

DATE IN 11.3.11 SUSPENSE ENGINEER WVJ LOGGED IN 11.3.11 TYPE SWD APP NO. 1130731202 *PTGW*

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Paladin

164070

East Caprock SWD #5

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]

[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
Print or Type Name

Eddie W Seay
Signature

Agent
Title

10/28/2011
Date

seay.ee@leaco.net
e-mail Address

Fee/Lea

RECEIVED OCT 28 11:13

Devonian 96101

24961

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 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 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: Manager

SIGNATURE:  DATE: 10/26/2011

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: _____

ATTACHMENT TO APPLICATION C-108

East Caprock #5
Unit B, Sect. 14, 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) 3 ½" plastic coated tubing.
 - 4) Baker Tension Packer.
- B.
 - 1) Injection formations is the Devonian.
 - 2) Injection interval open hole from 11500' to 11700'.
 - 3) This will be a new well drilled as SWD.
 - 4) The next higher producing zone is the Chester at approximately 10540'.
The next lower producing zone is the Silurian at approximately 11750'.

IV. NO.

V. MAP ATTACHED.

VI. LIST OF WELLS AND DATA ATTACHED.

VII. Paladin proposes to drill a new well, set 5 ½" casing and cement. Deepen well in open hole in lower Devonian from 11500' to 11700', acidize as needed.

Will run 3 ½" IPC tubing and packer set at approximately 11400'. Test casing as required and inject into open hole section of Devonian.

- 1) Plan to inject approximately 5000 bpd of produced water from Paladins own operation in offset production.
- 2) Closed system.
- 3) Average injection pressure should be approximately 800# to 1200# or whatever limit OCD allows.
- 4) Analysis attached, only produced water.
- 5) Water from offset production from McKee, Devonian, and Silurian.

VIII. The proposed disposal formation is interbedded shale and limestone. The primary geologic name is the Devonian found from 11240' to 11700'.

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.

WELL NAME & NUMBER: East Caprock SWD # 5

22

12

FOOTAGE LOCATION

UNIT LETTER

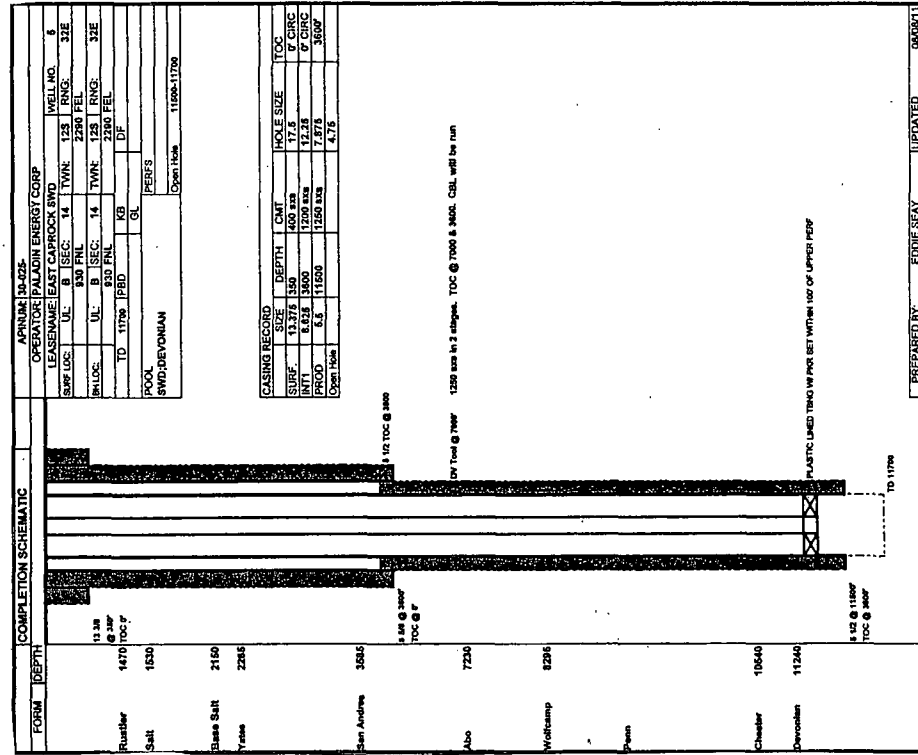
SECTION

TOWNSHIP

32

RANGE

WELL CONSTRUCTION DATA
Surface Casing



Hole Size: 17.5 Casing Size: 13.375

Cemented with: 400 SX. or H^3

Top of Cement: Sub base Method Determined: W

Intermediate Casing

Hole Size: 12.25 Casing Size: 8.625

Cemented with: 1299 SX. or A³

Top of Cement: 514.62 Method Determined: eye

Production Casing

Hole Size: 7.875 Casing Size: 5 5/8

Cemented with: 1250 SX. or 43

Top of Cement: est. 3600

Total Depth: 11700

Injection Interval

11500

feet to 11700

(Perforated or Open Hole indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2 Lining Material: IPC
Type of Packer: Baker Tension Type
Packer Setting Depth: 11400
Other Type of Tubing/Casing Seal (if applicable): NONE

Additional Data

1. Is this a new well drilled for injection? X Yes No
If no, for what purpose was the well originally drilled?

2. Name of the Injection Formation: Devonian
3. Name of Field or Pool (if applicable): East Coprock
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. No

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:
Chester at 10540
Silurian at 11750

NEW WELL PROPOSED WELLBORE SCHEMATIC

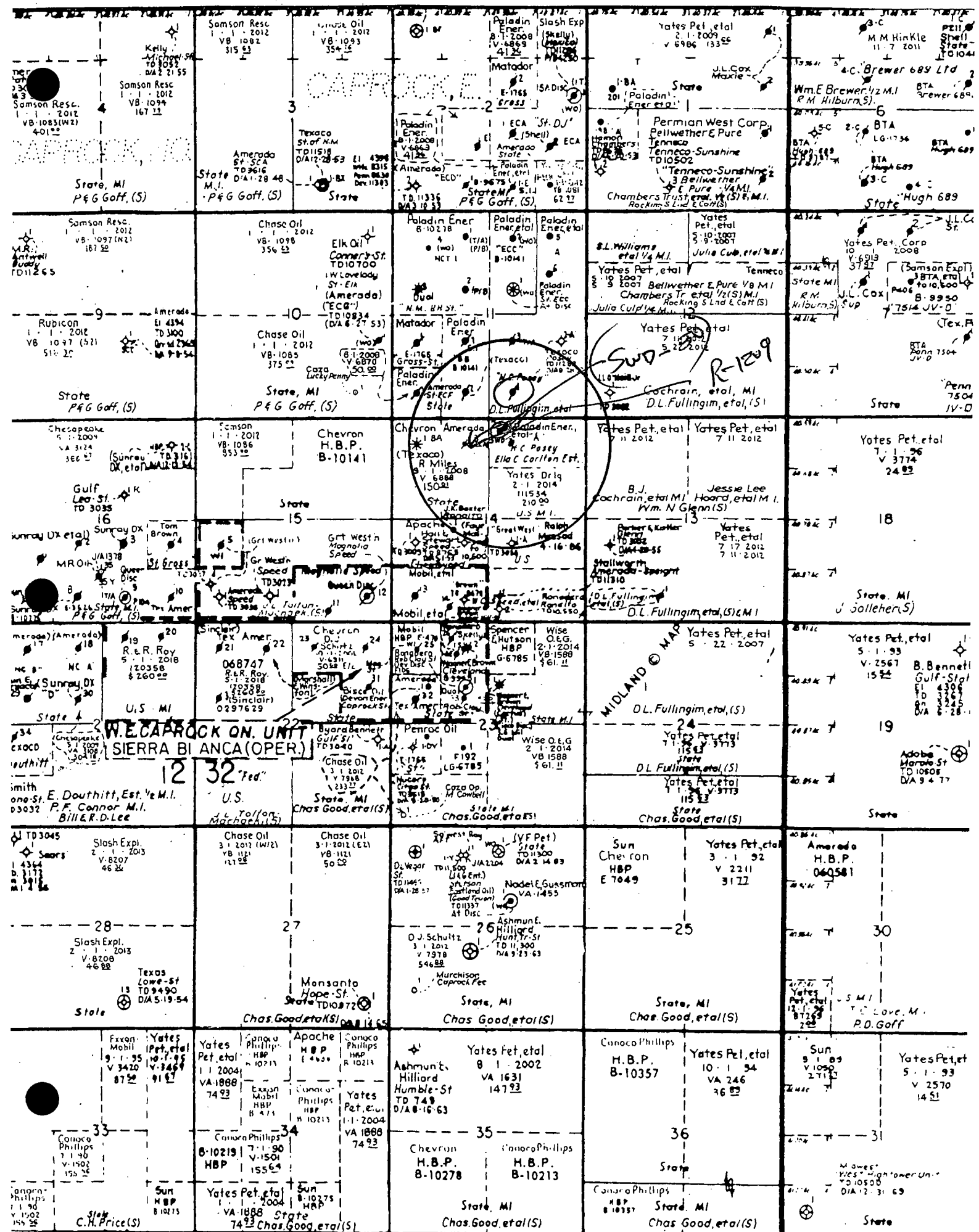
COMPLETION SCHEMATIC		APINUM: 30-025-			
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP			
		LEASENAME: EAST CAPROCK SWD			WELL NO. 5
		SURF LOC: UL: B SEC: 14	TWN: 12S	RNG: 32E	
		930 FNL			2290 FEL
		BH LOC: UL: B SEC: 14	TWN: 12S	RNG: 32E	
		930 FNL			2290 FEL
		TD 11700	PBD	KB	DF
		GL			
		POOL SWD;DEVONIAN			PERFS
		Open Hole			11500-11700

