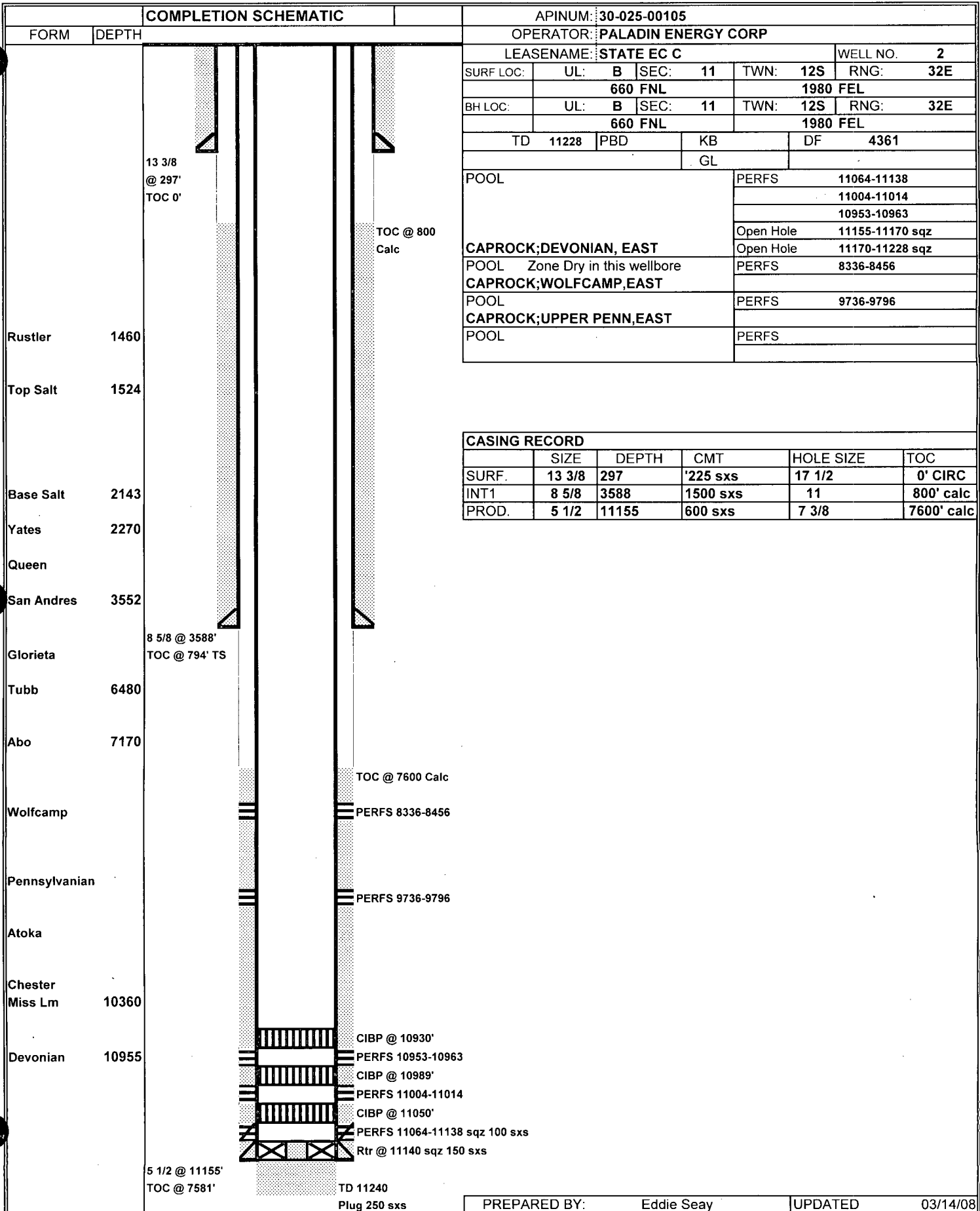
UPDATED	03/14/08
---------	----------

WELLBORE SCHEMATIC AND HISTORY

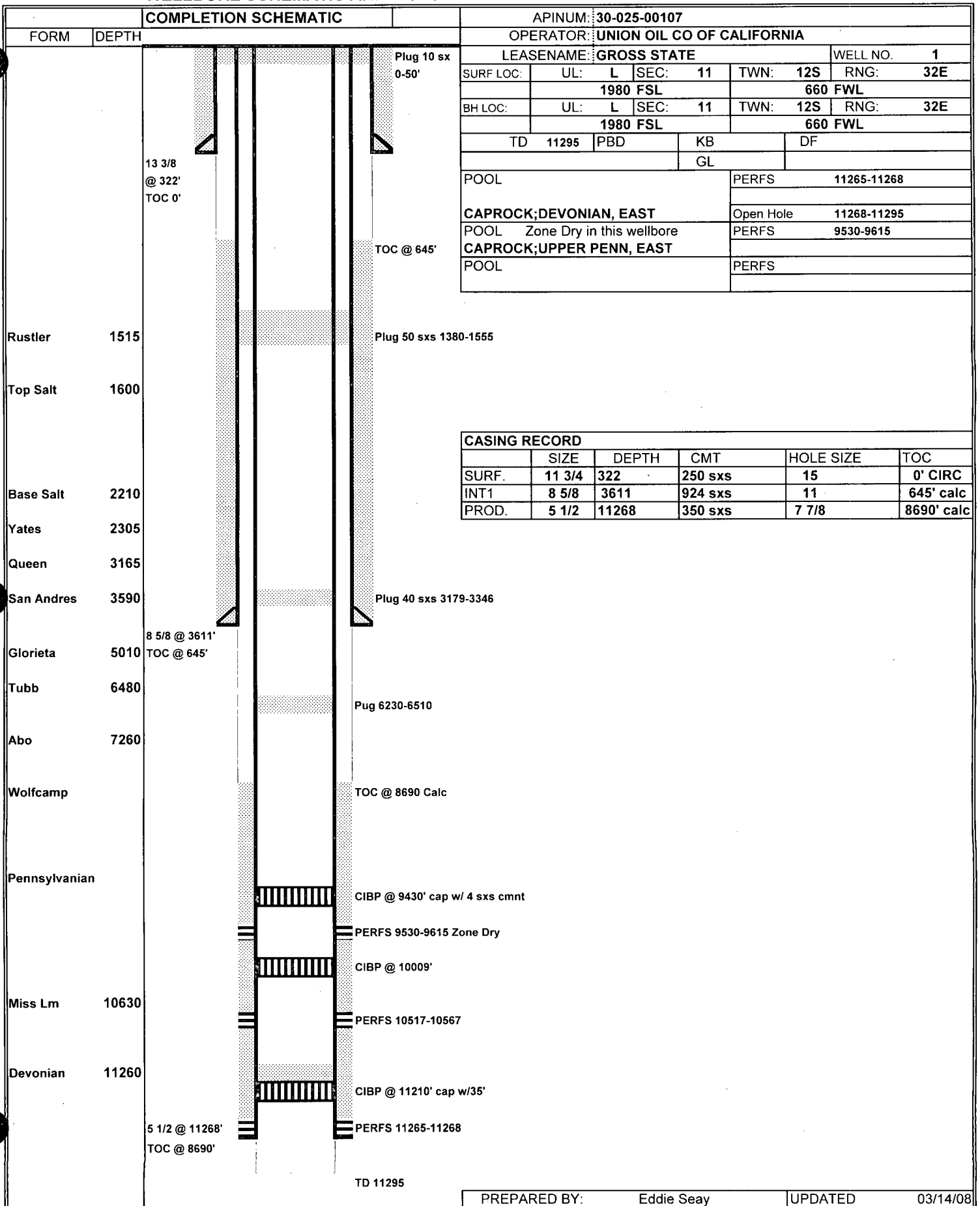


