DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
07/23/13		RC	07/24/2013	SWD	pAXK1320555330

ABOVE THIS LINE FOR DIVISION USE ONLY

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

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A] 30-025-37172
Paladin Energy Corp
South Vaccum 274

[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 — Signature — Agent — Title — 7/9/2013 — Date

seay04@leaco.net
e-mail Address

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

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

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

PURPOSE: _____Secondary Recovery _____Pressure Maintenance ____X__Disposal _____Storage
Application qualifies for administrative approval? ____X____Yes _____No

II. OPERATOR: Paladin Energy Corp.

ADDRESS: 10290 Monroe Drive, Suite 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 _____X__No
If yes, give the Division order number authorizing the project: _____

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

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

VII. Attach data on the proposed operation, including:

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

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

IX. Describe the proposed stimulation program, if any.

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

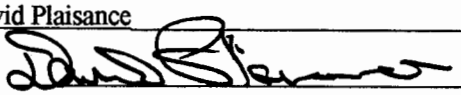
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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

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

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

NAME: David Plaisance TITLE: V.P. Exploration & Production

SIGNATURE:  DATE: 7/9/2013

E-MAIL ADDRESS: dplaisance@paladinenergy.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: Filed when drilled.

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

ATTACHMENT TO APPLICATION C-108

South Vacuum Unit 27-4
Unit P, Sect. 27, 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) 4 ½" plastic coated tubing.
4) Baker Tension Type.

B. 1) Injection formations are the Mississippian and Devonian.
2) Injection interval from 10858' to 12400'.
3) This was drilled as a producer.
4) The next higher producing zone is the Strawn at approximately 10572'.
The next lower producing zone is the Montoya at approximately 13336'.

IV. NO.

V. MAP ATTACHED.

VI. LIST OF WELLS AND DATA ATTACHED.

VII. Paladin proposes to remove existing equipment and clean out well bore and plug down to the old Devonian perfs. Either re-perforate or acidize old perfs. Complete in existing Mississippian perfs and Devonian perfs. Run 4 ½" plastic tubing with 7"packer and set at approximately 10760'.

1) Plan to inject approximately 8000 bpd of produced water from Paladins own operation in offset production.
2) Closed system.
3) Average injection pressure should be approximately 1800# to 2000# or whatever limit OCD allows.
4) Analysis attached, only produced water.
5) Water from Paladins offset production from McKee, Devonian, and Silurian.

VIII. The proposed disposal formation is interbedded shale and limestone. The primary geologic formations are the Mississippian and Devonian from 10858′ to 12400′.

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. WILL BE SUBMITTED WHEN DRILLED.

XI. ATTACHED.

XII. I, Eddie W. Seay, have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zones and any underground source of drinking water pertaining to this well.

XIII. ATTACHED.

Side 1

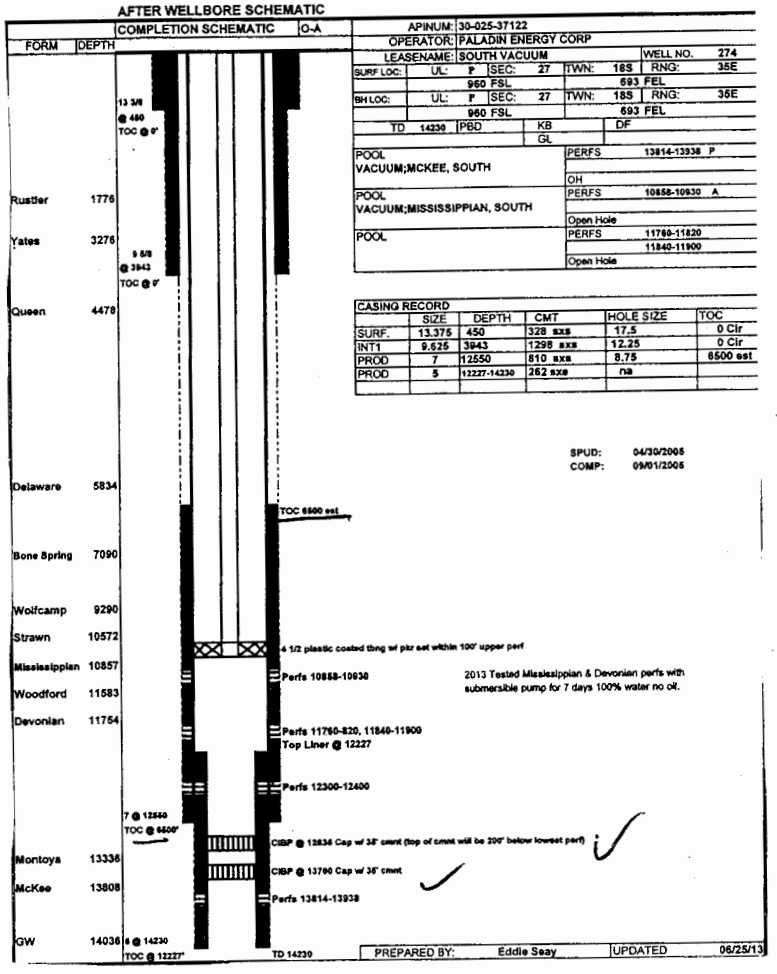
INJECTION WELL DATA SHEET

OPERATOR: Paladin Energy Corp

WELL NAME & NUMBER: South Vacuum #274 (API 30-025-37122)

WELL LOCATION:	960 S 693 E	P	27	18	35 E
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 1/2 Casing Size: 13 3/8

Cemented with: 328 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circ

Intermediate Casing

Hole Size: 12 1/4 Casing Size: 9 5/8

Cemented with: ~~1200~~ 1298 sx. *or* _____ ft³

Top of Cement: Surface Method Determined: Circ

Production Casing

Hole Size: 8 3/4 Casing Size: 7

Cemented with: 810 sx. *or* _____ ft³

Top of Cement: 6500 Method Determined: Calc

Total Depth: 14230 * 5" liner 12227/14230

Injection Interval

10858 feet to 12400

(Perforated or Open Hole; indicate which)

Side 2

INJECTION WELL DATA SHEET

Tubing Size: 4 1/2 Lining Material: Coated

Type of Packer: Baker Tension

Packer Setting Depth: 10758 or 100 ft from Top Perfs.

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

Additional Data

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

   If no, for what purpose was the well originally drilled? McKee and Mississippian + Devonian Producer

2. Name of the Injection Formation: Mississippian + Devonian

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

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

   McKee at 13814-13938

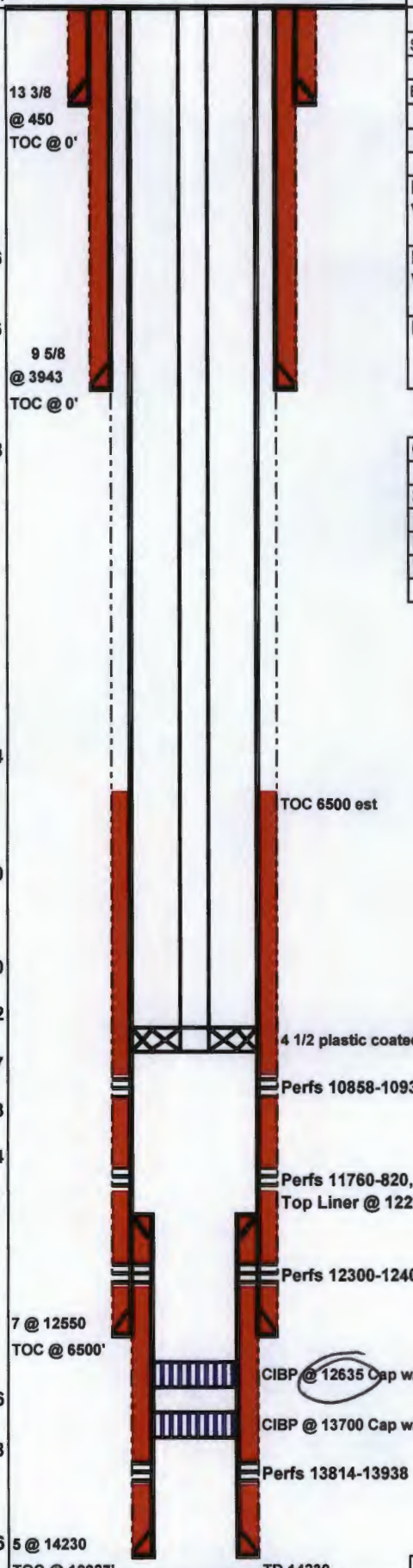
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

   The next higher zone is the Strawn at 10572
   The next lower zone is Montoya at 13336

AFTER WELLBORE SCHEMATIC

COMPLETION SCHEMATIC — O-A

FORM	DEPTH
Rustler	1776
Yates	3276
Queen	4478
Delaware	5834
Bone Spring	7090
Wolfcamp	9290
Strawn	10572
Mississippian	10857
Woodford	11583
Devonian	11754
Montoya	13336
McKee	13808
GW	14036



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

POOL VACUUM;MCKEE, SOUTH	PERFS	13814-13938 P
	OH	
POOL VACUUM;MISSISSIPPIAN, SOUTH	PERFS	10858-10930 A
	Open Hole	
POOL	PERFS	11760-11820
		11840-11900
	Open Hole	

CASING RECORD

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

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

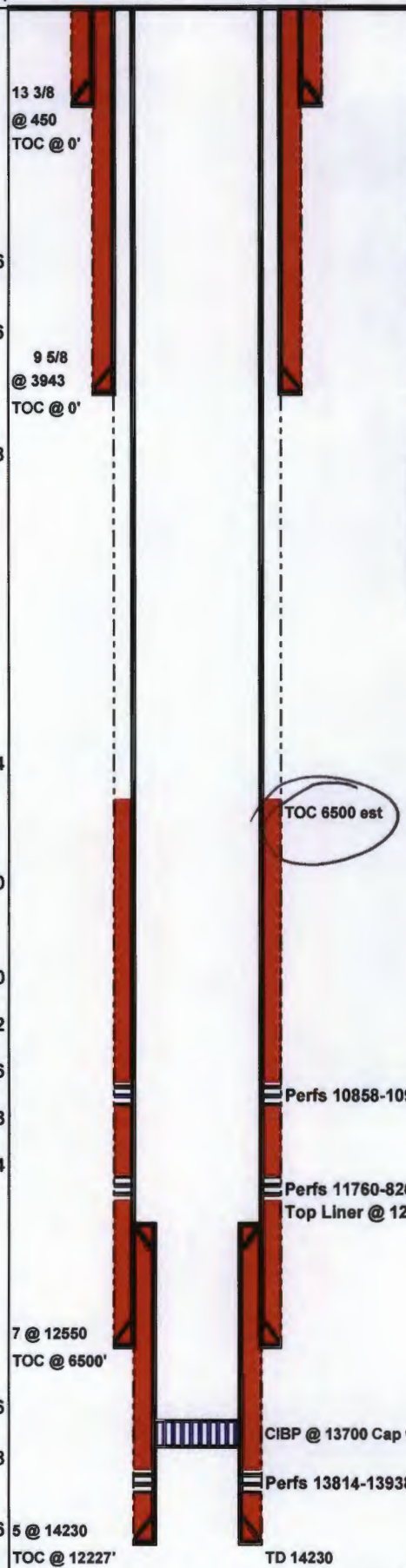
2013 Tested Mississippian & Devonian perfs with submersible pump for 7 days 100% water no oil.

PREPARED BY:	Eddie Seay	UPDATED	06/25/13

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC — O-A

FORM	DEPTH
Rustler	1776
Yates	3276
Queen	4478
Delaware	5834
Bone Spring	7090
Wolfcamp	9290
Strawn	10572
Mississippian	10996
Woodford	11583
Devonian	11754
Montoya	13336
McKee	13808
GW	14036



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

POOL VACUUM;MCKEE, SOUTH	PERFS 13814-13938 P OH
POOL VACUUM;MISSISSIPPIAN, SOUTH	PERFS 10858-10930 A Open Hole
POOL DEVONIAN --- Dry	PERFS 11760-11820 11840-11900 Open Hole

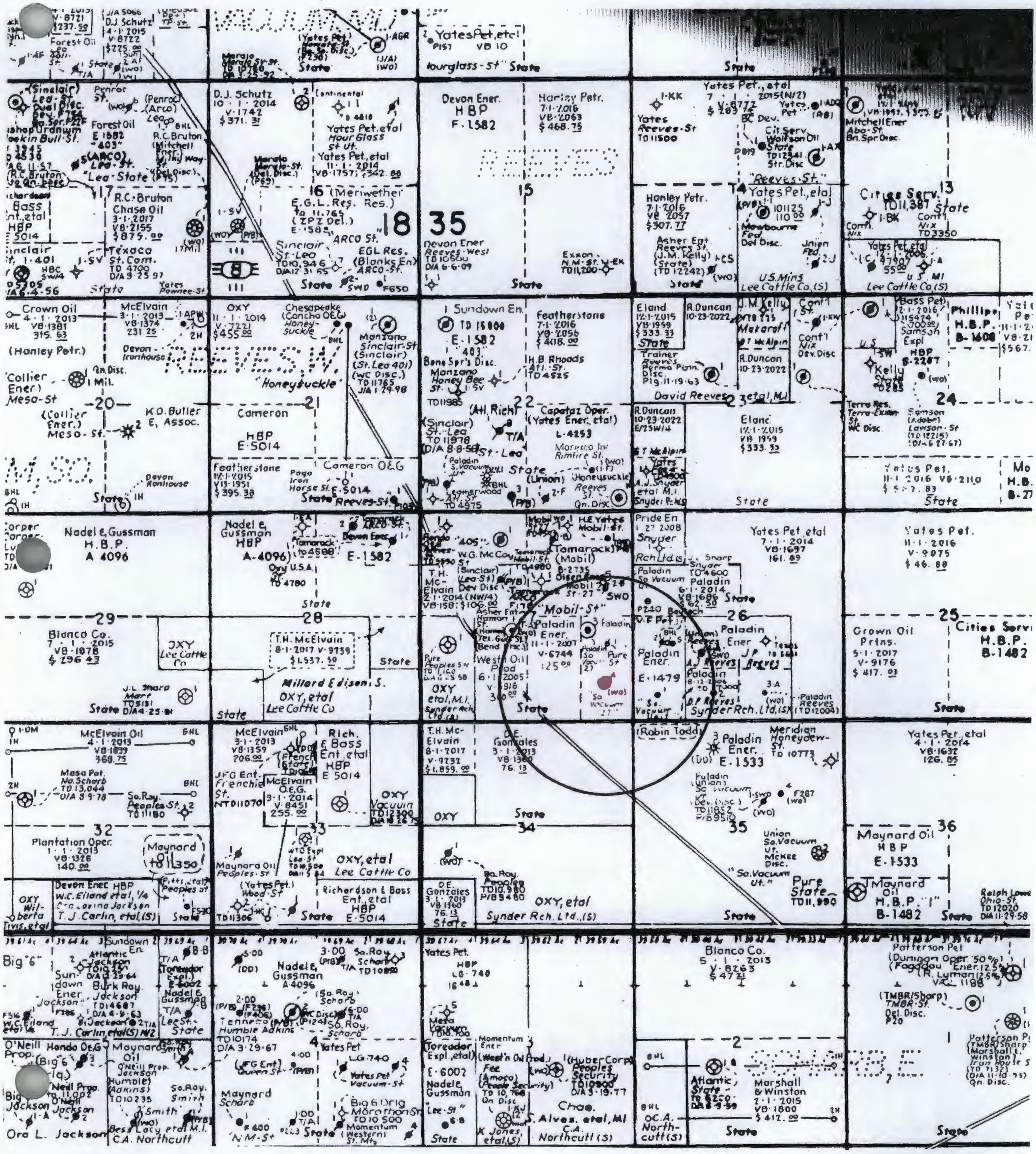
CASING RECORD

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

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

2013 Tested Mississippian & Devonian perfs with submersible pump for 7 days 100% water no oil.

PREPARED BY:	Eddie Seay	UPDATED	06/25/13



Yates Pet, etal
Hourglass-St
State
D.J. Schutz
Forest Oil
Lea-State
R.C. Bruton
Chase Oil
Texaco St. Com.
Devon Ener.
HBP
F-1582
Hanley Petr.
Yates Reeves-St
Reeves-St.
Cities Serv.
State
Lee Cattle Co.(S)
U.S. Mins
18
35
ARCO St.
EGL Res.
Sinclair St-Lea
Crown Oil
McElvain
OXY
Chesapeake
Sundown En.
Featherstone
Eland
R. Duncan
Phillips
H.B.P.
Honeysuckle
Cameron
HBP
E-5014
Collier Ener.
Meso-St
K.O. Butler E. Assoc.
Capataz Oper.
State
Cameron O&G
Terra Res.
Samson
Lawson-St
Yates Pet.
Nadel & Gussman
H.B.P.
A 4096
Nadel & Gussman
HBP
A-4096
E-1582
Mobil-St
Tamarack
Paladin Ener.
Snyder Rch Ltd.
Yates Pet. etal
Yates Pet.
Blanco Co.
OXY
Lee Cattle Co
T.H. McElvain
Millard Edison S.
OXY, etal
Lee Cattle Co
State
Paladin Ener.
E-1479
Crown Oil Prtns.
Cities Servi
H.B.P.
B-1482
Synder Rch. Ltd.
McElvain Oil
McElvain
Rich. & Bass Ent. etal
HBP
E 5014
T.H. Mc-Elvain
D.E. Gonzales
Meridian
Paladin Ener.
E-1533
Yates Pet. etal
Plantation Oper.
Maynard Oil
OXY, etal
Lee Cattle Co
OXY
State
Maynard Oil
HBP
E-1533
Devon Ener HBP
T. J. Carlin, etal(S)
Richardson & Boss Ent. etal
HBP
E-5014
D.E. Gonzales
OXY, etal
Synder Rch. Ltd.,(S)
Pure State
Maynard Oil
H.B.P. "I"
B-1482
Big "6"
Sundown En.
Nadel & Gussman
A-4096
Yates Pet.
HBP
LG-740
Blanco Co.
Patterson Pet
T.J. Carlin, etal(S) N/2
O'Neill Prop.
Hondo O&G
Maynard Oil
Maynard Scharb
Yates Pet
E-6002
Nadel & Gussman
Momentum Ener
Huber Corp
Peoples Security
Chas. S. Alves, etal, MI
C.A. Northcutt (S)
Atlantic
Marshall & Winston
OC.A. North-cutt(S)
State
Oro L. Jackson
C.A. Northcutt
N.M-St
State

DISPOSAL WELL

30-025-37122	SOUTH VACUUM	274	PALADIN ENERGY CORP	14230	G	A	Lea	S	P	27	18	S	35	E	960	S	693	E		

Wells within 1/2 mile not penatating proposed disposal interval.

															5280		5280		
API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN		RNG		N/S		E/W		Dist
30-025-36891	SOUTH VACUUM 27	3	PALADIN ENERGY CORP	10015	G	A	Lea	S	I	27	18	S	35	E	2300	S	1100	E	1400
30-025-03140	HAMON STATE	1	ASHER ENTERPRISES LTD. CO.	10864	O	A	Lea	S	K	27	18	S	35	E	2310	S	2310	W	2647
30-025-37554	VENTIMISTO 34	1	DAVID H ARRINGTON OIL & GAS INC	28	O	P	Lea	S	A	34	18	S	35	E	660	N	1244	E	1711

Wells within 1/2 mile penatating proposed disposal interval.

															5280		5280		
API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN		RNG		N/S		E/W		Dist
30-025-03142	STATE SECTION 27	2	XTO ENERGY, INC	1381	S	A	Lea	S	H	27	18	S	35	E	1980	N	660	E	2340
30-025-37299	SOUTH VACUUM	275	PALADIN ENERGY CORP	14190	O	A	Lea	S	H	27	18	S	35	E	1700	N	760	E	2620
30-025-03144	SOUTH VACUU UNIT	127	PURE OIL COMPANY	11755	O	P	Lea	S	I	27	18	S	35	E	1980	S	660	E	1020
30-025-03138	LEA J STATE	1	PALADIN ENERGY CORP	11715	O	P	Lea	S	E	26	18	S	35	E	2310	N	330	W	2255
30-025-03137	REEVES 26	4	PALADIN ENERGY CORP	1223	S	A	Lea	P	K	26	18	S	35	E	1654	S	1654	W	2447
30-025-23900	STATE 26	2	BAYTECH INC	11700	O	P	Lea	S	L	26	18	S	35	E	1980	S	710	W	1734
30-025-37035	SOUTH VACUUM UNIT	265	PALADIN ENERGY CORP	15248	G	A	Lea	S	L	26	18	S	35	E	1940	S	980	W	1938
30-025-03134	SOUTH VACUUM UNIT	261	PALADIN ENERGY CORP	11755	O	A	Lea	S	M	26	18	S	35	E	660	S	660	W	1385

Two SWD's in AOR

8 wells / 5 active / 3 P&A

30-025-03137 / Paladin / SWD-1092
open hole + perfs · Wolfcamp & Devonian

30-025-03142 / XTO / R-8645
open hole — Ordovician

Three SWD's outside AOR but within SVU structure / active

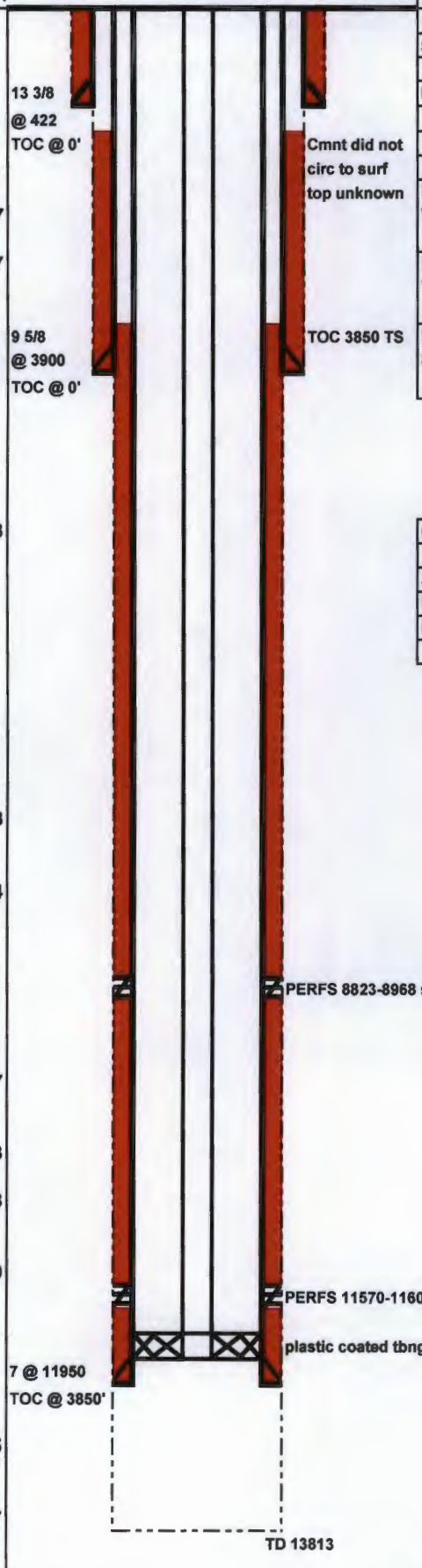
30-025-03150 SWD-980
Paladin / SVU #351 / Devonian

30-025-03151 R-4147
Paladin / SVU #352 / Devonian

30-025-03145 SWD — 1435 (New)
Sundown Energy / State Lea 405 Com #1 / Devonian

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC



FORM	DEPTH
Rustler	1747
Yates	3237
San Andres	4983
Delaware	5763
Bone Spring	6974
Wolfcamp	9007
Penn	10313
Mississippian	10733
Devonian	11420
Montoya	13105
Simpson	13657

APINUM:	30-025-03142				
OPERATOR:	XTO ENERGY INC				
LEASENAME:	STATE SECTION 27			WELL NO.	2
SURF LOC:	UL: H	SEC: 27	TWN: 18S	RNG:	35E
	1980 FNL		660 FEL		
BH LOC:	UL: H	SEC: 27	TWN: 18S	RNG:	35E
	1980 FNL		660 FEL		
TD 13813	PBD	KB	DF		
		GL			

POOL	PERFS	11570-11600
VACUUM;DEVONIAN, SOUTH		
POOL	PERFS	8823-8968
VACUUM;BONE SPRING, SOUTH		
POOL	Open Hole	11950-13813
SWD;DEVONIAN-MONT-SIMP		

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13.375	422	465 sxs	17.5	0 Cir
INT1	9.625	3900	2270 sxs	12.25	
PROD	7	11950	476 sxs	8.75	3850 TS

SPUD: 05/06/1959
COMP: 09/07/1959

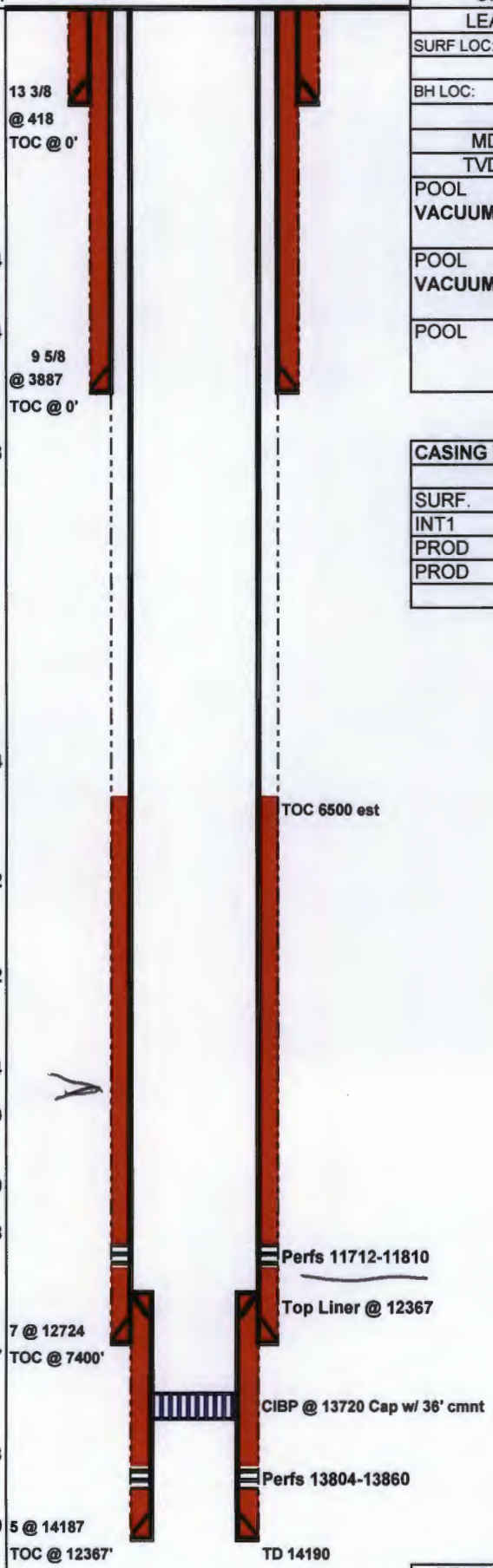
R-8645

PREPARED BY:	Eddie Seay	UPDATED	06/25/13

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC	O-A

FORM	DEPTH
Rustler	1774
Yates	3284
Queen	4468
Delaware	5704
Bone Spring	6972
Wolfcamp	9402
Strawn	10464
Mississippian	10810
Woodford	11380
Devonian	11568
Montoya	13207
McKee	13653
GW	13900



APINUM:	30-025-37299				
OPERATOR:	PALADIN ENERGY CORP				
LEASENAME:	SOUTH VACUUM			WELL NO.	275
SURF LOC:	UL: H	SEC: 27	TWN: 18S	RNG:	35E
	1700 FNL		760 FEL		
BH LOC:	UL: G	SEC: 27	TWN: 18S	RNG:	35E
	1395 FNL		1952 FEL		

MD	14190	PBD		KB	DF
TVD	14044			GL	

POOL VACUUM;MCKEE, SOUTH	PERFS 13804-13860
POOL VACUUM;DEVONIAN, SOUTH	PERFS 11712-11810
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13.375	418	535 sxs	17.5	0 Cir
INT1	9.625	3887	1040 sxs	12.25	0 Cir
PROD	7	12724	635 sxs	8.75	7400 TS
PROD	5	12367-14187	276 sxs	6.25	12367

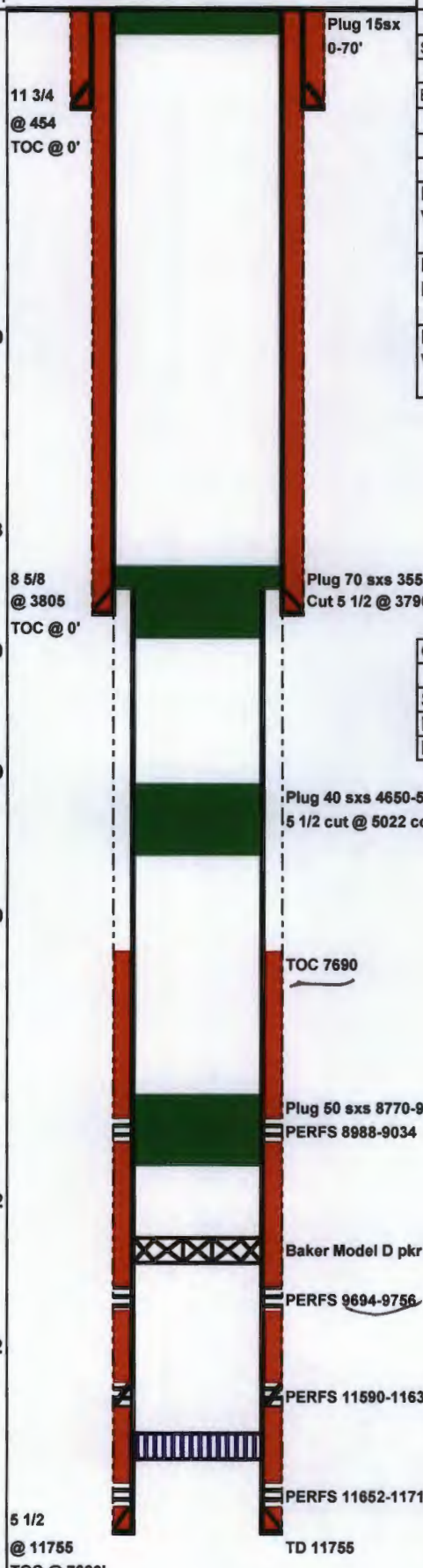
SPUD: 06/27/2005
COMP: 10/08/2005

PREPARED BY:	Eddie Seay	UPDATED

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC O-A

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



APINUM:	30-025-03144				
OPERATOR:	PURE OIL COMPANY				
LEASENAME:	SOUTH VACUUM UNIT			WELL NO.	127
SURF LOC:	UL: I	SEC: 27	TWN: 18S	RNG:	35E
	1980 FSL		660 FEL		
BH LOC:	UL: I	SEC: 27	TWN: 18S	RNG:	35E
	1980 FSL		660 FEL		
TD 11755	PBD	KB	DF		
		GL			

POOL	PERFS	11652-11713
VACUUM;DEVONIAN, SOUTH		11590-11634
	OH	
POOL	PERFS	9694-9756
REEVES;WOLFCAMP, SOUTH DRY		
	Open Hole	
POOL	PERFS	8988-9034
VACUUM;BONE SPRING, south		
	Open Hole	

CASING RECORD

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

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

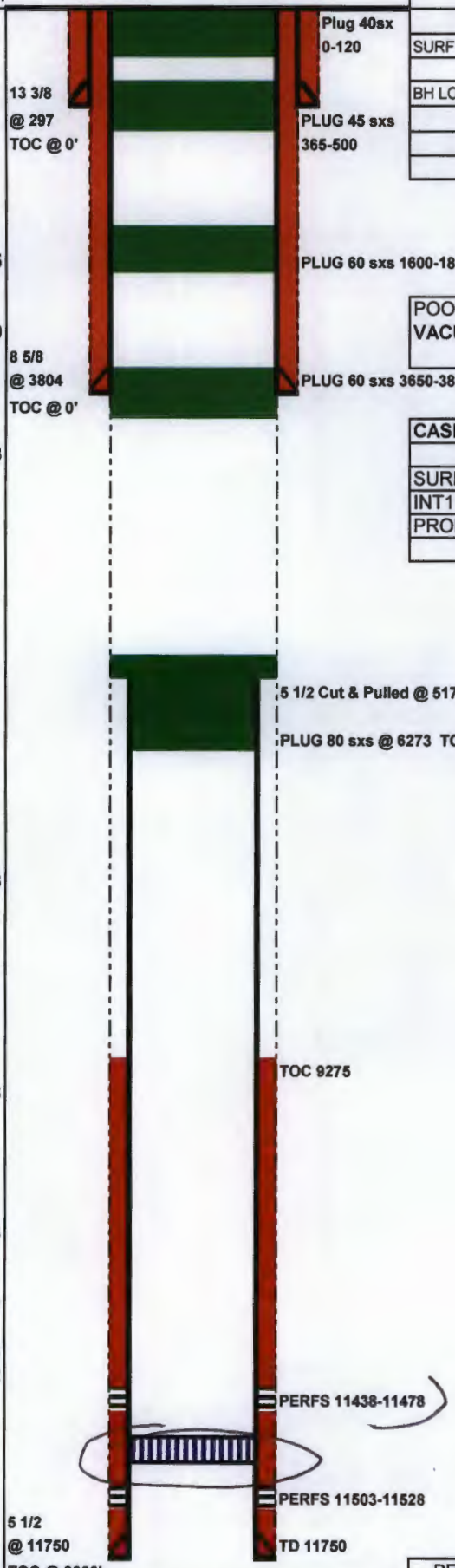
PREPARED BY: Eddie Seay UPDATED 06/25/13

06/25/13

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC — O-A

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



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

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

CASING RECORD

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

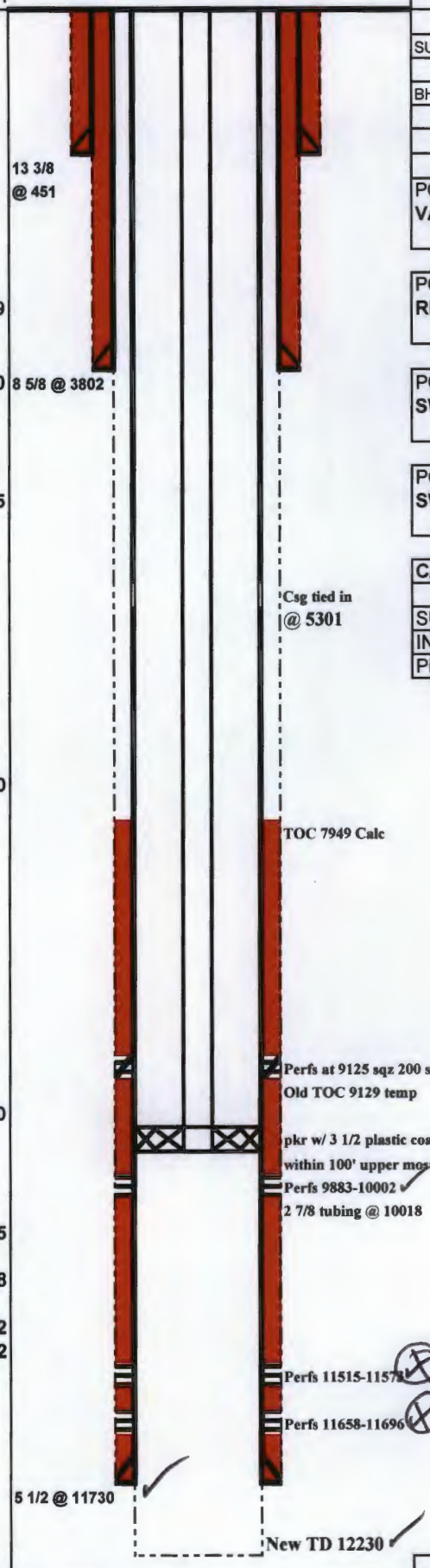
SPUD: 05/13/1960
COMP: 07/15/1960
P&A: 03/05/2008

PREPARED BY: Eddie Seay — UPDATED 06/25/13

WELLBORE SCHEMATIC AFTER

COMPLETION SCHEMATIC — O-A

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



APINUM:	30-025-03137
OPERATOR:	PALADIN ENERGY CORP
LEASENAME:	REEVES 26 — WELL NO. 4
SURF LOC:	UL: K SEC: 26 TWN: 18S RNG: 35E
	1654 FSL 1654 FWL
BH LOC:	UL: K SEC: 26 TWN: 18S RNG: 35E
	1654 FSL 1654 FWL
TD 12230	PBD — KB — DF — GL

POOL: VACUUM;DEVONIAN, SOUTH	PERFS: 11515-11573 P; 11658-11696 P; OH
POOL: REEVES;WOLFCAMP, SOUTH	PERFS: 9883-10002 P; Open Hole
POOL: SWD;WOLFCAMP	PERFS: 9883-10002 A; Open Hole
POOL: SWD;DEVONIAN	PERFS: 11512-11696 A; Open Hole 11730-12230

CASING RECORD

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

SWD-1092
8/6/2007

SWD-1092-A
9/2/2011

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

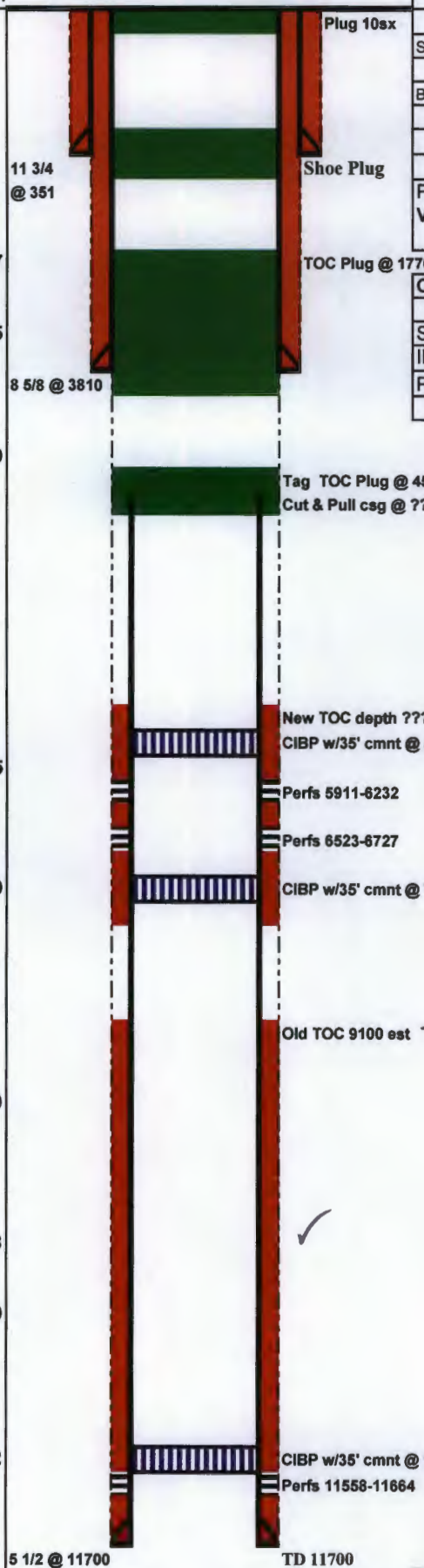
⊕ not in order } but in application
⊕ Not in order } [needs to be corrected]

PREPARED BY: Eddie Seay — UPDATED 06/25/13

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC | O-A

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



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

CASING RECORD

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

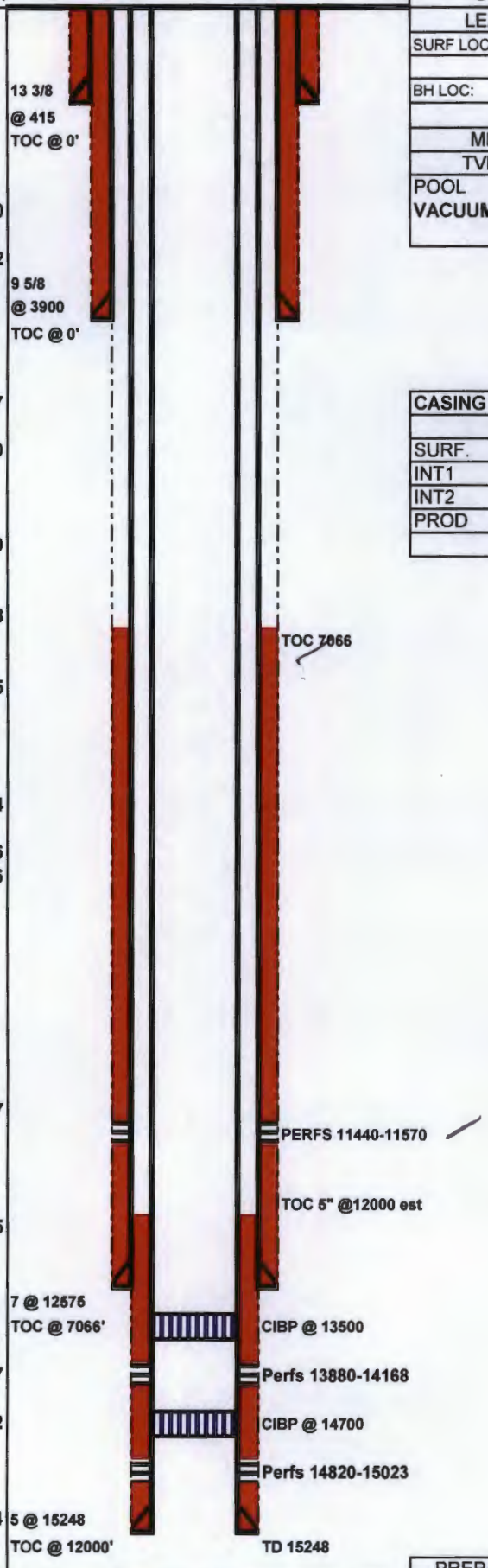
SPUD: 10/24/1971
COMP: 12/31/1971
P&A: 01/14/1992

PREPARED BY: Eddie Seay | UPDATED 06/25/13

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC O-A

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



APINUM:	30-025-37035						
OPERATOR:	PALADIN ENERGY CORP						
LEASENAME:	SOUTH VACUUM UNIT					WELL NO.	265
SURF LOC:	UL:	L	SEC:	26	TWN: 18S	RNG:	35E
	1940 FSL				980 FWL		
BH LOC:	UL:	L	SEC:	26	TWN: 18S	RNG:	35E
	1944 FSL				968 FWL		
MD	15248	PBD		KB		DF	
TVD	15237			GL			
POOL					PERFS	11555-11585 P	
VACUUM;DEVONIAN, SOUTH						11450-11478 A	
					OH		

CASING RECORD

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

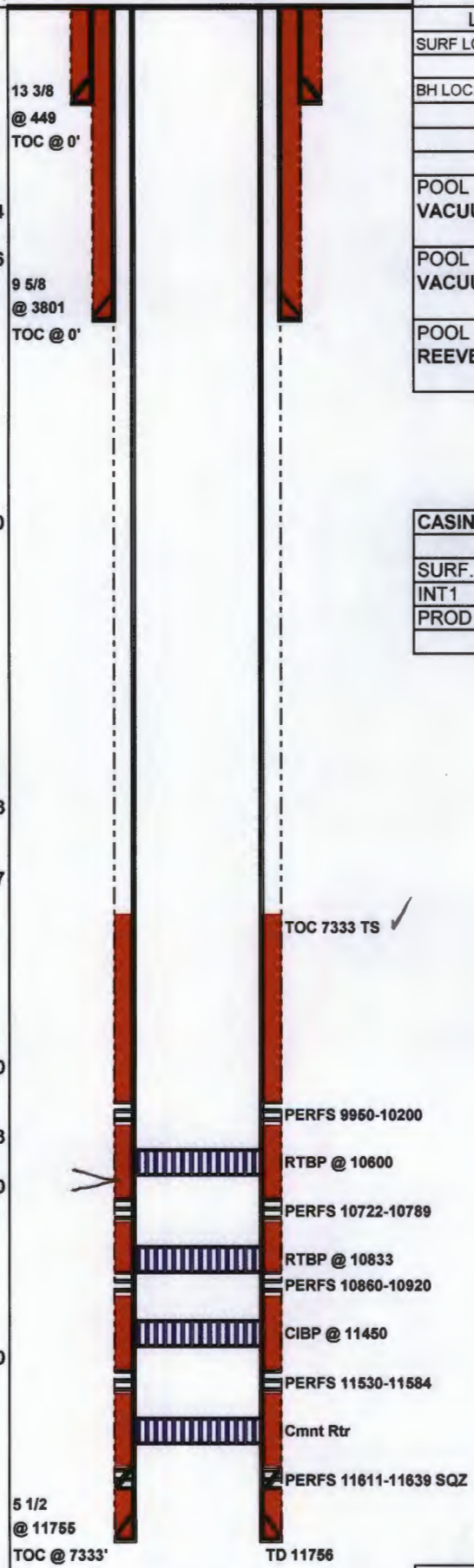
SPUD: 01/11/2005
COMP: 12/01/2005

PREPARED BY:	Eddie Seay	UPDATED	06/25/13

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC — O-A

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



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

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

CASING RECORD

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

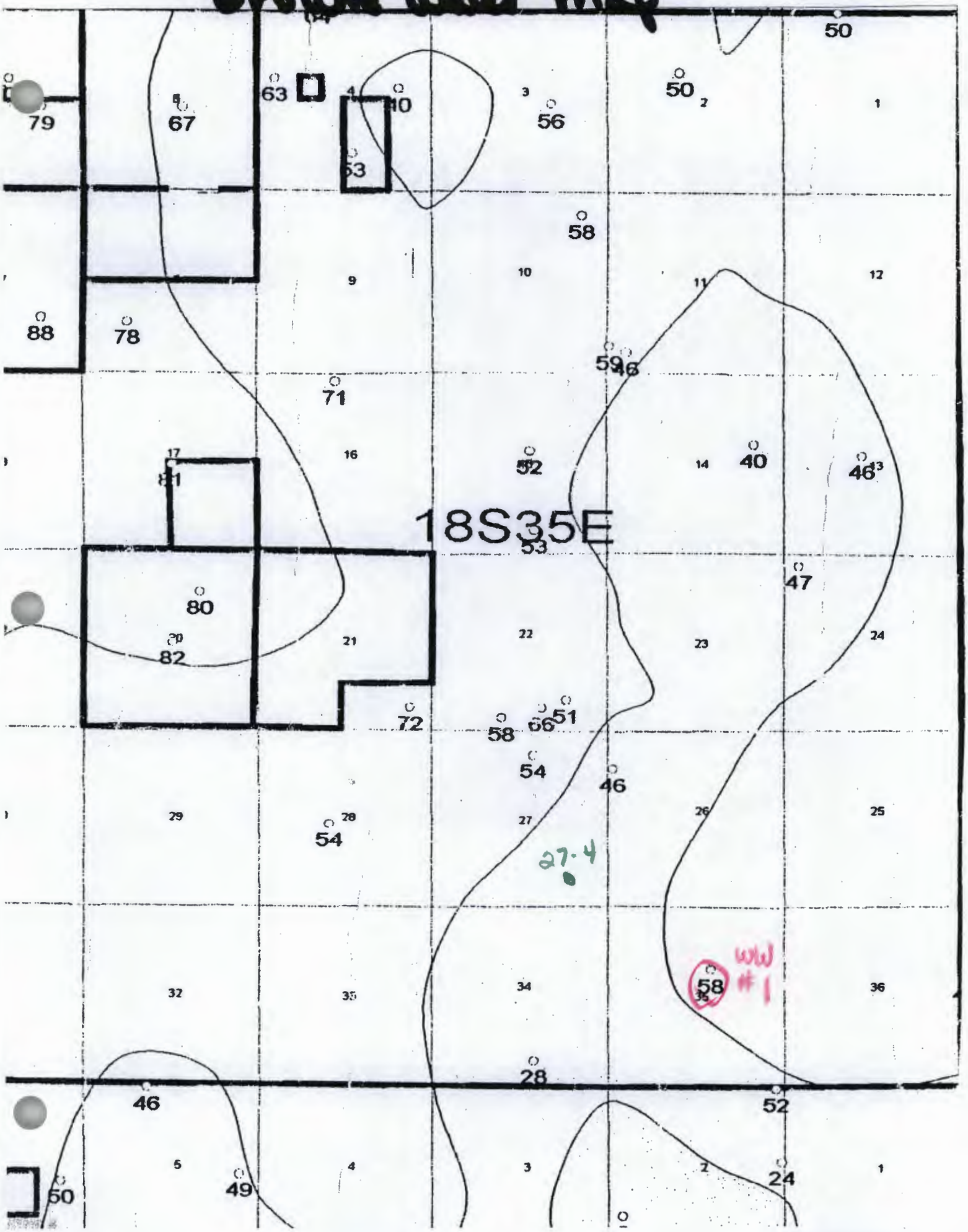
SPUD: 02/06/1959
COMP: 04/06/1959

PREPARED BY: Eddie Seay | UPDATED 06/25/13

Water Sample Analysis

Pool	Location Section	Township	Range	Chlorides
North Justis Montoya	2	25S	37E	45440
North Justis McKee	2	25S	37E	58220
North Justis Fusselman	2	25S	37E	68533
North Justis Ellenburger	2	25S	37E	34151
Fowler Blinebry	22	24S	37E	116085
Skaggs Grayburg	18	20S	38E	84845
Warren McKee	18	20S	38E	85910
Warren Abo	19	20S	39E	91600
DK Drinkard	30	20S	39E	106855
Littman San Andres	8	21S	38E	38695
East Hobbs grayburg	29	18S	39E	6461
Halfway Yates	16	20S	32E	14768
Arkansas Junction San Andres	12	18S	36E	7171
Pearl Queen	28	19S	35E	114310
Midway Abo	17	17S	37E	38494
Lovinton Abo	31	16S	37E	22933
Lovington San Andres	3	16S	37E	4899
Lovington Paddock	31	16S	37E	93720
Mesa Queen	17	16S	32E	172530
Kemnitz Wolfcamp	27	16S	34E	49345
Hume Queen	9	16S	34E	124960
Anderson Ranch Wolfcamp	2	16S	32E	11040
Anderson Ranch Devonian	11	16S	32E	25702
Anderson Ranch Unit	11	16S	32E	23786
Caudill Devonian	9	15S	36E	20874
Townsend Wolfcamp	6	16S	36E	38695
Dean Permo Penn	5	16S	37E	44730
Dean Devonian	35	15S	36E	19525
South Denton Wolfcamp	26	15S	37E	54315
South Denton Devonian	36	15S	37E	34080
Medicine Rock Devonian	15	15S	38E	39760
Little Lucky Lake Devonian	29	15S	30E	29288
Wantz Abo	26	21S	37E	132770
Crosby Devonian	18	25S	37E	58220
Scarborough Yates Seven Rivers	7	26S	37E	3443(Reef)
Teague Simpson	34	23S	37E	114665
Teague Ellenburger	34	23S	37E	120345
Rhodes Yates 7 Rivers	27	26S	37E	144485
House SA	11	20S	38E	93365
House Drinkard	12	20S	38E	49700
South Leonard Queen	24	26S	37E	115375
Elliot Abo	2	21S	38E	55380
Scharb Bone Springs	5	19S	35E	30601
EK Queen	13	18S	34E	41890
East EK Queen	22	18S	34E	179630
Maljamar Grayburg SA	22	17S	32E	46079
Maljamar Paddock	27	17S	32E	115375
Maljamar Devonian	22	17S	32E	25418

Ground Water Map



CARDINAL Laboratories

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

Analytical Results For:

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

Received:	06/24/2013	Sampling Date:	06/24/2013
Reported:	06/27/2013	Sampling Type:	Water
Project Name:	PALADIN SWD WW #1	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	SOUTH VACUUM - SECT 27		

Sample ID: PALADIN SV - WW #1 (H301471-01)

Chloride, SM4500Cl-B mg/L **Analyzed By: AP**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride*	**28.0**	4.00	06/26/2013	ND	104	104	100	0.00	

Cardinal Laboratories

*=Accredited Analyte

Celey D. Keene, Lab Director/Quality Manager

PALADIN ENERGY CORP.

July, 2013

RE: South Vacuum Unit 27-4
Unit P, Section 27, Tws. 18 S., Rng. 35 E.
API #30-025-37112

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,

Eddie W. Seay

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

LEASE OWNERS AND OFFSETS

LANDOWNER & MINERAL OWNER

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

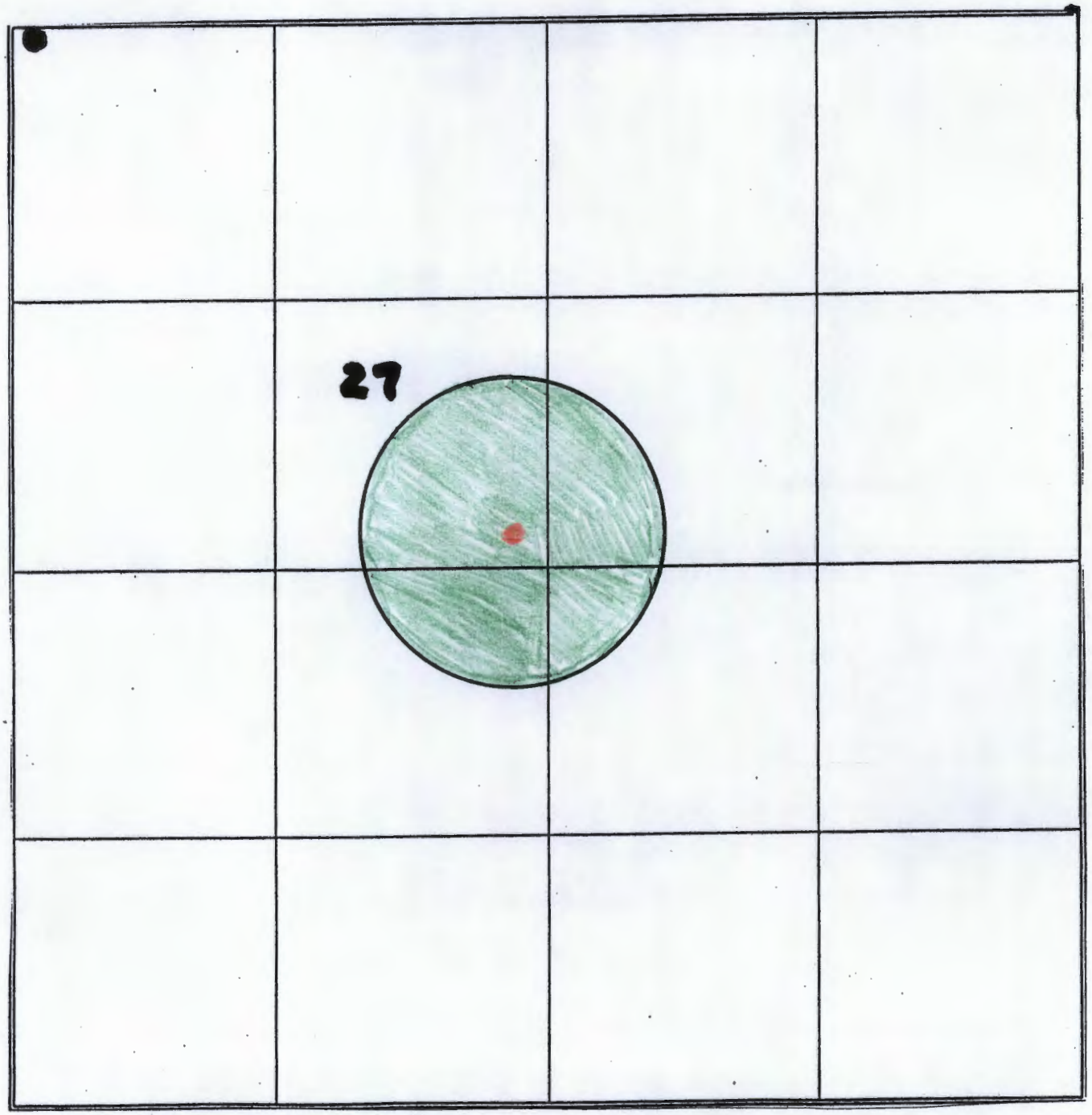
LAND LESSEE

Snyder Ranches, Ltd.
Box 2158
Hobbs, NM 88241

OFFSET OPERATOR & MINERAL OWNERS

XTO Energy Inc.
382 RR 3100
Aztec, NM 87410

Baytech, Inc.
Box 10158
Midland, TX 79702



Minerals - Paladin 27-4
P-27-18-35

State of N.M - Paladin

27-4

7012 1640 0000 2267 7528

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City, State, ZIP+4
Hobbs, NM 88241

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Box 10158
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Midland, TX 79702

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XTO Energy , Inc.
Street, Apt. No., or PO Box No.
382 RR 3100
City, State, ZIP+4
Aztec, NM 87410

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Total Postage & Fees	$ 8.22

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NM State Land Office
Street, Apt. No., or PO Box No.
310 Old Santa Fe Trail
Box 1148
City, State, ZIP+4
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 27-4, located in Unit P, Section 27, Township 18 South, Range 35 East, Lea Co., NM. The injection formations are the Mississippian and Devonian through perforations from 10858′ to 12400′ below surface. Expected maximum injection rate is 8000 bpd., and the expected maximum injection pressure is 2000 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 Manager of THE LOVINGTON LEADER, a thrice a week newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled Legal Notice was published in a regular and entire issue of THE LOVINGTON LEADER and not in any supplement thereof, for one (1) day(s), beginning with the issue of July 9 , 2013 and ending with the issue of July 9 , 2013.

And that the cost of publishing said notice is the sum of $ 27.61 which sum has been (Paid) as Court Costs.

Joyce Clemens

Joyce Clemens, Advertising Manager
Subscribed and sworn to before me this 9th day of July , 2013.

Gina Fort

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

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

Legal Notice

Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, Paladin Energy Corp., 10290 Monroe Dr., Ste. 301, Dallas, Texas 75229, is filing a C-108, Application for Salt Water Disposal. The well being applied for is the South Vacuum Unit 27-4, located in Unit P, Section 27, Township 18 South, Range 35 East, Lea Co., NM. The injection formation are the Mississippian and Devonian through perforations from 10858' to 12400' below surface. Expected maximum injection rate is 8000 bpd, and the expected maximum injection pressure is 2000 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 July 9, 2013.

C-108 Review Checklist: Received 07/24/13 Add. Request: — Reply Date: — Suspended: — [Ver 8]

Issued Permit: WFX / PMX / SWD Number: 1444 Permit Date: 10/08/13 Legacy Permits/Orders: None

Well No. 274 Well Name(s): South Vacuum Unit (SVU)

API : 30-0 25-37122 Spud Date: 04/30/2005 New or Old: (N) (UIC Class II Primacy 03/07/1982)

Footages 960 FSL 693 FEL Lot - Unit P Sec ~~29~~ 27 Tsp 18S Rge 35E County Lea

General Location: West of Hobbs - 17 miles / Vacuum area Pool: South Vacuum Field/Devonian Wildcat/McKee [13808 - 13934] Pool No.: 62010 97368

Operator: Paladin Energy Corp. OGRID: 164070 Contact: Eddie Seay/Consult.

COMPLIANCE RULE 5.9: Inactive Wells: 1 Total Wells: 55 Fincl Assur: Yes Compl. Order? No **IS 5.9 OK?** Yes

Well File Reviewed ✓ Current Status: Former producer - depleted / 100% H_2O - geo report attached / Paladin

Well Diagrams: Proposed New ○ Before Conversion ✓ After Conversion ✓ Are Elogs in Imaging?: Laterlog & Density/Neutron

Planned Rehab Work to Well: Install new CIBP w/ cmt cap at ~12630 / clean out / new lower perfs

Well Construction Details:	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Stage Tool	Cement Sx or Cf	Cement Top and Determination Method
Planned __ or Existing __ Cond	—	—		—	—
Planned __ or Existing ✓ Surface	17 1/2 / 13 3/8	0 to 450		328	Circulated to surf
Planned __ or Existing ✓ Interm/Prod	12 1/4 / 9 5/8	0 to 3943	No	1298	Circulated to surf
Planned __ or Existing ✓ Long St/Prod	8 3/4 / 7	0 to 12550	?	810	estimated 6500
Planned __ or Existing ✓ Liner	8 3/4 / 5	12227 to 14230	—	262	Calc.
Planned ✓ or Existing ✓ OH / PERF	new perf. set	10858 (existing) - 12400	Inj Length 1542		

Injection Stratigraphic Units:	Depths (ft)	Injection or Confining Units	Tops?
Adjacent Unit: Litho. Struc. Por.	—	Wolfcamp	9446
Confining Unit: Litho Struc. Por.	~ 1'	Strawn	10570
Proposed Inj Interval TOP:	10858	Chester / Miss	10857
Proposed Inj Interval BOTTOM:	12400	Devonian	11754
Confining Unit: Litho Struc. Por.	± 185	Silurian	12585
Adjacent Unit: Litho. Struc. Por.	—	Montoya / Upper Ord	13366

Completion/Operation Details:

Drilled TD 14230 PBTD —

New TD — New PBTD 12600 w/ CIBP & cmt

Open Hole ○ or Perfs ✓

Tubing Size 4 1/2 Inter Coated? Yes

Proposed Packer Depth 10760

Min. Packer Depth 10758 (100-ft limit)

Proposed Max. Surface Press 1800-2000

Admin Inj. Press 2172 (0.2 psi per ft)

AOR: Hydrologic and Geologic Information

POTASH: R-111-P ○ *Noticed?* NA **BLM Sec Ord** ✓ NA **WIPP** ○ *Noticed?* NA **SALADO:** T: — B: 1774 **CLIFF HOUSE** NA

Fresh Water: FW Formation Ogallalla Max Depth ~160 Wells? 1 in 2 Analysis? Yes **Hydrologic Affirm Statement** Yes

Disposal Fluid: Formation Source(s) Offset production / McKee Paladin only Devonian Silurian Analysis? Back valves On Lease ○ Operator Only ✓ or Commercial ✓

Disposal Interval: Injection Rate (Avg/Max BWPD): 8000 / 0 Protectable Waters: NO **CAPITAN REEF:** thru No adjacent No

H/C Potential: Producing Interval? Yes Formerly Producing? Yes Method: E Log /Mudlog/DST/Depleted/Other Geo Rpt - Submersible to test production / 100% water

AOR Wells: 1/2-M Radius Map? Yes South Vacuum Field Well List? Yes Total No. Wells Penetrating Interval: 8 Horizontals? 0

Penetrating Wells: No. Active Wells 5 Num Repairs? 0 on which well(s)? (Includes 2 active SWDs) Diagrams? Yes

Penetrating Wells: No. P&A Wells 3 Num Repairs? 0 on which well(s)? — Diagrams? Yes

NOTICE: Newspaper Date 7/9/13 Mineral Owner SLO Surface Owner SLO N. Date 7/9/13

RULE 26.7(A): Identified Tracts? Yes Affected Persons: Snyder Ranch / Bayten / XTO / Return Reefs N. Date 7/9/13

Permit Conditions: **Issues:** Top of cmt for liner & 7-inch casing

Add Permit Cond: Run CBL or equivalent before install packer / tubing

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: 18S Range: 35E Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ○ Non-Domestic ○ Domestic ◉ All

Well / Surface Data Report | Avg Depth to Water Report | Water Column Report | Clear Form | WATERS Menu | Help

AVERAGE DEPTH OF WATER REPORT 05/31/2005

							(Depth Water in Feet)		
Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max	Avg
L	18S	35E	02				3	51	52	51
L	18S	35E	03				1	62	62	62
L	18S	35E	04				4	50	70	58
L	18S	35E	05				7	60	75	69
L	18S	35E	06				5	60	110	89
L	18S	35E	07				8	75	95	85
L	18S	35E	09				1	72	72	72
L	18S	35E	10				1	49	49	49
L	18S	35E	11				1	48	48	48
L	18S	35E	13				1	135	135	135
L	18S	35E	14				2	90	90	90
L	18S	35E	16				2	65	84	75
L	18S	35E	17				4	90	150	124
L	18S	35E	18				2	90	90	90
L	18S	35E	19				2	70	70	70
L	18S	35E	20				1	50	50	50
L	18S	35E	21				2	60	60	60
L	18S	35E	22				5	65	95	75
L	18S	35E	23				2	78	78	78
L	18S	35E	26				2	60	60	60
L	18S	35E	27				4	65	70	68
L	18S	35E	29				2	95	95	95
L	18S	35E	32				1	58	58	58
L	18S	35E	33				1	80	80	80
L	18S	35E	35				3	55	60	58

Record Count: 67

Information from Reeves 26 well # 4 / SWD-1092

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

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

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

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

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

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

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

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

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

Eddie W Seay

Eddie W Seay
Eddie Seay Consulting

PALADIN ENERGY CORP.

Oil Conservation Division
Engineering and Geological Services Bureau
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Re: South Vacuum 274 SWD
Application to Convert Well to SWD Operations
South Vacuum Field
Lea County, New Mexico

Dear Sir/Madam,

In support of the above referenced SWD application, please find the following information. Paladin Energy Corp. re-completed the South Vacuum 274* well on 5/13/2013 in the Devonian formation with perforations from 11,760' to 11,820' and 11,840' to 11,900' for a total of 120' and 240 holes. The well was tested from 5/14/2013 to 5/24/2013 on electrical submersible pump and produced 100% water throughout the test, at an average rate of approximately 3,000 barrels of water per day. There was no oil produced and the Devonian was deemed uneconomical at this bottom hole location.

The South Vacuum Devonian structure is an elongated anticlinal feature, defined by a large northwest to southeast trending fault that has trapped considerable oil accumulations on the up-thrown block. The South Vacuum 274 well was originally drilled and completed on 10/12/2005 to a depth of approximately 14,200' as a deep Mckee gas producer. At the Devonian level, this well is the lowest wellbore on the structure (please refer to the enclosed map).

The top of the Devonian formation in the South Vacuum 274 is at a sub-surface depth of -7,748'. The nearest producing Devonian wells are the South Vacuum 265* at a sub-surface depth of -7,508', the South Vacuum 354* at -7580' and the Reeves 26-2 at -7,534'. These wells are all approximately 200 feet up-dip of the South Vacuum 274 and near the apex of the anticline. Paladin operates the only Devonian producing wellbores in the South Vacuum field and with the conversion of the South Vacuum 274 as an additional SWD well, we plan to increase our withdrawal rates on our present Devonian wellbores and to re-complete and/or drill additional wells at favorable locations in the field.

If you have any questions or need additional information, please feel free to call me at 214-654-0132 Ext 3, or e-mail me at davidplaisance@paladinenergy.com .

10290 MONROE DRIVE, SUITE 301 • DALLAS, TEXAS 75229
TELEPHONE: 214-654-0132 • FAX 214-654-0133

Thank you,

David Plaisance
V.P. Exploration & Production

*South Vacuum 274 is marked on the map as #4-27

*South Vacuum 265 is marked on the map as #5-26

*South Vacuum 354 is marked on the map as #4-35

*Reeves 26-2 is marked on map as #2-26

28 MBO
State Lea 8
-7768
422 MBO
517,000 BO
State Lea 1F
-8100 est
State Lea 2-403
State Lea 3-403
-7653
State Lea 2F
-7652
State 1-22
TD 4900
27
26
MOBIL State 1-27
-7636
YATES State 1-27
XTO / State Section 27 #2
R-8615
State Lea 1-405
-7804
78 MBO
421,000 BO
BHL
TD 4880
312,000 BO
716 MBO
TD 4600
ARCO State 1
405 Con. #1
SWD-1435
(30-025-03145)
State Lea 1-26
-7554
73 MBO
TEXAS GULF State 1A
S Vacuum Ut 1-27
-7687
S Vacuum Ut 2-26
-7542
Reeves 4A-26
-7650
461 MBO
Paladin / Reeves 26 #4 SWD-1092
(API 30-025-03137)
TD 5655
177 MBO
1416 MBO
T-18-S
S Vacuum Ut 1-26
-7624
Reeves 2-26
-7534
Reeves 3-26
-7978
4-27
-7848
1070 MBO
proposed SWD
Paladin / SVU #274
34
35
S Vacuum Ut 3-35
-7618
1234 MBO
Paladin / SVU #351
SWD-980
(30-025-03150)
4-35
-7580'
S Vacuum Ut 1-35
-7669
T/A
1238 MBO
321 MBO
S Vacuum Ut 2-35
-7714
State Lea 1-36
-7812
Active SWDs
Paladin / SVU #352
R-4147
(30-025-03151)
R-35-E

PALADIN ENERGY CORP.
10290 Monroe Drive
Suite 301
Dallas, Texas 75229

LEGEND

Devonian Producer

0 1000' 2000'

SOUTH VACUUM FIELD
Lea County, New Mexico

Structure Map
DEVONIAN
Contour Interval = 100'