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13.375	350	400 sxs	17.5	0' CIRC
INT1	8.625	3600	1200 sxs	12.25	0' CIRC
PROD	5.5	11500	1250 sxs	7.875	3600'
Open Hole				4.75	

FORMATION	DEPTH
Rustler	1470
Salt	1530
Base Salt	2150
Yates	2265
San Andres	3585
Abo	7230
Wolfcamp	8295
Penn	
Chester	10540
Devonian	11240

5 1/2 @ 11500'
TOC @ 3600'

TD 11700



DISPOSAL WELL

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN	RNG	N/S	E/W
30-025-	EAST CAPROCK SWD	5	PALADIN ENERGY CORP	11700			Lea	P	B	14	12 S	32 E	930 N	2290 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
30-025-00106	STATE ECF	1	AMERADA PETROLEUM	11302	O	P	Lea	S	M	11	12 S	32 E	660 S	660 W	2277
30-025-08009	NEW MEXICO BB	2	PALADIN ENERGY CORP	11532	S	P	Lea	S	N	11	12 S	32 E	660 S	1984 W	1619
30-025-00097	EAST CAPROCK SWD	4	HESS CORP	11230	S	P	Lea	S	O	11	12 S	32 E	660 S	1980 E	1883
30-025-00113	EAST CAPROCK SWD	2	PALADIN ENERGY CORP	11651	S	A	Lea	P	B	14	12 S	32 E	330 N	2310 E	906
30-025-00115	EAST CAPROCK SWD	3	HESS CORP	11580	S	P	Lea	P	C	14	12 S	32 E	660 N	1980 W	411

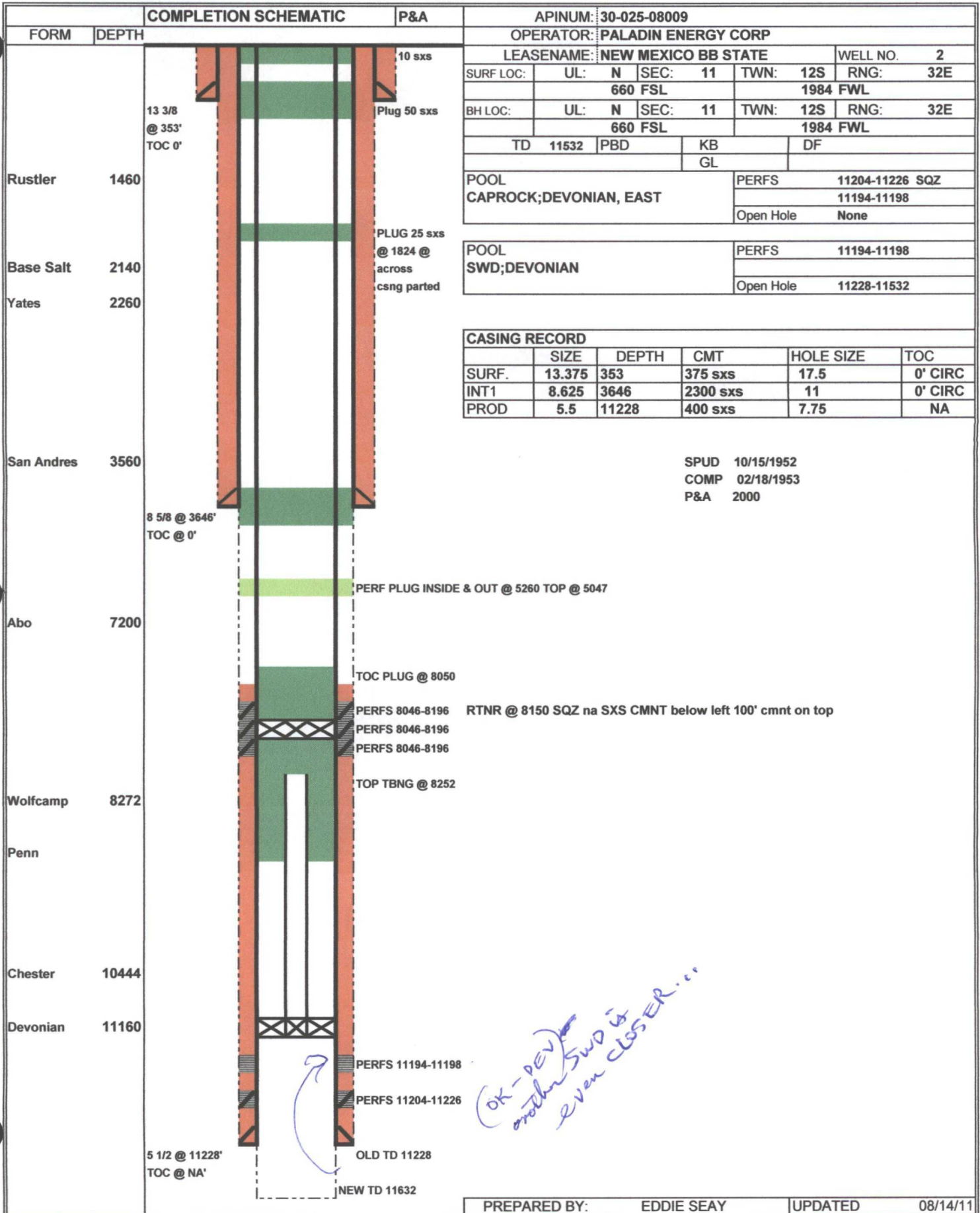
Wells within 1/2 mile which penetrate proposed disposal interval

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN	RNG	N/S	E/W	Distance
30-025-00117	WILL C SPEED A	1	GREAT WESTERN DRILLING	3030	D&	P	Lea	P	J	14	12 S	32 E	1980 S	1980 E	2576
30-025-00118	EULA SPEED	1	HALL & STEWART	8765	O	P	Lea	P	K	14	12 S	32 E	1980 S	1980 W	2390
30-025-28844	RONALTO	1	KELLY H BAXTER	10560	O	P	Lea	P	K	14	12 S	32 E	2310 S	1650 W	2138
30-025-00119	STATE BA	1	TEXACO EXPL & PROD INC	10690	O	P	Lea	S	D	14	12 S	32 E	660 N	662 W	1650