PREPARED BY: Eddie Seay UPDATED 03/14/08

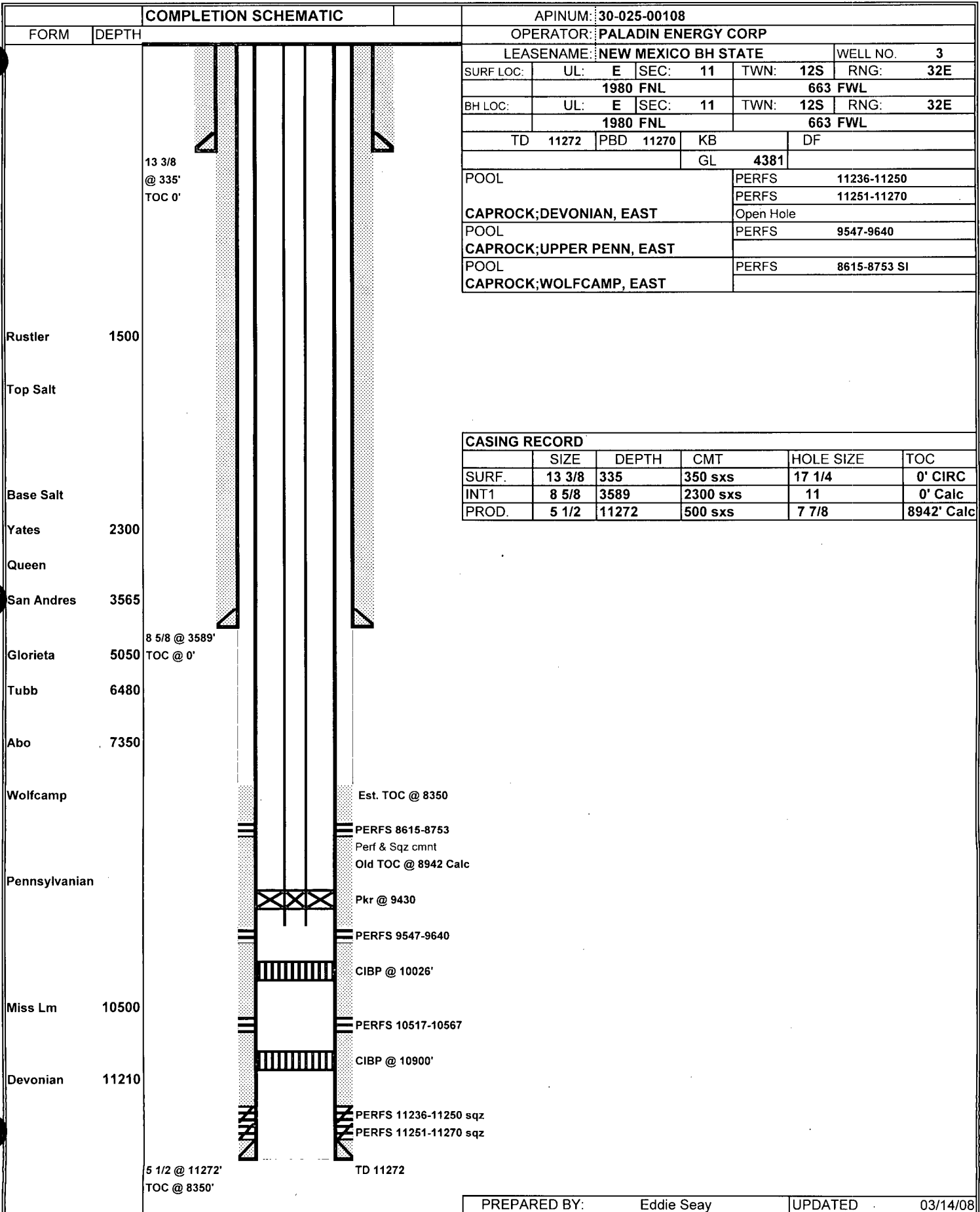
WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY



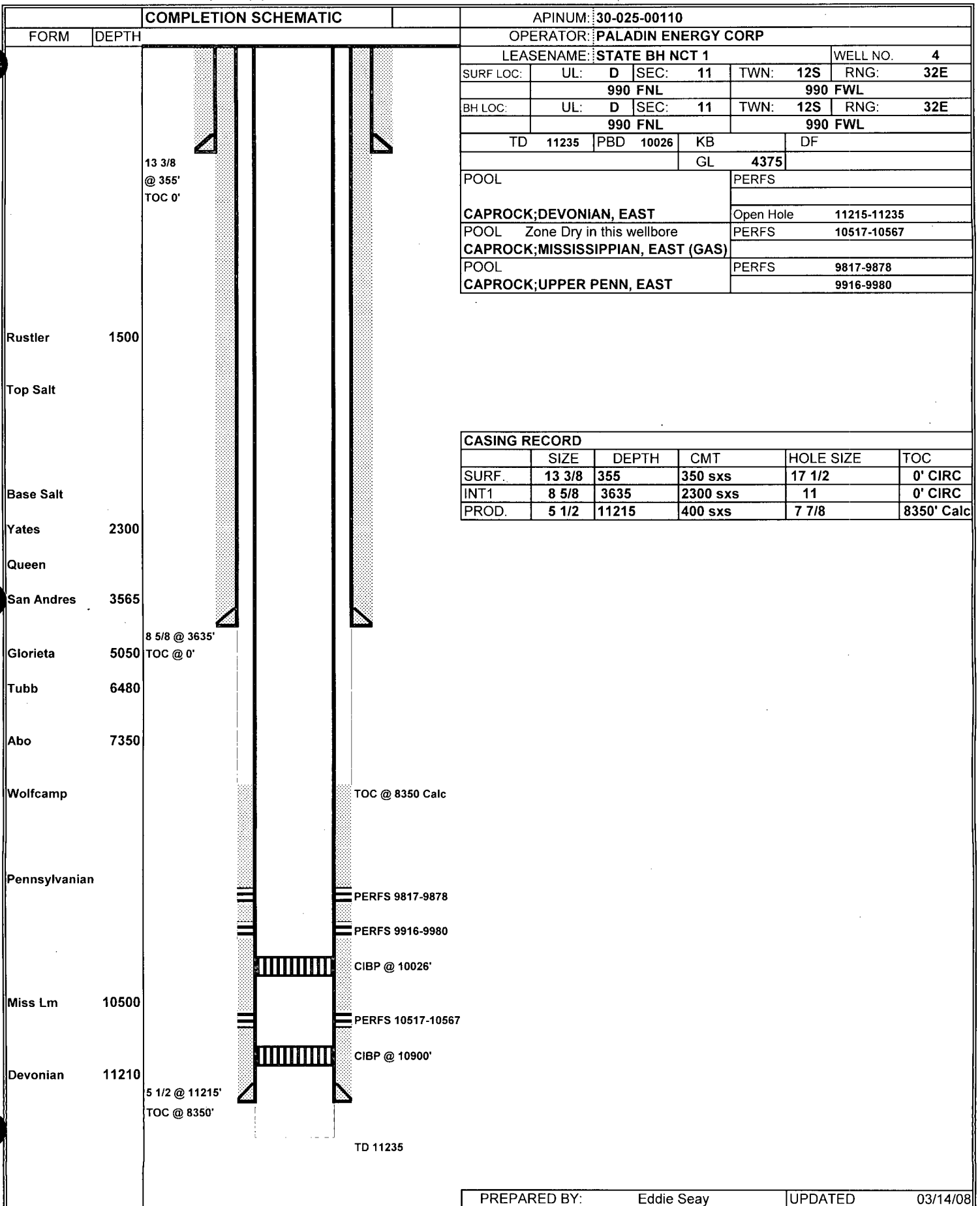
PREPARED BY: Eddie Seay

UPDATED 03/14/08

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-00109																															
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP																															
		LEASENAME: NEW MEXICO BB STATE																															
		WELL NO.																															
		SURF LOC:	UL: K SEC: 11 TWN: 12S RNG: 32E																														
		1989 FSL 1985 FWL																															
		BH LOC:	UL: K SEC: 11 TWN: 12S RNG: 32E																														
		1989 FSL 1985 FWL																															
		TD 11225	PBD KB DF 4373																														
		GL																															
		POOL																															
		PERFS 11162-11192																															
CAPROCK;DEVONIAN, EAST		Open Hole																															
POOL		PERFS 11134-11210																															
SWD;DEVONIAN																																	
POOL		PERFS																															
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="6">CASING RECORD</th> </tr> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>13 3/8</td> <td>344</td> <td>350 sxs</td> <td>17 1/2</td> <td>0' CIRC</td> </tr> <tr> <td>INT1</td> <td>8 5/8</td> <td>3620</td> <td>2400 sxs</td> <td>11</td> <td>0' CIRC</td> </tr> <tr> <td>PROD.</td> <td>5 1/2</td> <td>11224</td> <td>400 sxs</td> <td>7 3/4</td> <td>9249 Calc</td> </tr> </tbody> </table>				CASING RECORD							SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	13 3/8	344	350 sxs	17 1/2	0' CIRC	INT1	8 5/8	3620	2400 sxs	11	0' CIRC	PROD.	5 1/2	11224	400 sxs	7 3/4	9249 Calc
CASING RECORD																																	
	SIZE	DEPTH	CMT	HOLE SIZE	TOC																												
SURF.	13 3/8	344	350 sxs	17 1/2	0' CIRC																												
INT1	8 5/8	3620	2400 sxs	11	0' CIRC																												
PROD.	5 1/2	11224	400 sxs	7 3/4	9249 Calc																												
PREPARED BY: Eddie Seay UPDATED: 03/14/08																																	

WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-08007																															
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP																															