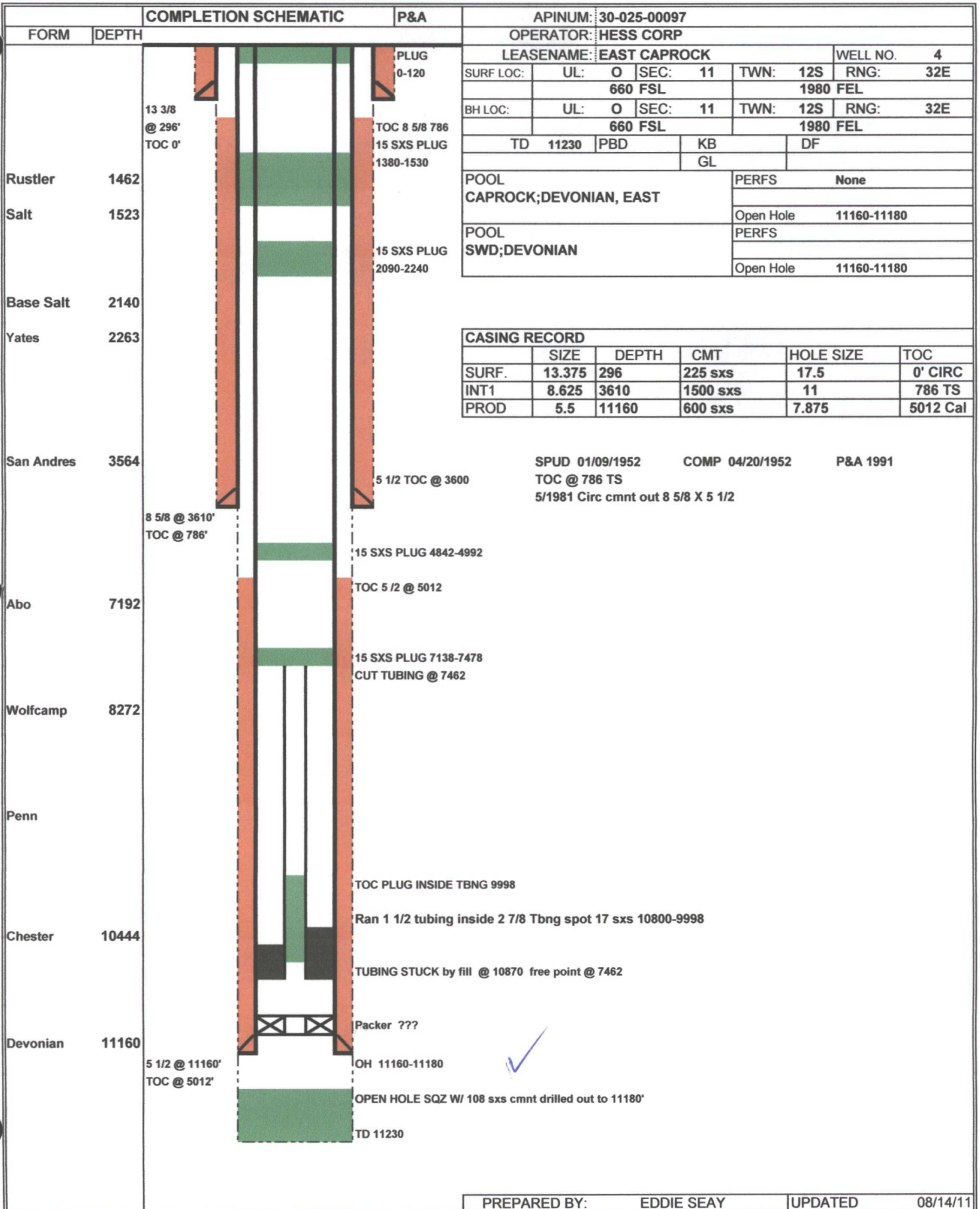
		COMPLETION SCHEMATIC		P&A	APINUM: 30-025-00106					
FORM	DEPTH				OPERATOR: AMERADA PETROLEUM					
					LEASENAME: STATE EC F				WELL NO. 1	
					SURF LOC:	UL: M	SEC: 11	TWN: 12S	RNG: 32E	
					660 FSL				660 FWL	
					BH LOC:	UL: M	SEC: 11	TWN: 12S	RNG: 32E	
					660 FSL				660 FWL	
					TD 11302	PBD	KB	DF		
									GL	
		POOL CAPROCK;DEVONIAN, EAST							PERFS	
									Open Hole 11270-11302	
		POOL CAPROCK;PENNSYLVANIAN, EAST							PERFS 9962-9976	
									9900-10000	
									Open Hole	
CASING RECORD										
		SIZE	DEPTH	CMT	HOLE SIZE	TOC				
		13.375	297	225 sxs	17.5	NA				
		8.625	3610	1500 sxs	11	1660 TS				
		5.5	11270	700 sxs	7.75	8134 TS				
<div style="float: right;"> SPUD 02/05/1953 COMP 04/17/1953 P&A 02/13/1969 </div>										
					PLUG 10sx					
					Plug 270-330					
					Plug 560-620					
					35 sxs					
					Pulled @ 605					
Rustler	1487									
T. Salt	1541									
Base Salt	2162				TOC @ 1660					
Yates	2285									
					8 5/8 @ 3610'					
					TOC @ 1660'					
					PLUG 35 sxs 3560-3660					
					PLUG 35 sxs 4135-4235					
					CUT & PULL 5 1/2 @ 4183					
Abo	7233									
					TOC 8134					
Wolfcamp	8328									
Penn					PLUG 25 sxs 9759-9950					
					PERFS 9962-9976					
					PERFS 9990-10000					
Chester	10560									
Devonian	11273									
					PLUG 50 sxs cement					
					5 1/2 @ 11270'					
					TOC @ 8134'					
					TD 11302					
					PREPARED BY:		EDDIE SEAY		UPDATED 08/14/11	

SPUD 02/05/1953
COMP 04/17/1953
P&A 02/13/1969

WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		A - SWD		APINUM: 30-025-00113			
FORM	DEPTH			OPERATOR: PALADIN ENERGY CORP			
				LEASENAME: EAST CAPROCK SWD		WELL NO. 2	
		SURF LOC: UL: B SEC: 14 TWN: 12S RNG: 32E		330 FNL		2310 FEL	
		BH LOC: UL: B SEC: 14 TWN: 12S RNG: 32E		330 FNL		2310 FEL	
		TD 11651 PBD		KB		DF	
				GL			
		POOL CAPROCK;DEVONIAN, EAST				PERFS	
						Open Hole 11205-11255	
		POOL SWD;DEVONIAN				PERFS	
						Open Hole 11205-11651	
CASING RECORD							
		SIZE	DEPTH	CMT	HOLE SIZE	TOC	
		SURF. 13.375	299	225 sxs	17.5	0' CIRC	
		INT1 8.625	3615	1500 sxs	11	794 TS	
		PROD 5.5	11205	600 sxs	7.875	7667 TS	
		Repaired hole between 2997 & 3027 w/500 sxs circ					
		SPUD 03/17/1953					
		COMP 03/13/1953					
		5 1/2 TOC @ 3600					
		8 5/8 @ 3615'					
		TOC @ 794'					
		TOC 5 1/2 @ 7667					
		PLASTIC LINED TBNG W/ PKR SET WITHIN 100' OF UPPER PERF					
		5 1/2 @ 11205'					
		TOC @ 7667'					
		OLD TD 11255					
		NEW TD 11651					

R-1209
SWD/DUAL

OK SWD

		COMPLETION SCHEMATIC		P&A	APINUM: 30-025-00115					
FORM	DEPTH				OPERATOR: HESS CORP					
					LEASENAME: EAST CAPROCK				WELL NO. 3	
		SURF LOC:	UL: C SEC: 14 TWN: 12S RNG: 32E		660 FNL				1980 FWL	
		BH LOC:	UL: C SEC: 14 TWN: 12S RNG: 32E		660 FNL				1980 FWL	
		TD 11580 PBD KB DF			GL					
Rustler	1460				POOL CAPROCK;DEVONIAN, EAST				PERFS 11260-11270	
T.Salt	1521								Open Hole None	
Base Salt	2150				POOL SWD;DEVONIAN				PERFS 11200-11700	
Yates	2271								Open Hole None	
CASING RECORD										
		SIZE	DEPTH	CMT	HOLE SIZE	TOC				
		SURF.	13.375	296	225 sxs	17.5	0' CIRC			
		INT1	8.625	3662	1500 sxs	11	1538 TS			
		PROD	5.5	11314	600 sxs	7.875	7594 TS			
		TBNG	4	1477-10953						
San Andres	3571				Fill 4" tbng from 3600-10528 with cmnt					
Abo	7218				TOC 5 1/2 @ 7594					
Wolfcamp	8316				PERFS 8710-8790 SQZ					
Penn					PKR @ 10953 W/ blanking plug w/ 35' cmnt on top					
Mississippian	10530				PERFS 11245-11250 SQZ					
Devonian	11246				PERFS 11260-11270 SQZ					
					OLD TD 11314					
					NEW TD 11580					

Su-50

Water Sample Analysis

Pool	Location		Range	Chlorides
	Section	Township		
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	118085
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	18	20S	32E	14768
Arkansas Junction San Andres	12	18S	38E	7171
Pearl Queen	28	19S	35E	114310
Midway Abo	17	17S	37E	36494
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	124980
Anderson Ranch Wolfcamp	2	16S	32E	11040
Anderson Ranch Devonian	11	16S	32E	25702
Anderson Ranch Unit	11	16S	32E	23788
Caudill Devonian	9	15S	38E	20874
Townsend Wolfcamp	6	16S	38E	38695
Dean Pemo Penn	5	16S	37E	44730
Dean Devonian	35	15S	38E	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	23288
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	114685
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

**Analytical Results For:**

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

Received: 01/06/2011
Reported: 01/18/2011
Project Name: PALADIN EAST CAPROCK #5
Project Number: PALADIN SWD
Project Location: ECS - 1 W SECT 12-12-32

Sampling Date: 01/05/2011
Sampling Type: Water
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: E C S - 1 W (H100028-01)

Bicarbonate 310.1M		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Alkalinity, Bicarbonate	185	5.00	01/07/2011	ND	964	96.4	1000	7.79		
Calcium SM3500Ca-D		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Calcium	70.5	1.60	01/13/2011	ND	52.1	104	50.0	4.83		
Carbonate 310.1M		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Alkalinity, Carbonate	<0.00	0.00	01/07/2011	ND	ND		0.00			
Chloride, SM4500Cl-B		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	48.0	4.00	01/10/2011	ND	104	104	100	3.77		
Conductivity 120.1		uS/cm		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Conductivity	600	1.00	01/07/2011	ND	1410	100	1410	0.333		
Magnesium SM3500MgE		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Magnesium	17.5	1.00	01/13/2011	ND	55.9	112	50.0	0.00		
pH		pH Units		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
pH	7.88	0.100	01/07/2011		7.03	100	7.00	0.253		
Potassium 8049		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	

Cardinal Laboratories

* = Accredited Analyte

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 other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the 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.



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: 01/06/2011
Reported: 01/18/2011
Project Name: PALADIN EAST CAPROCK #5
Project Number: PALADIN SWD
Project Location: ECS - 1 W SECT 12-12-32

Sampling Date: 01/05/2011
Sampling Type: Water
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

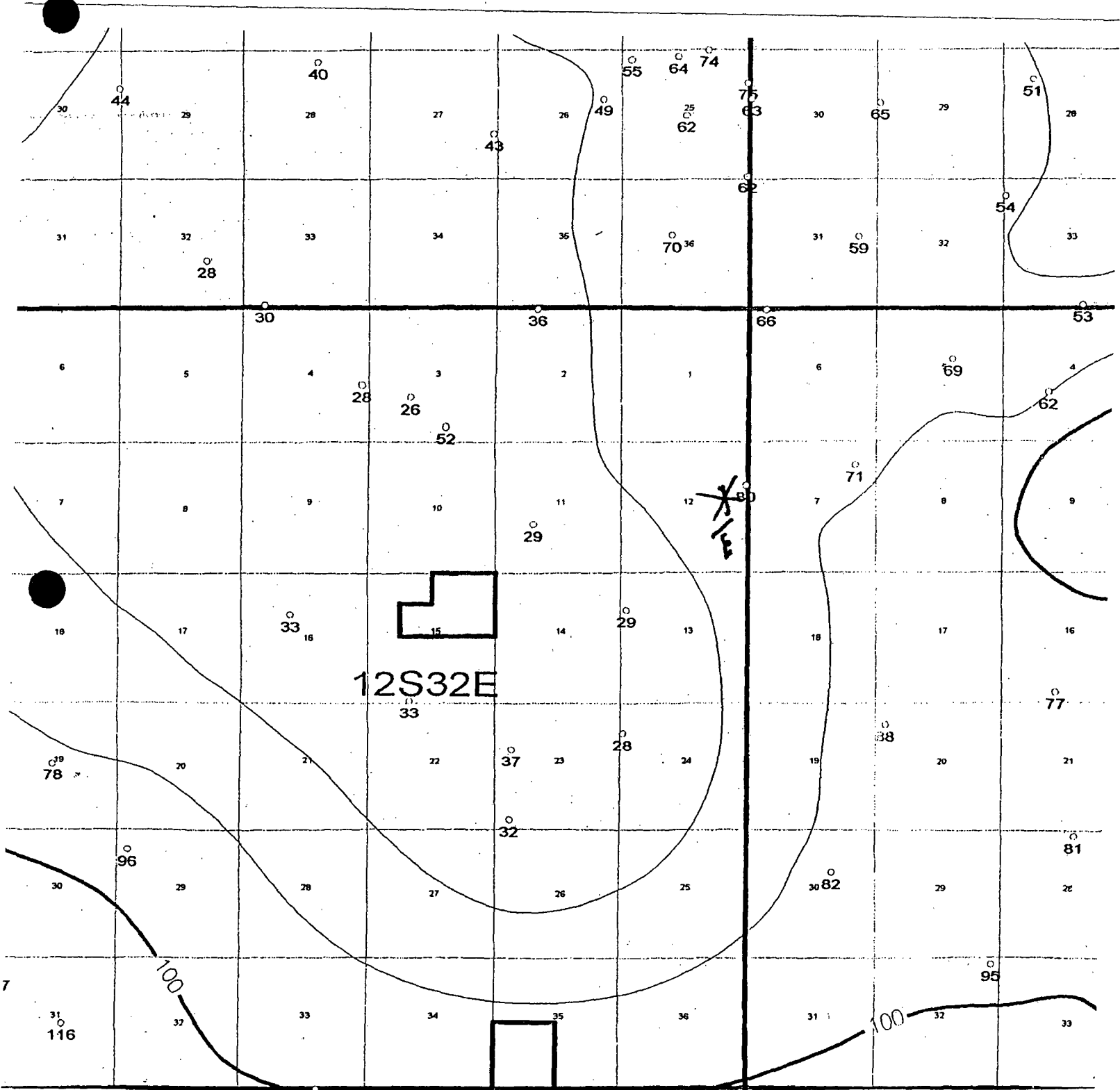
Sample ID: E C S - 1 W (H100028-01)

Potassium 8049		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Potassium	1.60	1.00	01/13/2011	ND	7.61	95.1	8.00	9.11		
Sodium Calculated		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Sodium	18.0	1.00	01/13/2011	ND						
Sulfate 375.4		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Sulfate	67.5	10.0	01/11/2011	ND	40.4	101	40.0	7.90		
TDS 160.1		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
TDS	407	5.00	01/06/2011	ND				0.00		
Total Alkalinity 310.1M		mg/L		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Alkalinity, Total	152	4.00	01/07/2011	ND	790	96.3	820	7.59		

Cardinal Laboratories

*=Accredited Analyte

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 other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the 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.



PALADIN ENERGY CORP.

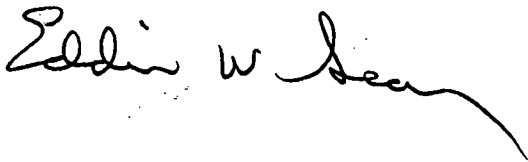
RE: East Caprock #5
Unit B, Section 14, Tws. 12 S., Rng. 32 E.
Lea Co. New Mexico

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

LEASE OWNERS AND OFFSETS

OFFSET OPERATORS

1. Caza Operating, LLC

200 N. Loraine Ste. 1550

Midland, TX 79701

2. Nearburg Producing Co.

3300 N. A Street, Bldg. 2, Ste. 120

Midland, TX 79707

3. Sierra Blanca Operating Company

802 Turner

Cleburne, TX 76031

4. Chevron USA, Inc.

P.O. Box 1635

Houston, TX 77251-1635

MINERAL INTEREST OWNERS AND OFFSET MINERAL INTEREST OWNERS TO POSEY LEASE

(SEE ATTACHED LIST)