13 3/8 @ 346' TOC 0' Rustler 1440 Top Salt Base Salt Yates 2262 Queen San Andres 3550 Glorieta 4957 Tubb 6413 Abo 7194 Wolfcamp Pennsylvanian Miss Lm 10477 Devonian 11080 5 1/2 @ 11220' TOC @ ???? 8 5/8 @ 3605' TOC @ 0' TOC @ ????? PERFS 8360-869 CIBP @ 9000' CIBP @ 9280' PERFS 9320-9590 CIBP @ 9650' PERFS 9680-9880 CIBP @ 9890' PERFS 9895-9930 CIBP @ 10190' PERFS 10200-10250 CIBP @ 10400' PERFS 11093-11110 sqz PERFS 11184-11218 TD 11220		LEASENAME: NEW MEXICO BH STATE WELL NO. 1 <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>SURF LOC:</td> <td>UL: C</td> <td>SEC: 11</td> <td>TWN: 12S</td> <td>RNG: 32E</td> </tr> <tr> <td colspan="2">660 FNL</td> <td colspan="3">1980 FWL</td> </tr> <tr> <td>BH LOC:</td> <td>UL: C</td> <td>SEC: 11</td> <td>TWN: 12S</td> <td>RNG: 32E</td> </tr> <tr> <td colspan="2">660 FNL</td> <td colspan="3">1980 FWL</td> </tr> <tr> <td>TD 11220</td> <td>PBD</td> <td>KB</td> <td colspan="2">DF</td> </tr> <tr> <td colspan="2"></td> <td>GL</td> <td colspan="2"></td> </tr> </table> POOL CAPROCK;DEVONIAN, EAST PERFS 11184-11218 POOL Zone Dry in this wellbore Open Hole POOL CAPROCK;ATOKA, NORTHEAST (GAS) PERFS 9817-9878 POOL CAPROCK;WOLFCAMP, EAST PERFS 8360-8690		SURF LOC:	UL: C	SEC: 11	TWN: 12S	RNG: 32E	660 FNL		1980 FWL			BH LOC:	UL: C	SEC: 11	TWN: 12S	RNG: 32E	660 FNL		1980 FWL			TD 11220	PBD	KB	DF				GL		
		SURF LOC:	UL: C	SEC: 11	TWN: 12S	RNG: 32E																											
		660 FNL		1980 FWL																													
		BH LOC:	UL: C	SEC: 11	TWN: 12S	RNG: 32E																											
		660 FNL		1980 FWL																													
		TD 11220	PBD	KB	DF																												
				GL																													
		CASING RECORD <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>13 3/8</td> <td>346</td> <td>350 sxs</td> <td>17 1/2</td> <td>0' CIRC</td> </tr> <tr> <td>INT1</td> <td>8 5/8</td> <td>3605</td> <td>2100 sxs</td> <td>11</td> <td>0' CIRC</td> </tr> <tr> <td>PROD.</td> <td>5 1/2</td> <td>11220</td> <td>400 sxs</td> <td>7 7/8</td> <td>9245' Calc</td> </tr> </tbody> </table>			SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	13 3/8	346	350 sxs	17 1/2	0' CIRC	INT1	8 5/8	3605	2100 sxs	11	0' CIRC	PROD.	5 1/2	11220	400 sxs	7 7/8	9245' Calc						
			SIZE	DEPTH	CMT	HOLE SIZE	TOC																										
		SURF.	13 3/8	346	350 sxs	17 1/2	0' CIRC																										
INT1	8 5/8	3605	2100 sxs	11	0' CIRC																												
PROD.	5 1/2	11220	400 sxs	7 7/8	9245' Calc																												
PREPARED BY: Eddie Seay																																	
UPDATED 03/14/08																																	

POOL: Anderson Ranch - Wolfcamp

[illegible]

R = Reef water.