1. John Clyde Tomlinson Sr. Estate

Attn.: John Clyde Tomlinson, Jr., Co-Trustee

P.O. Box 6260

Longview, Texas 75608

2. John Clyde Tomlinson Jr. Trust #1

Attn.: John Clyde Tomlinson, Jr., Trustee

P.O. Box 6260

Longview, Texas 75608

3. Scythian, LTD

300 N. Marienfeld, Suite 850

Midland, Texas 79701

4. Martha Tomlinson Delaney Estate

Attn.: Deborah Tomlinson Walson, Executrix

P.O. Box 6846

Lawrenceville, New Jersey 08648-0846

5. Walter & Hallie Posey Testamentary Trust

P.O. Box 5383

Denver, Colorado 80217

6. Fay Power Trust

Attn.: Fay Power, Trustee

P.O. Box 9352

Midland, Texas 79708

7. Cora Pauline Sparkman Estate

Attn.: PN Sparkman & FR Sparkman

3716 63rd Drive

Lubbock, Texas 79413-5310

8. Gertrude C Whittle Mineral Trust

Attn.: Hallie L. Lucas, Trustee

P.O. Box 2843

Snowflake, Arizona 85937

9. Methodist Children's Home

Attn.: Farmers National Co., Agent O & G Department

P.O. Box 3480

Omaha, NE 68103-048

10. Danglade Speight Family Oil and Gas I, LP

Attn.: Robert W. Duke

777 Main Street, Suite 3250

Fort Worth, Texas 76102

11. Good Earth Minerals, LLC

c/o Deborah L. Goluska

P.O. Box 1090

Roswell, New Mexico 88202-1090

12. Matlock Minerals LTD, CO.

c/o Deborah L. Goluska

P.O. Box 1090

Roswell, New Mexico 88202-1090

13. Nugent Family Operating Company, LP

11700 Preston Road, Suite 660

Box 520

Dallas, Texas 75230

14. BU Simmons Trust FBO Mary Jane Hand

Attn.: Wells Fargo Bank, N.A. Trustee

P.O. Box 5383

Denver, Colorado 80217

15. JE Simmons Trust FBO Mary Jane Hand

Attn.: Wells Fargo Bank, N.A. Trustee

P.O. Box 5383

Denver, Colorado 80217

16. Bonnie H. Morrison Estate

Attn.: Harry P. Stumpf, Executor

11101 Bermuda Dunes, NE

Albuquerque, New Mexico 87111-7504

17. Marjorie M Nugent Marital Trust &

Marjorie M Nugent Estate

Attn.: Longview Bank & Trust, Trustee

P.O. Box 3188

Longview, Texas 75606-3188

18. W Ridley Wheeler Oil Co. Trust

6320 Southwest Blvd., Suite 100

Fort Worth, Texas 76109-3961

19. Grace G. Glenn

P.O. Box 26895

Austin, Texas 78731

20. Worth Fullingim

c/o Frances Y. Fullingim

4807 87th Street

Lubbock, Texas 79424-4020

7010 2780 0003 4019 8473

U.S. Postal Service [™]	
CERTIFIED MAIL[™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
FORT WORTH TX 76102	
OFFICIAL USE	
Postage	\$ 1.28
Certified Fee	\$2.85
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.43
0640	
Postmark Here	
10/28/2011	
Sent To Gertrude C. Whittle Mineral Trust	
ATTN: Hallie L. Lucas, Trustee	
Street, Apt. No., or PO Box No.	
P.O. Box 2843	
City, State, ZIP+4	
Snowflake, AZ 85937	
PS Form 3800, August 2006	
See Reverse for Instructions	

7010 2780 0003 4019 8497

U.S. Postal Service [™]	
CERTIFIED MAIL[™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
MIDLAND TX 79708	
OFFICIAL USE	
Postage	\$ 1.28
Certified Fee	\$2.85
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.43
0640	
Postmark Here	
10/28/2011	
Sent To Fay Power Trust	
ATTN: Fay Power, Trustee	
Street, Apt. No., or PO Box No.	
P.O. Box 9352	
City, State, ZIP+4	
Midland, TX 79708	
PS Form 3800, August 2006	
See Reverse for Instructions	

7010 2780 0003 4019 8510

U.S. Postal Service [™]	
CERTIFIED MAIL[™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
LAWRENCE TOWNSHIP NJ 08648	
OFFICIAL USE	
Postage	\$ 1.28
Certified Fee	\$2.85
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.43
0640	
03	
Postmark Here	
10/28/2011	
Sent To Martha Tomlinson Delaney Estate	
ATTN: Deborah Tomlinson-Watson	
Street, Apt. No., or PO Box No.	
P.O. Box 6846	
City, State, ZIP+4	
Lawrenceville, NJ 08648-0846	
PS Form 3800, August 2006	
See Reverse for Instructions	

7010 2780 0003 4019 8480

U.S. Postal Service [™]	
CERTIFIED MAIL[™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
LUBBOCK TX 79413	
OFFICIAL USE	
Postage	\$ 1.28
Certified Fee	\$2.85
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.43
0640	
Postmark Here	
10/28/2011	
Sent To Cora Pauline Sparkman Estate	
ATTN: PN Sparkman & FR Sparkman	
Street, Apt. No., or PO Box No.	
3716 63rd Dr.	
City, State, ZIP+4	
Lubbock, TX 79413-5310	
PS Form 3800, August 2006	
See Reverse for Instructions	

7010 2780 0003 4019 8503

U.S. Postal Service [™]	
CERTIFIED MAIL[™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
DENVER CO 80217	
OFFICIAL USE	
Postage	\$ 1.28
Certified Fee	\$2.85
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.43
0640	
Postmark Here	
10/28/2011	
Sent To Walter & Hallie Posey	
Testamentary Trust	
Street, Apt. No., or PO Box No.	
P.O. Box 5383	
City, State, ZIP+4	
Denver, Colorado 80217	
PS Form 3800, August 2006	
See Reverse for Instructions	

7010 2780 0003 4019 8527

U.S. Postal Service [™]	
CERTIFIED MAIL[™] RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
AUSTIN TX 78701	
OFFICIAL USE	
Postage	\$ 1.28
Certified Fee	\$2.85
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.43
0640	
03	
Postmark Here	
10/28/2011	
Sent To Seythian, LTD	
300 N. Marienfeld, Ste. 850	
City, State, ZIP+4	
Midland, TX 78701	
PS Form 3800, August 2006	
See Reverse for Instructions	

U.S. Postal Service[™]
CERTIFIED MAIL[™] RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

DENVER CO 80217

OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	10/28/2011
Total Postage & Fees	\$ 6.43	

Sent To **BU Simmons Trust FBO Mary Jane Hand**

ATTN: Wells Fargo Bank, N.A. Trustee

P.O. Box 5383

Denver, CO 80217

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service[™]
CERTIFIED MAIL[™] RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

DALLAS TX 75230

OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	10/28/2011
Total Postage & Fees	\$ 6.43	

Sent To **Nugent Family Operating Co., LP**

11700 Preston Rd. Ste. 660

Box 520

Dallas, TX 75230

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service[™]
CERTIFIED MAIL[™] RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

ROSWELL NM 88202

OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	10/28/2011
Total Postage & Fees	\$ 6.43	

Sent To **Good Earth Minerals, LLC**

c/o Deborah L. Goluska

P.O. Box 1090

Roswell, NM 88202-1090

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service[™]
CERTIFIED MAIL[™] RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

ROSWELL NM 88202

OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	10/28/2011
Total Postage & Fees	\$ 6.43	

Sent To **Matlock Minerals LTD, Co.**

c/o Deborah L. Goluska

P.O. Box 1090

Roswell, NM 88202-1090

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service[™]
CERTIFIED MAIL[™] RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

OMAHA NE 68103

OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	10/28/2011
Total Postage & Fees	\$ 6.43	

Sent To **Methodist Children's Home**

ATTN: Farmers National Co.,

Agent O & G Dept.