Pool Chloride Average (All Pool Formations).	Form.	17/12.5
Pool Formation Average - PPM Cl.	Form.	
Pool Formation Average - PPM Cl.	Form.	
Pool Formation Average - PPM Cl.	Form.	

POOL: McCormick - Silavien

[illegible]

R = Reef water.

Pool Chloride Average (All Pool Formations).	Form.	51/412 n	28,684
Pool Formation Average - PPM Cl.	Form.		
Pool Formation Average - PPM Cl.	Form.		
Pool Formation Average - PPM Cl.	Form.		

Deen - Devotion

All values in Parts per Million - PPM.

[illegible]

Pool Chloride Average (All Pool Formations).	Form.	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.



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: 04/01/08
Reporting Date: 04/03/08
Project Owner: PALADIN
Project Name: PALADIN, BAGLEY EAST CAPROCK
Project Location: SECT. 11 T.12 R.32E. LEA CO., NM

Sampling Date: 03/31/08
Sample Type: GROUNDWATER
Sample Condition: INTACT
Sample Received By: AB
Analyzed By: HM/KS

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:	04/02/08	04/02/08	04/02/08	04/02/08	04/01/08	04/01/08
H14546-1 BEC #1	36	69.2	12.9	1.82	602	188
Quality Control	NR	49.2	50.0	3.07	1,421	NR
True Value QC	NR	50.0	50.0	3.00	1,413	NR
% Recovery	NR	98.5	100	102	100	NR
Relative Percent Difference	NR	2.8	1.6	1.6	0.2	NR

METHODS:	SM3500-Ca-D	3500-Mg E	8049	120.1	310.1
----------	-------------	-----------	------	-------	-------

	Cl ⁻ (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)
ANALYSIS DATE:	04/01/08	04/02/08	04/01/08	04/01/08	04/01/08	04/02/08
H14546-1 BEC #1	52	43.9	0	229	7.57	397
Quality Control	490	25.6	NR	988	7.06	NR
True Value QC	500	25.0	NR	1000	7.00	NR
% Recovery	98.0	102	NR	98.8	101	NR
Relative Percent Difference	2.0	4.7	NR	1.2	0.3	NR

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1
----------	-------------	-------	-------	-------	-------	-------

Buster Dupre
Chemist

04/03/08
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. H14546-1 E. SEAY shall 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.

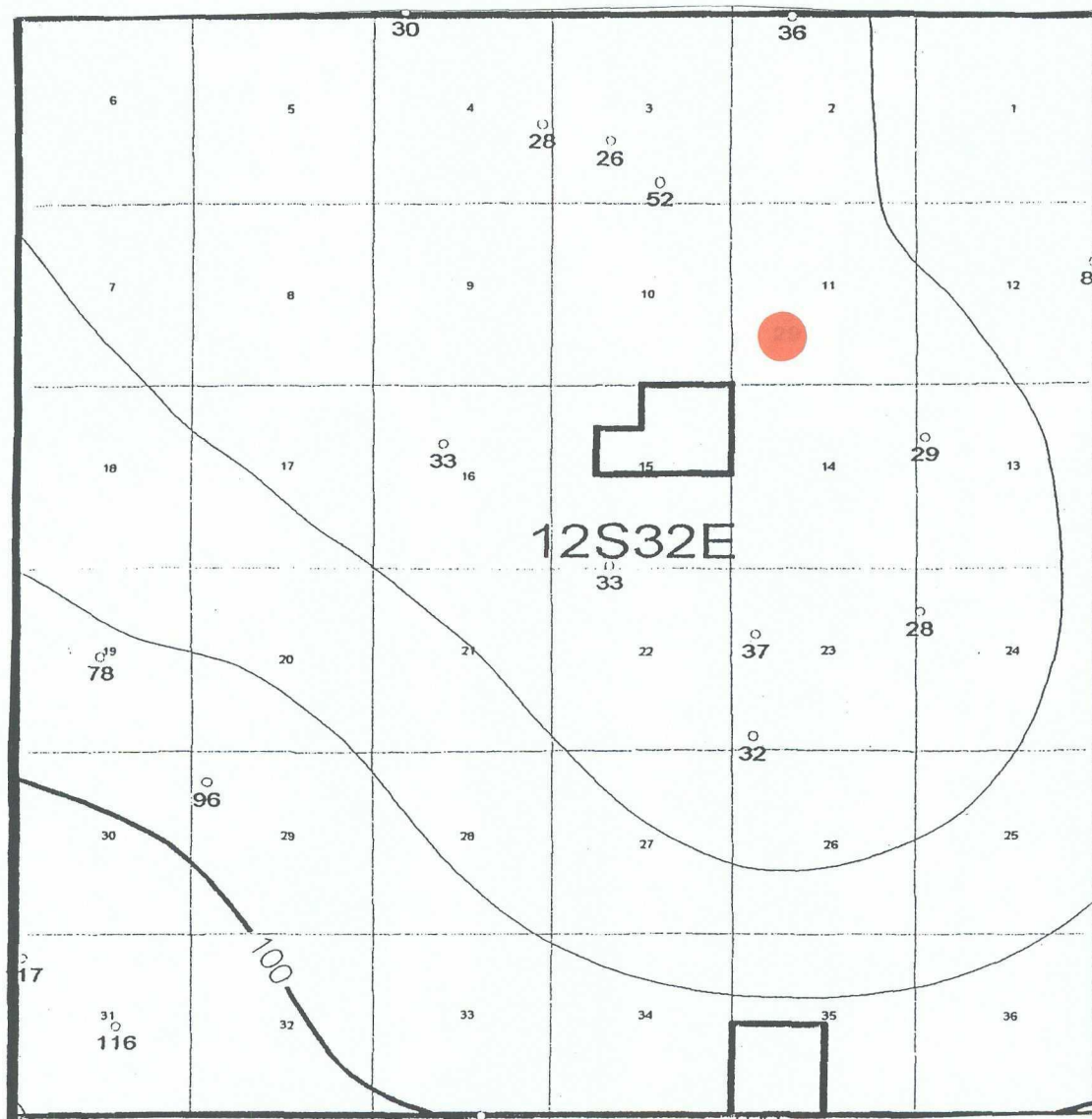
ARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(505) 393-2326 Fax (505) 393-2476

Page of

Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.



Groundwater Map

● water sample

PALADIN ENERGY CORP.

April, 2008

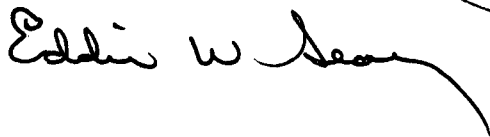
RE: BH State NCT 1 #2
Unit F, Sect. 11, T. 12 S., R. 32 E.
API #30-025-08008

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, (575)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,

A handwritten signature in cursive script that reads "Eddie W. Seay". A long, thin horizontal line extends from the end of the signature towards the right, ending in a small checkmark-like flourish.

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

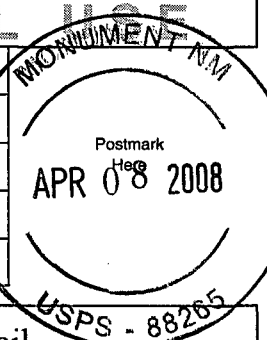
7007 2560 0000 4575 3049

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 1.82
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.62



Sent To State Land Office
310 Old Santa Fe Trail
Box 1148
Santa Fe, NM 87504-1148

PS Form 3800, August 2006 See Reverse for Instructions

LEASE OWNERS AND OFFSETS

LANDOWNER

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

OFFSET OPERATORS

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

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 New Mexico BH State NCT 1 #2, API 30-025-08008, located in Unit F, Section 11, Township 12 South, Range 32 East, Lea Co., NM. The injection formation is the Devonian from 11110' to 11425' below surface. Expected maximum injection rate is 4000 bpd., and the expected maximum injection pressure is 1200 psi or what the OCD allows. Any questions about the application can be directed to Eddie W. Seay, (575)392-2236, or any objection or request for hearing must be directed to the Oil Conservation Division, (505)476-3440, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within fifteen (15) days.

Affidavit of Publication

STATE OF NEW MEXICO)

) ss.

COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising 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 LOV-**

GTON LEADER and not in any supplement thereof, for

one (1) day, beginning with the issue of
April 3, 2008 and ending with the issue
of April 3, 2008.

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 7th day of
April 2008

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 New Mexico BH State NCT 1 #2. API 30-025-08008, located in Unit F, Section 11, Township 12 South, Range 32 East, Lea Co., NM. The injection formation is the Devonian from 11110' to 11425' below surface. Expected maximum injection rate is 4000 bpd., and the expected maximum injection pressure is 1200 psi or what the OCD allows. Any questions about the application can be directed to Eddie W. Seay, (575) 392-2236, or any objection or request for hearing must be directed to the Oil Conservation Division, (505) 476-3440, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within fifteen (15) days.

Published in the Lovington Leader April 3, 2008.