P.O. Box 3480

Omaha, NE 68103-048

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service[™]
CERTIFIED MAIL[™] RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

FORT WORTH TX 76102

OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	10/28/2011
Total Postage & Fees	\$ 6.43	

Sent To **Danglade Speight Family Oil & Gas**

ATTN: Robert W. Duke

177 Main St., Ste. 3250

Ft. Worth, TX 76102

PS Form 3800, August 2006

See Reverse for Instructions

7010 2780 0000 1720 3134

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT *Seal*
 (Domestic Mail Only; No Insurance Coverage Provided)

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

AUSTIN TX 78731 OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.43	10/28/2011

Sent To
 Grace G. Glenn
 Street, Apt. No., or PO Box No. P.O. Box 26895
 City, State, ZIP+4 Austin, TX 78731

PS Form 3800, August 2005 See Reverse for Instructions

7010 2780 0000 1720 3134

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT *Seal*
 (Domestic Mail Only; No Insurance Coverage Provided)

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

LUBBOCK TX 79424 OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.43	10/28/2011

Sent To
 Worth Fullingim
 Street, Apt. No., or PO Box No. c/o Frances Y. Fullingim
 City, State, ZIP+4 1807 87th Street
 Lubbock, TX 79424-4020

PS Form 3800, August 2005 See Reverse for Instructions

7010 2780 0000 4019 8398

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT *Seal*
 (Domestic Mail Only; No Insurance Coverage Provided)

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

ALBUQUERQUE NM 87111 OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.43	10/28/2011

Sent To
 Bonnie H. Morrison Estate
 Street, Apt. No., or PO Box No. ATTN: Harry P. Stumpf, Executor
 City, State, ZIP+4 11101 Bermuda Dunes, NE
 Albuquerque, NM 87111-7504

PS Form 3800, August 2005 See Reverse for Instructions

7010 2780 0000 1720 3059

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT *Seal*
 (Domestic Mail Only; No Insurance Coverage Provided)

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

LONGVIEW TX 75608 OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.43	10/28/2011

Sent To
 John Clyde Tomlinson Sr. Estate
 Street, Apt. No., or PO Box No. ATTN: John Clyde Tomlinson Jr.
 City, State, ZIP+4 P.O. Box 6260
 Longview, TX 75608

PS Form 3800, August 2005 See Reverse for Instructions

7010 2780 0000 1720 3042

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT *Seal*
 (Domestic Mail Only; No Insurance Coverage Provided)

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

LONGVIEW TX 75608 OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.43	10/28/2011

Sent To
 John Clyde Tomlinson Jr. Trust #1
 Street, Apt. No., or PO Box No. ATTN: John Clyde Tomlinson Jr.
 City, State, ZIP+4 P.O. Box 6260
 Longview, TX 75608

PS Form 3800, August 2005 See Reverse for Instructions

7010 2780 0000 4019 8404

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT *Seal*
 (Domestic Mail Only; No Insurance Coverage Provided)

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

DENVER CO 80217 OFFICIAL USE

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.43	10/28/2011

Sent To
 JE Simmons Trust FBO Mary Jane Hand
 Street, Apt. No., or PO Box No. ATTN: Wells Fargo Bank, N.A. Trustee
 City, State, ZIP+4 P.O. Box 5383
 Denver, CO 80217

PS Form 3800, August 2005 See Reverse for Instructions

7010 2780 0000 1720 3080

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

MIDLAND TX 79707

Postage	\$ 1.48	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.63	10/28/2011

Sent To

Nearburg-Producing Co.

Street, Apt. No.,
 or PO Box 300 N. A St., Bldg. 2, Ste. 120
 City, State, ZIP+4
 Midland, TX 79707

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

CLEBURNE TX 76031

Postage	\$ 1.48	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.63	10/28/2011

Sent To

Sierra Blanca Operating Company

Street, Apt. No.,
 or PO Box 802 Turner
 City, State, ZIP+4
 Cleburne, TX 76031

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

LONGVIEW TX 75606

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.43	10/28/2011

Sent To
 Marjorie M. Nugent Estate

ATTN: Longview Bank & Trust, Trustee
 Street, Apt. No.,
 or PO Box No. P.O. Box 3188
 City, State, ZIP+4
 Longview, TX 75606-3188

PS Form 3800, August 2006

See Reverse for Instructions

7010 2780 0000 1720 3073

7010 2780 0000 1720 3103

7010 2780 0000 1720 3097

7010 2780 0000 1720 3066

7010 2780 0000 1720 3110

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

MIDLAND TX 79701

Postage	\$ 1.48	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.63	10/28/2011

Sent To

Caza Operating, LLC

Street, Apt. No.,
 or PO Box 200 N. Loraine Ste. 1550
 City, State, ZIP+4
 Midland, TX 79701

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

HOUSTON TX 77251

Postage	\$ 1.48	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.63	10/28/2011

Sent To

Chevron USA, Inc.

Street, Apt. No.,
 or PO Box P.O. Box 1635
 City, State, ZIP+4
 Houston, TX 77251-1635

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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

FORT WORTH TX 76109

Postage	\$ 1.28	0640
Certified Fee	\$2.85	03
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.43	10/28/2011

Sent To

W. Ridley Wheeler Oil Co. Trust

Street, Apt. No.,
 or PO Box No. 6320 Southwest Blvd., Ste. 100
 City, State, ZIP+4
 Ft. Worth, TX 76109-3961

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 East Caprock #5, located in Unit B, Section 14, Township 12 South, Range 32 East, Lea Co., NM. The injection formation is the Devonian from 11500' to 11700' below surface. Expected maximum injection rate is 5000 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.

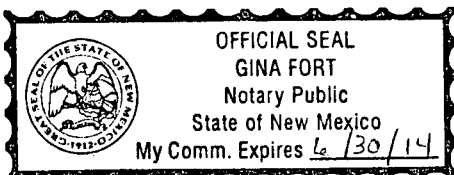
[illegible]

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 East Caprock #5, located in

Unit B, Section 14, Township 12 South, Range 32 East, Lea Co., NM. The injection formation is the Devonian from 11500' to 11700' below surface. Expected maximum injection rate is 5000 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 October 25, 2011.

And that the cost of publishing said notice is the sum of \$ 26.26 which sum has been (Paid) as Court Costs.

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



October 31, 2011

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

RE: Paladin Energy Corp.
East Caprock SWD #5

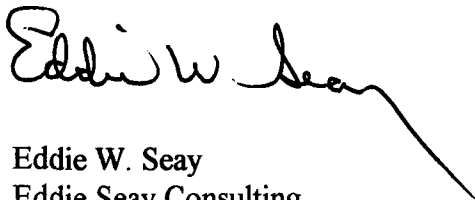
RECEIVED OGD
2011 NOV -2 P 1:12

Mr. Jones:

Find enclosed a C-108 Application for SWD for the above listed well. Paladin plans to drill this well new, a copy of the APD is attached.

Should you need anything further, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Eddie W. Seay". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

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

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 888210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87105

STATE OF NEW MEXICO

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

Form C-101

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address PALADIN ENERGY CORP. 10290 Monroe Drive, Suite 301 Dallas, Texas 75229		2 OGRID Number 164070
		3 API Number
4 Property Code	5 Property Name East Caprock SWD	6 Well No. 5

7 Surface Location

UL or lot No.	Section	Township	Range	Lot. Ind	Feet from the	North/South Line	Feet from the	East/West Line	County
B	14	12-S	32-E		930	North	2290	East	Lea

8 Proposed Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot. Ind	Feet from the	North/South Line	Feet from the	East/West Line	County

9 Proposed Pool 1

10 Proposed Pool 2

Caprock, East Devonian

King Devonian

11 Work Type Code N	12 Well Type Code O	13 Cable/Rotary Rotary	14 Lease Type Code P	15 Ground Level Elevation 4,356'
16 Multiple No	17 Proposed depth 11,700'	18 Formation Devonian	19 Contractor	20 Spud Date

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks Cement	Estimated TOC
17-1/2"	13-3/8"	48#	350'	400	Sur
12-1/4"	8-5/8"	32#	3,600'	1200	Sur
7-7/8"	5-1/2"	17 & 20#	11,500'	1250 2 stages	7,000' & 3,600'

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill 17-1/2" hole to 350' and set 13-3/8" conductor, cement to surface. Drill out with 12-1/4" bit to 3,600' (+,-) and set 8-5/8" surface casing and cement to surface. Drill 7-7/8" hole to 11,500' (+,-), set 5-1/2" casing and cement with two stages to bring tops to approximately 7,000' and from 7,000' to 3,600'. (Closed Loop System.) R/D Drilling Rig MOL.

R/U completion Rig, drill 4-3/4" open hole section to 11,700' (+,-). Circulate and clean hole, Displace Mud w/ completion fluids. Perforate Devonian formation, perform acid treatment job on perms and open hole w/ approximately 7,000 gallons. Set 3-1/2" plastic coated tubing and 5-1/2" coated packer within 100 feet of top Devonian perforation. Clear & Clean location.