5

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Thursday, April 24, 2008 11:39 AM
To: 'seay04@leaco.net'
Cc: Ezeanyim, Richard, EMNRD; Warnell, Terry G, EMNRD; Kautz, Paul, EMNRD
Subject: SWD Application on behalf of Paladin Energy Corp.: New Mexico BH State #2 API No. 30-025-08008 Proposed Devonian Injection Sec 11 T12S R32E

Hello Eddie:

After a review, have a few questions or requests:

- 1) Please ask a landman if there is any division of interests between the Wolfcamp and the Devonian in this well.
- 2) Please send notice to Collins & Ware, Inc. out of Midland - It is the operator of record of an inactive Wolfcamp well in Unit O of Section 2.
- 3) Ask Paladin's Landman who controls the Devonian in the E/2 E/2 of Section 10 - if any other notice needs to be sent, please do. *Answered (5-17/08)*
- 4) Please ask Paladin to send copies of any elogs and temp. surveys they have in their file for this well to Hobbs district for scanning - OCD web site shows no logs.
- 5) The permit will have a condition that Paladin complete the P&A and Release of the H.C. Posey A #3 30-025-00100. This well especially needs an internal plug set above the inactive Devonian perfs and the well plugged uphole from there.

I see that Paladin recently tried an acid job on this well in the Wolfcamp - largely unsuccessful and its Financial Assurance and Inactive Wells are fine - Rule 40 OK.

Thanks for the application.

Let me know of any progress - especially the date of any notices.

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

Accepted
~~*Reopened*~~

Release
5/22/08

4/24/2008

May 6, 2008

RECEIVED
2008 MAY 9 PM 2 33

NMOCD Engineering
ATTN: Will Jones
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: Paladin Energy
New Mexico BH State #2 API 30-025-08008
C-108

Mr. Jones:

Find enclosed answers to the questions concerning the above listed permit.

- 1) Paladin owns the Wolfcamp and Devonian, 100%. There is no division of interest.
- 2) The Collins & Ware well you noted is P & A. Also, Collins & Ware is no longer in operation. I have attached the C-103.
- (3) The area in the East half of Section 10 is state minerals, Amerada has mineral lease, find enclosed notice to Amerada.
- (4) Logs were sent to Paul Kautz, Hobbs.
- (5) The HC Posey A has already been P & A, will get location ready for release.

Should you have additional questions, please call.

Sincerely,



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

cc: Paladin - David Plaisance

Eddie W. Seay

From: "Jones, William V., EMNRD" <William.V.Jones@state.nm.us>
To: <seay04@leaco.net>
Cc: "Ezeanyim, Richard, EMNRD" <richard.ezeanyim@state.nm.us>; "Warnell, Terry G, EMNRD" <TerryG.Warnell@state.nm.us>; "Kautz, Paul, EMNRD" <paul.kautz@state.nm.us>
Sent: Thursday, April 24, 2008 11:39 AM
Subject: [SPAM] SWD Application on behalf of Paladin Energy Corp.: New Mexico BH State #2 API No. 30-025-08008 Proposed Devonian Injection Sec 11 T12S R32E

Hello Eddie:

After a review, have a few questions or requests:

- 1) Please ask a landman if there is any division of interests between the Wolfcamp and the Devonian in this well.
- 2) Please send notice to Collins & Ware, Inc. out of Midland - It is the operator of record of an inactive Wolfcamp well in Unit O of Section 2.
- 3) Ask Paladin's Landman who controls the Devonian in the E/2 E/2 of Section 10 - if any other notice needs to be sent, please do.
- 4) Please ask Paladin to send copies of any elogs and temp. surveys they have in their file for this well to Hobbs district for scanning - OCD web site shows no logs.
- 5) The permit will have a condition that Paladin complete the P&A and Release of the H.C. Posey A #3 30-025-00100. This well especially needs an internal plug set above the inactive Devonian perms and the well plugged uphole from there.

I see that Paladin recently tried an acid job on this well in the Wolfcamp - largely unsuccessful and its Financial Assurance and Inactive Wells are fine - Rule 40 OK.

Thanks for the application.

Let me know of any progress - especially the date of any notices.

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

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the

4/24/2008

Submit 3 Copies
to Appropriate
District Office

STATE OF NEW MEXICO
Energy - Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1190, Hobbs, NM 88240

DISTRICT II
P.O. Box 100, Artesia, NM 88210

DISTRICT III
1000 Rio Grande Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL API NO.

30-025-0080 00080

5. Indicate Type of Lease

STATE ☒

PHE ☐

6. State Oil & Gas Lease No.

B-9675

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 O-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name

STATE ECE

8. Well No.

1

9. Pool name or Wildcat

Caprock Wolfcamp, East

1. Type of Well:

Oil

Well ☒

Gas

Well ☐

Other ☐

2. Name of Operator

COLLINS & WARE, INC.

3. Address of Operator

508 W. WALL, Suite 1200, Midland, Texas 79701

4. Well Location

Unit Letter 0, 660 Feet From The South Line and 1980 Feet From The East Line

Section 2

Township 12-S

Range 32-E

NMPM

LEA

County

10. Elevation (Show whether LP, RKB, RT, OR, etc.)

4359' DF

11.

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐

ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐

PLUG AND ABANDONMENT ☒

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. 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.

11-25-96 SET CIBP @ 8300' - spot 35' cement on top

11-26-96 SPOT 40 SXS @ 5100'-4892'

11-26-96 SPOT 40 sxs @ 3660'-3415' tagged

11-26-96 SPOT 40 SXS @ 1539'-1400'

11-27-96 SPOT 10 sxs @ 30'-surface

INSTALL DRY HOLE MARKER

CIR. 10# mud

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

SIGNATURE

Dianne Sumrall

TITLE

Production Supervisor

DATE

12/06/96

TYPE OR PRINT NAME

Dianne Sumrall

(915) 687-3435

TELEPHONE NO.

(This space for State Use)

OIL & GAS INSPECTOR

APPROVED BY

Jack Griffin

TITLE

DATE

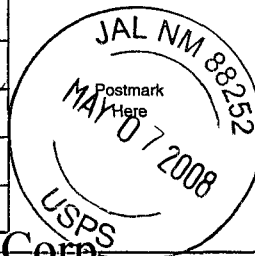
CONDITIONS OF APPROVAL, IF ANY:

30

9/2/97

7007 2560 0000 4575 3117

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	\$ 1.14
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.94
Sent To Amerada Hess Corp.	
Street, Apt. No., or PO Box No. Box 840	
City, State, ZIP+4® Seminole, TX 79360	
PS Form 3800, August 2005 See Reverse for Instructions	



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. 30-025-08008

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
New Mexico State BH NCT 1

8. Well Number 2

9. OGRID Number

10. Pool name or Wildcat
Caprock, Wolfcamp East

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 Dr., Suite 301
Dallas, Texas 75229

4. Well Location

Unit Letter F : 1980 feet from the North line and 1980 feet from the West line
Section 11 Township 12S Range 32E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4366' GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

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 ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Acidize Wolfcamp - return to production ☒

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.

9/13/2007 - 9/19/2007

Tagged CIBP in 5-1/2" csg. at 8,625'. Picked up packer and tubing, set packer at 8,300'. Acidize existing Wolfcamp perforations from 8,431-8,600' with 2,700 gallons 15% HCL. Swabbed back load. Pull tubing and packer. Ran 2-7/8" tubing and tubing anchor. Ran rod pump and rods. Put well on production.

Test 9/24/07: 7 BOPD, 15 BWPD, 0 MCF

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 David Plaisance TITLE VP Exploration & Production DATE 10/17/2007

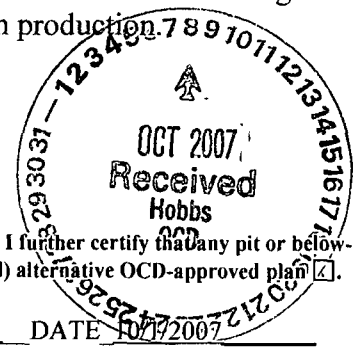
Type or print name
For State Use Only

E-mail address:

Telephone No.

APPROVED BY: Larry W. Wink TITLE OC FIELD REPRESENTATIVE II/STAFF MANAGER DATE OCT 09 2007

Conditions of Approval (if any):



SWD-DEV.
30-025-00109

Injection Permit Checklist 2/8/07

SWD Order Number 1123 Dates: Division Approved _____ District Approved _____

Well Name/Num: NM BH State #2 Date Spudded: OLD

API Num: (30-) 025-08008 County: Loa

Footages 1980 FNL/1980 FWL Sec 11 Tsp 12S Rge 32E

Operator Name: Paladin Energy CORP. Contact David Plaisance (EDDIE Seay, agent)

Operator Address: 10290 Monahan Dr Suite 301, Dallas, TX 75229

Current Status of Well: Low Planned Work: Re-sit, Deepen Inj. Tubing Size: 2 7/8

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	17 1/2 13 3/8	350	350	CIRC
Intermediate	11 8 5/8	2600	2300	CIRC
Production	7 7/8 5 1/2	11225	950	6850 T.S.
Last DV Tool				
Open Hole/Liner		will be deepened off to 11425		
Plug Back Depth				

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

Checks (Y/N): Well File Reviewed ☒ ELogs in Imaging None

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash	1500 - 2300 yds		
Gapton Reef			
Cliff House, Etc:			
Formation Above	10,400 - Penn		
Top Inj Interval	11,110	Dev (Perf)	
Bottom Inj Interval	11,425	Dev (Open Hole)	
Formation Below	12,100 - Silurian		

USE = Paladin's own wells
Perfs in WC, 8431-8710
Perm 10228-10282

2222 PSI Max. WHIP
Open Hole (Y/N)
Deviated Hole (Y/N)

Fresh Water: Depths: 0-160' Wells(Y/N) _____ Analysis Included (Y/N): yes Affirmative Statement ☒

Salt Water Analysis: Injection Zone (Y/N/NA) _____ DispWaters (Y/N/NA) _____ Types: McF, Dev, SIL, WC

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

Other Affected Parties: _____

AOR/Repairs: NumActiveWells 9 Repairs? _____ Producing in Injection Interval in AOR _____

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

Well Table Adequate (Y/N) yes AOR STRs: Sec 11 Tsp all Rge _____

New AOR Table Filename _____ Sec E/E/E/2 S/E/10 Tsp _____ Rge _____

Conditions of Approval: Sec S/E/2 S/E/2 Tsp _____ Rge _____

TA or P&A any Long Term wells in AOR.

- P&A 30,025-00100 HC: ROSET A A3

AOR Required Work: _____

inactive WOLFOY OPER COLUNS & Wore NE in Sec 2 UNIT 0
Required Work to this Well: MIDLAND TX

Some owners in WC as in DEV.

Cancelled 4/24/08