BOP - 11" Hydraulic Dual Ram (10M), Blind & Pipe

OCT 31 2011

47 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: 

Printed name: David Plaisance

Title: VP Exploration & Production

Date: 10/28/2011 Phone: 214-654-0132

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name EAST CAPROCK SWD	Well Number 5
OGRID No.	Operator Name PALADIN ENERGY CO.	Elevation 4343'

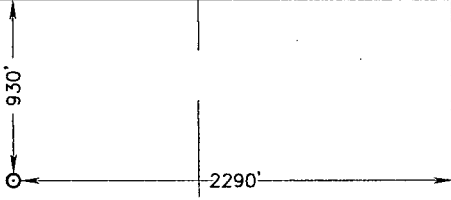
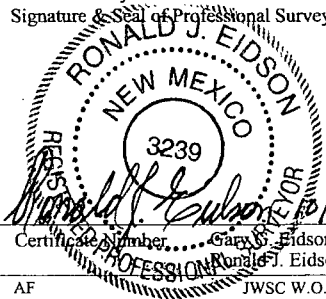
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	14	12-S	32-E		930	NORTH	2290	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

					OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>David Plaisance</u> Date: <u>12/28/11</u> Printed Name: <u>David Plaisance</u> E-mail Address: <u>dplaisance@paladinenergy.com</u>	
GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=831198.0 N X=697604.6 E LAT.=33.283306° N LONG.=103.686726° W						
SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. SEPTEMBER 26, 2011 Date of Survey Signature & Seal of Professional Surveyor:  Certificate Number: <u>3239</u> Surveyor: <u>Ronald J. Eidson</u> AF JWSC W.O.: 11.11.2068						

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, November 21, 2011 11:29 AM
To: 'Eddie Seay'; 'David Plaisance'
Cc: Ezeanyim, Richard, EMNRD; Gonzales, Elidio L, EMNRD
Subject: Disposal application from Paladin Energy Corp.: proposed East Caprock SWD #5 30-025-NA Devonian from 11500 to 11700

Hello David and Eddie;

Thank you for the application – just a few quick questions,

- a. There were many people notified but I can't tell where their acreage is located. Would you send a list of the separately owned tracts of land (in the Devonian depths) showing where the tracts are and who controls each tract. You could send a colored map if that is easier to do. ✓
- b. Who or whom owns the surface where this well is to be located? ✓
- c. When do you expect an approved APD? 30-025-40335 ✓
- d. The Silurian is just below this proposed disposal interval. Where in relation to this well is the nearest Silurian production and is it oil or gas? ✓ OK
- e. The C-108 has a statement that this well will only take waters from "Paladin's own operation" which seems to mean that water could be taken in from off-lease, but only from Paladin's own operations. Since that is the way this application was advertised to all the affected parties, we will likely put the restriction in the permit that limits this well to only Paladin's use. ✓

Regards,

William V Jones, P.E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462



Jones, William V., EMNRD

From: David Plaisance [dplaisance@paladinenergy.com]
Sent: Wednesday, November 23, 2011 9:28 AM
To: Jones, William V., EMNRD
Subject: RE: Disposal application from Paladin Energy Corp.: proposed East Caprock SWD #5 30-025-NA Devonian from 11500 to 11700
Attachments: SWD #5 Map 1.pdf; SWD #5 Map 2.pdf

Mr. Jones,

Please find attached two maps in reference to question a. Map #1 shows the Fee acreage for the owners listed in our notification list. Map #2 shows the acreage held by the offset operators. As regards the other questions, I have reviewed the records, and to the best of our knowledge, the information you requested is as follows:

b. surface owners: 50.00% - **Grace G. Glenn**
P.O. Box 170068
Austin, TX 78717

50.00% - **Worth Fullingim**
c/o Emily Johnson
4909 43rd Street
Lubbock, TX 79414

c. APD – Eddie Seay has checked with the Hobbs OCD and the permit is approved. Eddie asked that they send notification directly to you.

d. Silurian Production – There does not appear to have been any Silurian Production (below the base of the Devonian formation), in any well in the East Caprock field.

e. We have no objection to the restriction on the permit that would limit this well to Paladin's own operations.

If you have any further questions or need additional information, please let me know.

Thank you,

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

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Monday, November 21, 2011 12:29 PM
To: 'Eddie Seay'; David Plaisance
Cc: Ezeanyim, Richard, EMNRD; Gonzales, Elidio L, EMNRD
Subject: Disposal application from Paladin Energy Corp.: proposed East Caprock SWD #5 30-025-NA Devonian from 11500 to 11700

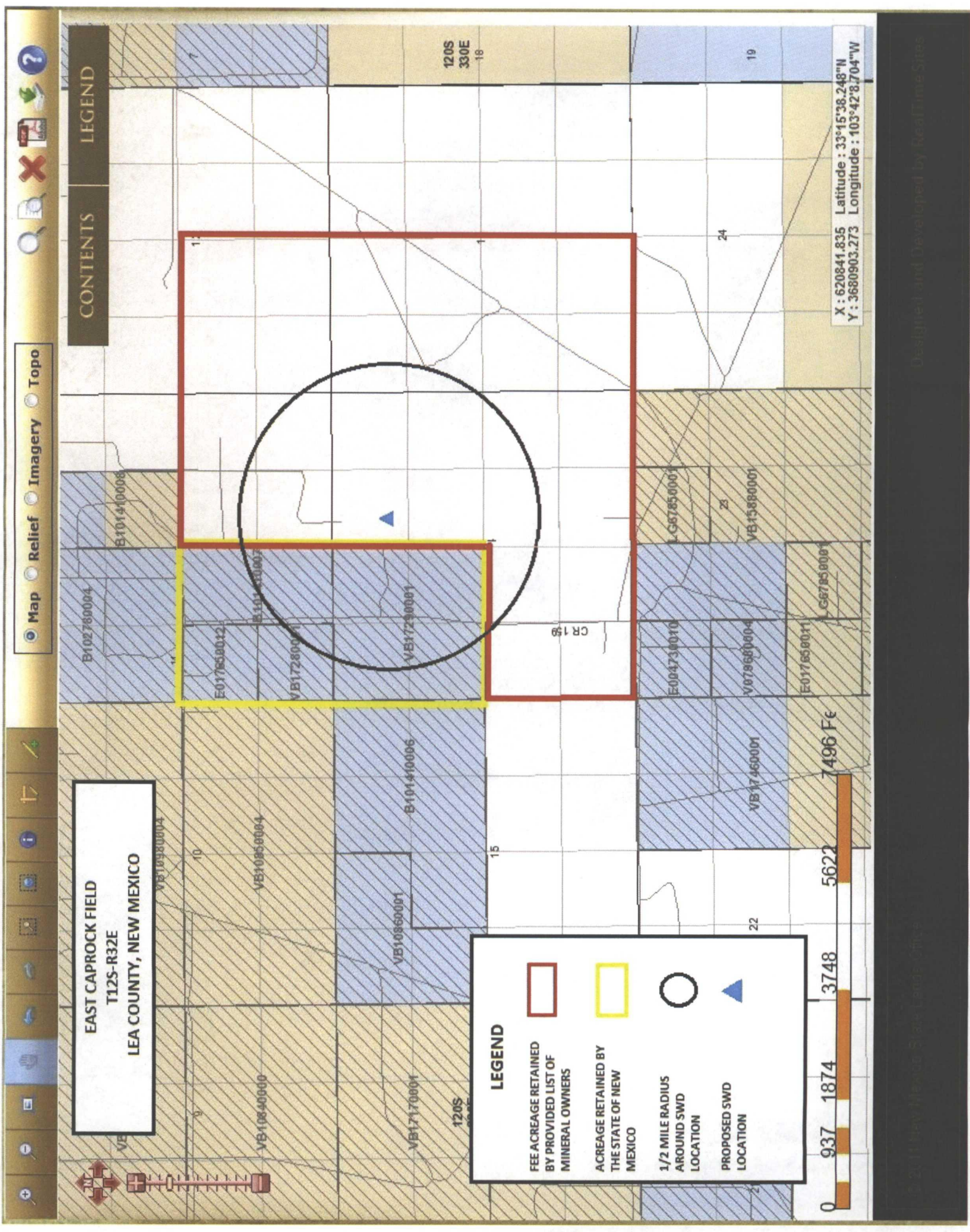
Hello David and Eddie;
Thank you for the application – just a few quick questions,

- a. There were many people notified but I can't tell where their acreage is located. Would you send a list of the separately owned tracts of land (in the Devonian depths) showing where the tracts are and who controls each tract. You could send a colored map if that is easier to do.
- b. Who or whom owns the surface where this well is to be located?
- c. When do you expect an approved APD?
- d. The Silurian is just below this proposed disposal interval. Where in relation to this well is the nearest Silurian production and is it oil or gas?
- e. The C-108 has a statement that this well will only take waters from "Paladin's own operation" which seems to mean that water could be taken in from off-lease, but only from Paladin's own operations. Since that is the way this application was advertised to all the affected parties, we will likely put the restriction in the permit that limits this well to only Paladin's use.

Regards,

William V Jones, P.E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462



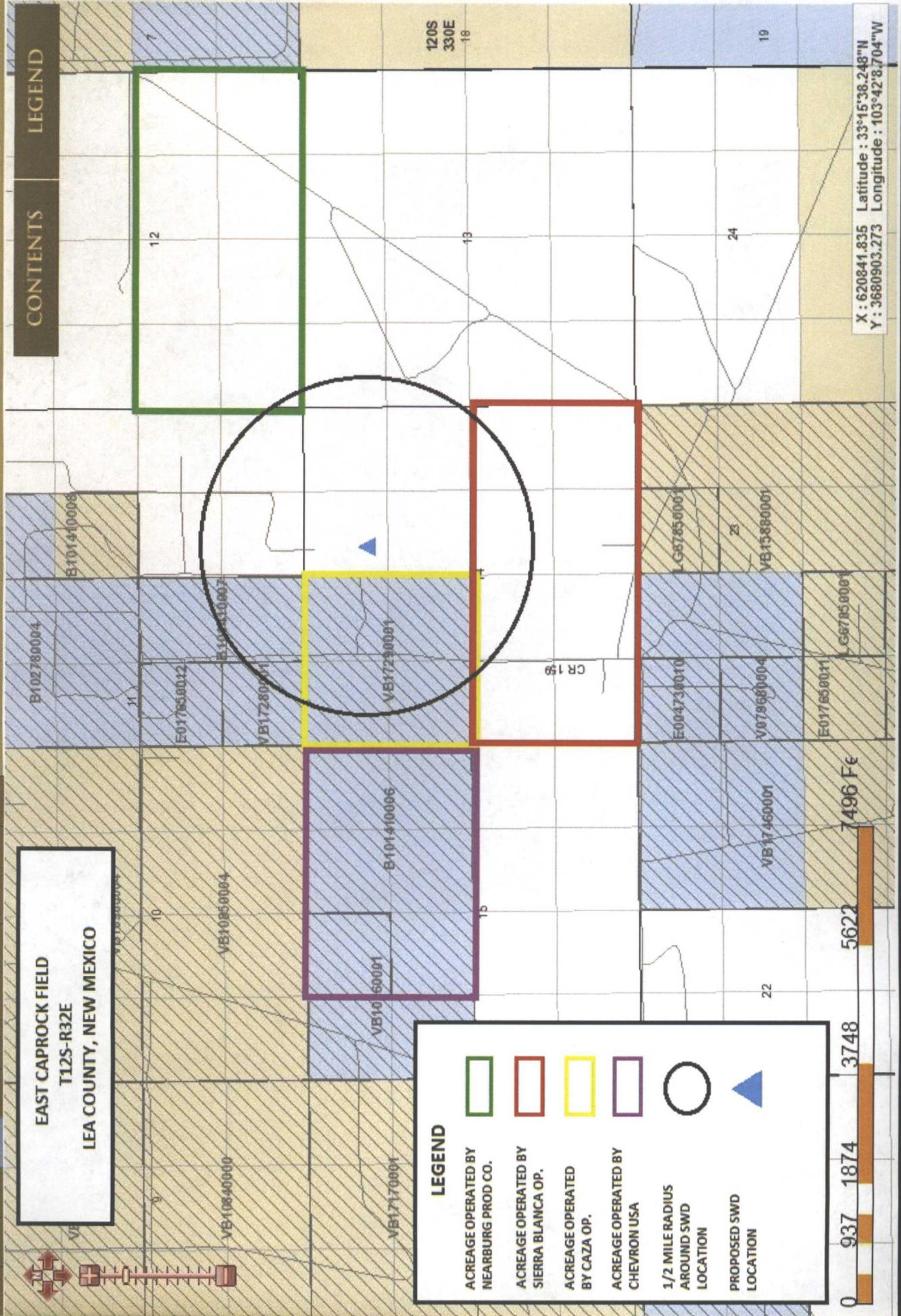
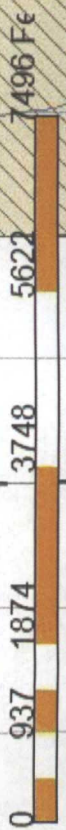


EAST CAPROCK FIELD
T12S-R32E
LEA COUNTY, NEW MEXICO

LEGEND

- ACREAGE OPERATED BY NEARBURG PROD CO.
- ACREAGE OPERATED BY SIERRA BLANCA OP.
- ACREAGE OPERATED BY CAZA OP.
- ACREAGE OPERATED BY CHEVRON USA
- 1/2 MILE RADIUS AROUND SWD LOCATION
- PROPOSED SWD LOCATION

X : 620841.835 Latitude : 33°15'38.248"N
Y : 3680903.273 Longitude : 103°42'8.704"W



Jones, William V., EMNRD

From: Herrera, Cindy, EMNRD
Sent: Tuesday, November 29, 2011 2:48 PM
To: Jones, William V., EMNRD
Subject: 30-025-40335

Will,

I received your message. I have checked on this one and for some reason it did not go through and I re-entered into the system today. It looks like it took OK. It should be there tomorrow. I will check first thing in the morning and let you know if it came through the system. The location is B-14-12S-32E 930 FNL 2290 FEL. Pool is SWD Devonian (96101). Hope you had a great Thanksgiving!!

Thanks,

Cindy Herrera
Geological Petroleum Technician
New Mexico Energy, Mineral and Natural Resources Department
OCD- District 1
1625 N. French Drive
Hobbs, NM 88240
575-393-6161 xt 118 Fax # 575-393-0720
Cindy.herrera@state.nm.us



Injection Permit Checklist (11/15/2010)

WFX PMX SWD 309 Permit Date 11/29/11 UIC Qtr (0)(N)(D)

Wells 1 Well Name(s): East Caprock SWD #5

API Num: 30-025-40335 Spud Date: Nov New/Old: N (UIC primacy March 7, 1982)

Footages 930 FVL/2290 FBL Unit B Sec 14 Tsp 12 S Rge 32 E County Law

General Location:

Operator: PALADIN Energy Corp. Contact Daniel Plaisance / Eddie

OGRID: 164070 RULE 5.9 Compliance (Wells) YYS (Finan Assur) OK IS 5.9 OK? OK

Well File Reviewed Current Status: (Not drilled)

Planned Work to Well: Drill well, EQUIP, INJECT

Diagrams: Before Conversion After Conversion ✓ Elogs in Imaging File: New well

Well Details:		Sizes	Setting	Stage	Cement	Determination
		Hole.....Pipe	Depths	Tool	Sx or Cf	Method
New <u>✓</u> Existing <u> </u> Surface		12 1/2 13 1/8	350	—	400 SX	CIRC
New <u>✓</u> Existing <u> </u> Interm		12 1/4 8 5/8	3600	—	1200 SX	CIRC
New <u>✓</u> Existing <u> </u> LongSt		7 7/8 5 1/2	11500	7000	1250 SX	est 3600
New <u> </u> Existing <u> </u> Liner						
New <u> </u> Existing <u> </u> OpenHole			11500 - 11700			

Depths/Formations:	Depths, Ft.	Formation	Tops?
Formation(s) Above	15360 11240	Chert Dev	✓ ✓
Injection TOP:	11500	Dev	Max. PSI <u>2300</u> OpenHole <u>✓</u> Perfs <u> </u>
Injection BOTTOM:	11700	Dev.	Tubing Size <u>3 1/2</u> Packer Depth <u>11400</u>
Formation(s) Below	11750	SIL	✓

Capitan Reef? (Potash? Noticed?) [WIPP? Noticed?] Salado Top/Bot 1530-2150 Giff House?

Fresh Water: Depths: <160' Formation Ogallala Wells? Analysis? Affirmative Statement

Disposal Fluid Analysis? Sources: McKee/Dev/SILURIAN (only Paladins)

Disposal Interval: Analysis? Production Potential/Testing:

Notice: Newspaper Date 10/25/11 Surface Owner Glenn Fullington Mineral Owner(s)

RULE 26.7(A) Affected Persons: Yates/C. Harn/Sierra Blanca/Deering/Caprock (Oct 28)

AOR: Maps? ✓ Well List? ✓ Producing in Interval? NO Wellbore Diagrams?

.....Active Wells 1 Repairs? Which Wells?

.....P&A Wells 4 Repairs? Which Wells?

Issues: Check T.D.

Request Sent Reply: