

8/29/12

DATE IN 7/16/12	SUSPENSE	ENGINEER W JONES	LOGGED IN 7/18/12	TYPE SWD	APP NO. PK/R122004761
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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



164070 Paladin Energy Corp

30-025-00110

New Mexico BH State #4

ULD 11 123 32E

SWD-1126

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 Eddie W. Seay Agent 7/11/2012
 Print or Type Name Signature Title Date
 seay04@leaco.net
 e-mail Address

July 13, 2012

RECEIVED OCD

2012 JUL 16 A 11:14

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

RE: Paladin Energy Corp.
NM BH St. #4 (API 30-025-00110)
C-108

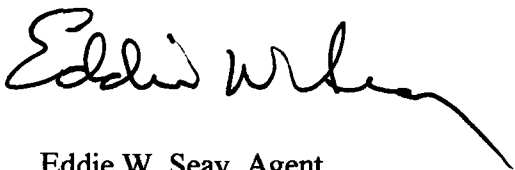
Mr. Jones:

Find within a new application⁶ for the above listed well. This application was previously approved under SWD-1128, but Paladin never converted it. We are re-submitting new application with minor change in depth.

Attached is OCD approval.

Thanks for your time.

Sincerely,



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

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? X Yes No
If yes, give the Division order number authorizing the project: SWD 1126

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).

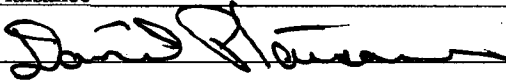
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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: Op. Manager

SIGNATURE:  DATE: 7/3/2012

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: when drilled.

[illegible]

ATTACHMENT TO APPLICATION C-108

NM BH State NCT 1 #4
Unit D, Sect. 11, Tws. 12 S., Rng. 32 E.
Lea Co., NM

III. WELL DATA

- A.
- 1) See injection well data sheets and attached schematics.
 - 2) See injection well data sheets and attached schematics.
 - 3) 2 7/8" coated tubing.
 - 4) Baker Tension Packer.
- B.
- 1) Injection formations is the Devonian.
 - 2) Injection interval open hole from 11215' to 11750'.
 - 3) Well was drilled as a producer.
 - 4) The next higher producing zone is the Mississippian at approximately 10500'.
The next lower producing zone is the Silurian at approximately 11800'.

*was listed
11500 / 2 years ago*

IV. NO.

V. MAP ATTACHED.

VI. LIST OF WELLS AND DATA ATTACHED.

VII. Paladin proposes to re-complete this well by squeezing off all existing perfs as OCD requires. Deepen well to 11750', adding 500 ft. of open hole. Run 2 7/8" plastic coated tubing and packer. Inject into the Devonian formation.

- 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 Paladins own offset production from McKee, Devonian, and Silurian.

VIII. The proposed disposal formation is interbedded shale and limestone. The primary geologic name is the Devonian from 10517' to 11750'.

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.

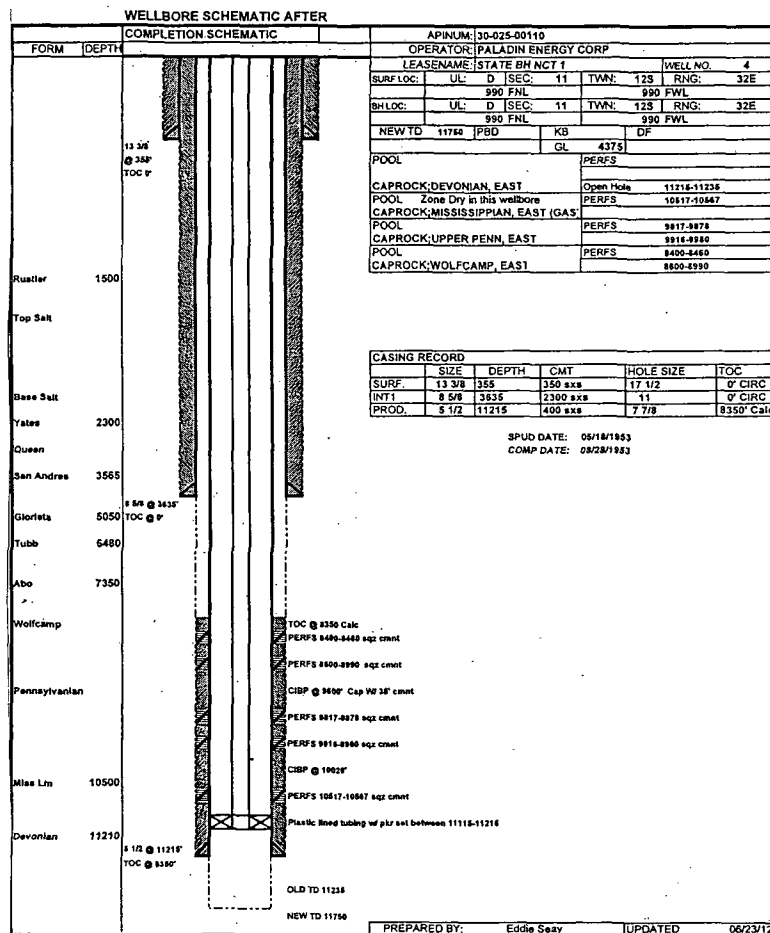
X. WILL BE SUBMITTED WHEN DRILLED.

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.

INJECTION WELL DATA SHEET

OPERATOR: Paladin Energy CorpWELL NAME & NUMBER: State B.H. Net 1 #4WELL LOCATION: 990 N 940 W
FOOTAGE LOCATIOND
UNIT LETTER11
SECTION12
TOWNSHIP32 E
RANGEWELLBORE SCHEMATICWELL CONSTRUCTION DATA
Surface Casing

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

Cemented with: 350 SX. or _____ ft³

Top of Cement: Surface Method Determined: Cure

Intermediate Casing

Hole Size: 11 Casing Size: 8 5/8

Cemented with: 2300 SX. or _____ ft³

Top of Cement: Surface Method Determined: Cure

Production Casing

Hole Size: 7 7/8 Casing Size: 5 1/2

Cemented with: 400 sx SX. or _____ ft³

Top of Cement: 9550 Method Determined: TS

Total Depth: 11750

Injection Interval

11215 feet to 11750

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 $\frac{3}{8}$ Lining Material: Coated Tubing
 Type of Packer: Baker Tension
 Packer Setting Depth: App. 11115
 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? Wolfcamp and Penn. Producer
2. Name of the Injection Formation: Devonian
3. Name of Field or Pool (if applicable): Caprock
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. Wolfcamp 8400 to 8990 + Penn from 9812 - 9980 All pers. 5g.
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:
Mississippian at 10500
Sulavian at 11800

CURRENT

EXISTING WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-00110																															
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP																															
<p>13 3/8 @ 355' TOC 0'</p> <p>8 5/8 @ 3635' TOC @ 0'</p> <p>5 1/2 @ 11215' TOC @ 8350'</p> <p>TD 11235</p>		LEASENAME: STATE BH NCT 1 WELL NO. 4																															
		SURF LOC: UL: D SEC: 11 TWN: 12S RNG: 32E																															
		990 FNL																															
		BH LOC: UL: D SEC: 11 TWN: 12S RNG: 32E																															
		990 FNL																															
		990 FWL																															
		TD 11235 PBD 10026 KB DF																															
		GL 4375																															
		POOL																															
		PERFS																															
CAPROCK;DEVONIAN, EAST		Open Hole 11215-11235																															
POOL Zone Dry in this wellbore		PERFS 10517-10567																															
CAPROCK;MISSISSIPPIAN, EAST (GAS)																																	
POOL		PERFS 9817-9878																															
CAPROCK;UPPER PENN, EAST		9916-9980																															
POOL		PERFS 8400-8460																															
CAPROCK;WOLFCAMP, EAST		8600-8990																															
<table border="1"> <thead> <tr> <th colspan="6">CASING RECORD</th> </tr> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>13 3/8</td> <td>355</td> <td>350 sxs</td> <td>17 1/2</td> <td>0' CIRC</td> </tr> <tr> <td>INT1</td> <td>8 5/8</td> <td>3635</td> <td>2300 sxs</td> <td>11</td> <td>0' CIRC</td> </tr> <tr> <td>PROD.</td> <td>5 1/2</td> <td>11215</td> <td>400 sxs</td> <td>7 7/8</td> <td>8350' Calc</td> </tr> </tbody> </table>				CASING RECORD							SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	13 3/8	355	350 sxs	17 1/2	0' CIRC	INT1	8 5/8	3635	2300 sxs	11	0' CIRC	PROD.	5 1/2	11215	400 sxs	7 7/8	8350' Calc
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<p>PREPARED BY: Eddie Seay</p> <p>UPDATED 06/23/12</p>																																	

AFTER

WELLBORE SCHEMATIC AFTER

COMPLETION SCHEMATIC		APINUM: 30-025-00110																															
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP																															
<p>13 3/8 @ 355' TOC 0'</p> <p>Rustler 1500</p> <p>Top Salt</p> <p>Base Salt</p> <p>Yates 2300</p> <p>Queen</p> <p>San Andres 3565</p> <p>Glorieta 5050</p> <p>Tubb 6480</p> <p>Abo 7350</p> <p>Wolfcamp</p> <p>Pennsylvanian</p> <p>Miss Lm 10500</p> <p>Devonian 11210</p> <p>5 1/2 @ 11215' TOC @ 8350'</p> <p>OLD TD 11235</p> <p>NEW TD 11750</p>		LEASENAME: STATE BH NCT 1 WELL NO. 4																															
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<p>SPUD DATE: 05/18/1953</p> <p>COMP DATE: 08/28/1953</p>																																	
<p>TOC @ 8350 Calc</p> <p>PERFS 8400-8460 sqz cmnt</p> <p>PERFS 8600-8990 sqz cmnt</p> <p>CIBP @ 9600' Cap W/ 35' cmnt</p> <p>PERFS 9817-9878 sqz cmnt</p> <p>PERFS 9916-9980 sqz cmnt</p> <p>CIBP @ 10026'</p> <p>PERFS 10517-10567 sqz cmnt</p> <p>Plastic lined tubing w/ pkr set between 11115-11215</p>																																	
<p>PREPARED BY: Eddie Seay</p> <p>UPDATED 06/23/12</p>																																	

DISPOSAL WELL

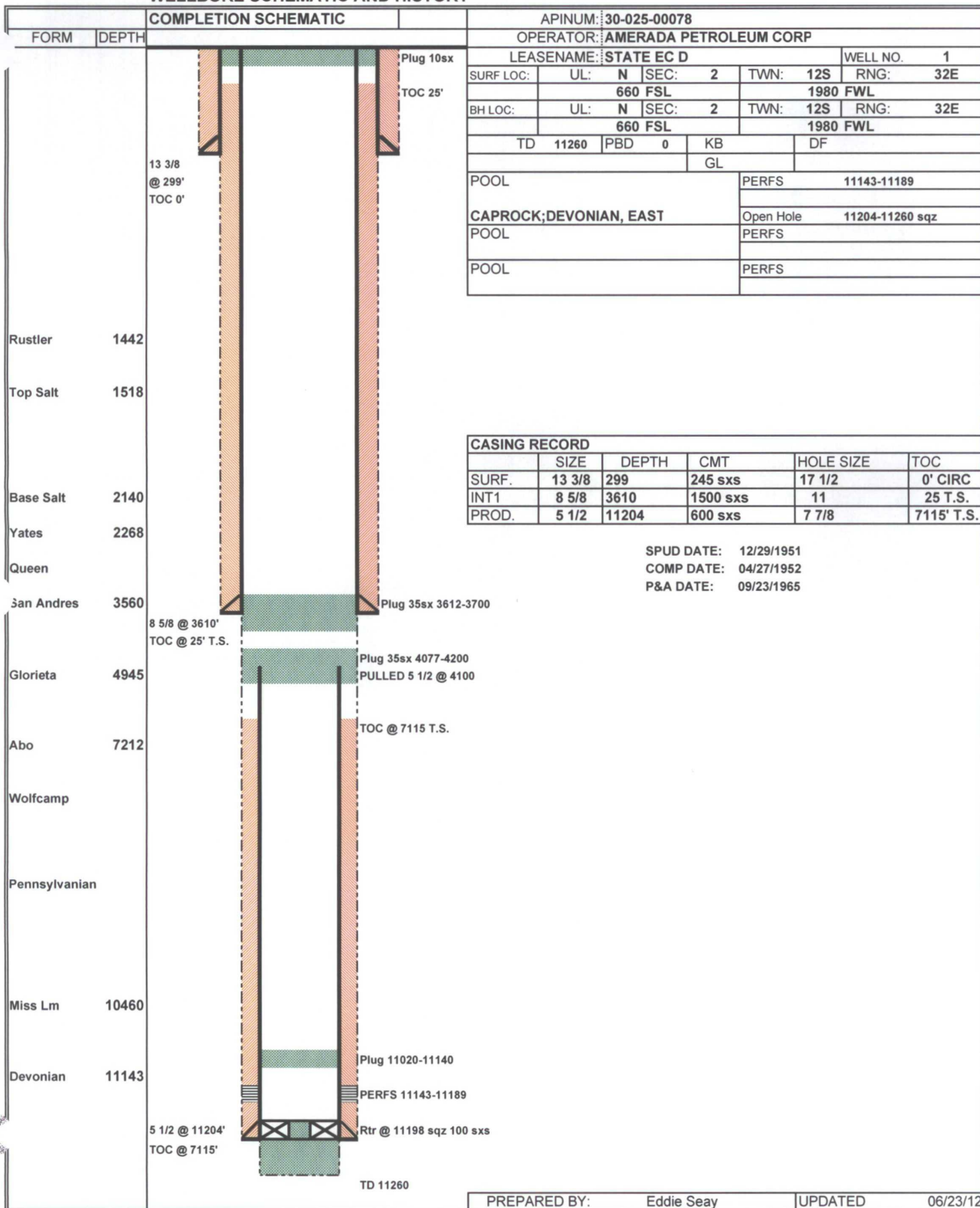
API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN	RNG	N/S	E/W
30-025-00110	NEW MEXICO BH STATE	4	PALADIN ENERGY CORP	11235			LEA		D	11	12 S	32 E	990 N	990 W

Wells within 1/2 mile of the proposed disposal well.

															5280	5280	Distance
API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN	RNG	N/S	E/W			
1 30-025-00078	STATE EC D	1	AMERADA PETROLEUM CORP	11206		P&A	LEA	S	N	2	12 S	32 E	660 S	1980 W			1924
2 30-025-00079	STATE EC D	2	AMERADA PETROLEUM CORP	11336		P&A	LEA	S	M	2	12 S	32 E	660 S	660 W			1682
3 30-025-23278	CONNER STATE	1	ELK OIL CO	10700		P&A	LEA	S	A	10	12 S	32 E	660 N	660 E			1682
4 30-025-00104	STATE EC C	1	PALADIN ENERGY CORP	11240		TA	LEA	S	G	11	12 S	32 E	1980 N	1980 E			2513
5 30-025-00105	STATE EC C	2	PALADIN ENERGY CORP	11228		A	LEA	S	B	11	12 S	32 E	660 N	1980 E			2333
6 30-025-00107	GROSS STATE	1	UNION OIL CO OF CALIFORNIA	11295		P&A	LEA	S	L	11	12 S	32 E	1980 S	660 W			2333
7 30-025-00108	NEW MEXICO BH STATE	3	PALADIN ENERGY CORP	11272		A	LEA	S	E	11	12 S	32 E	1980 N	663 W			1042
8 30-025-00109	NEW MEXICO BB STATE	1	PALADIN ENERGY CORP	11225		P&A	LEA	S	K	11	12 S	32 E	1989 S	1985 W			2506
9 30-025-08007	NEW MEXICO BH STATE	1	PALADIN ENERGY CORP	11220		TA	LEA	S	C	11	12 S	32 E	660 N	1980 W			1043
10 30-025-08008	NEW MEXICO BH STATE	2	PALADIN ENERGY CORP	11225		P&A	LEA	S	F	11	12 S	32 E	1980 N	1980 W			1400

all active wells are 5 Halliburton
Producers

WELLBORE SCHEMATIC AND HISTORY



PREPARED BY: Eddie Seay

UPDATED

06/23/12

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-00079																							
FORM	DEPTH	OPERATOR: AMERADA PETROLEUM CORP																							
		LEASENAME: STATE EC D WELL NO. 2																							
		SURF LOC: UL: M SEC: 2 TWN: 12S RNG: 32E																							
		660 FSL 660 FWL																							
		BH LOC: UL: M SEC: 2 TWN: 12S RNG: 32E																							
		660 FSL 660 FWL																							
		TD 11336 PBD 0 KB DF 4398																							
		GL																							
		POOL PERFS																							
		DRY & ABANDONED Open Hole																							
		POOL PERFS																							
POOL PERFS																									
Casing Record																									
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PROD.																									
SPUD DATE: 12/10/1952																									
COMP DATE: 03/12/1953																									
P&A DATE: 03/14/1953																									
<div style="position: relative;"> <div style="position: absolute; left: 0; bottom: 0; transform: rotate(-45deg); font-family: cursive;"> Deeper Hole </div> <div style="position: absolute; right: 0; bottom: 0; font-family: cursive;"> OK </div> </div>																									

PREPARED BY: Eddie Seay UPDATED 06/23/12

WELLBORE SCHEMATIC AND HISTORY

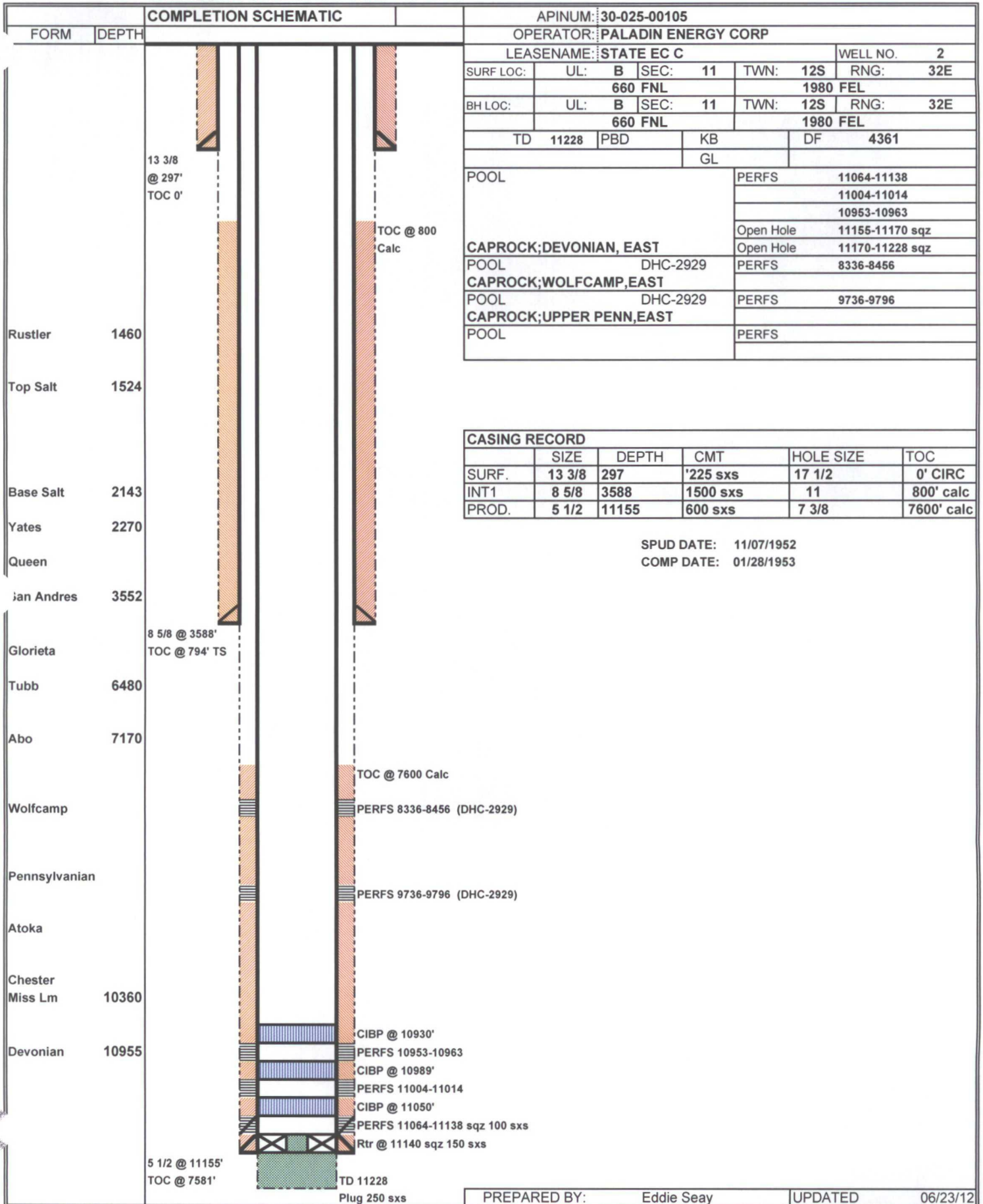
COMPLETION SCHEMATIC		APINUM: 30-025-23278																							
FORM	DEPTH	OPERATOR: ELK OIL COMPANY																							
		LEASENAME: CONNER STATE WELL NO. 1																							
		SURF LOC: UL: A SEC: 10 TWN: 12S RNG: 32E																							
		660 FNL 660 FEL																							
		BH LOC: UL: A SEC: 10 TWN: 12S RNG: 32E																							
		660 FNL 660 FEL																							
		TD 10700 PBD 0 KB DF																							
		GL 4383																							
		POOL PERFS																							
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PROD.																									
SPUD DATE: 09/07/1969 COMP DATE: 10/23/1969 P&A DATE: 10/23/1969																									
PREPARED BY: Eddie Seay UPDATED: 06/23/12																									

WELLBORE SCHEMATIC AND HISTORY

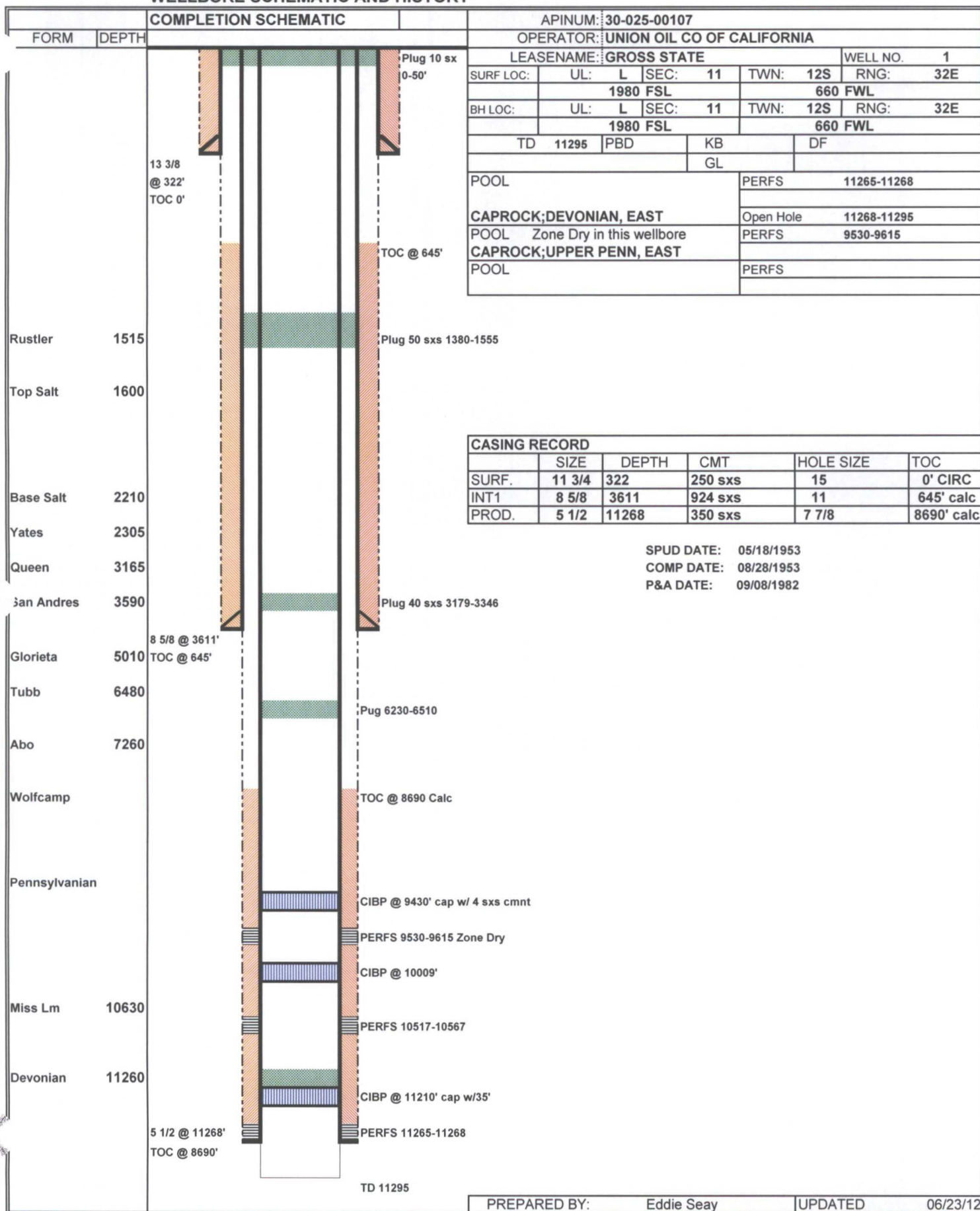
COMPLETION SCHEMATIC		APINUM: 30-025-00104			
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP			
		LEASENAME: STATE EC C			
		WELL NO. 1			
		SURF LOC: UL: G SEC: 11 TWN: 12S RNG: 32E			
		1980 FNL			
		1980 FEL			
		BH LOC: UL: G SEC: 11 TWN: 12S RNG: 32E			
		1980 FNL			
		1980 FEL			
		TD 11240 PBD KB DF 4361			
		GL			
		POOL			
		PERFS 11120-11170 sqz			
		11047-11082			
		11002-11020			
		Open Hole 11170-11240 sqz			
		PERFS 10226-10364			
		CAPROCK; DEVONIAN, EAST			
		POOL Zone Dry in this wellbore			
		CAPROCK; MISSISSIPPIAN, EAST (GAS)			
		POOL			
		PERFS 10120-10150			
		CAPROCK; ATOKA, NORTHEAST (GAS)			
		POOL			
		PERFS 8440-8490			
		CAPROCK; WOLFCAMP, EAST			
Casing Record					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	296	'225 sxs	17 1/2	0' CIRC
INT1	8 5/8	3623	1500 sxs	12 1/4	794' T.S.
PROD.	5 1/2	11170	600 sxs	7 3/8	7581' T.S.
<p>SPUD DATE: 09/09/1951 COMP DATE: 12/27/1951 TA EXPIRED DATE: 02/19/2012 C103 TO P&A APPROVED: 04/27/2012</p>					
Rustler	1468				
Top Salt	1524				
Base Salt	2143				
Yates	2270				
Queen					
San Andres	3552				
Glorieta		8 5/8 @ 3623' TOC @ 794' TS			
Tubb	6480				
Abo	7171				
Wolfcamp		CIBP @ 7353' TOC @ 7581 T.S. PERFS 8440-8490			
Pennsylvanian		CIBP @ 9500' cap w/ 36' cmnt TOP OF FISH & BAD PIPE @ 9550 PKR @ 9995			
Atoka		PERFS 10120-10150			
Chester		PERFS 10226-10364			
Miss Lm	10327	CIBP @ 10920' PERFS 11002-11020 CIBP @ 11025' PERFS 11047-11082			
Devonian	10990	PERFS 11120-11170 sqz			
		5 1/2 @ 11170' TOC @ 7581' Plug 250 sxs TD 11240			

PREPARED BY: Eddie Seay UPDATED 06/23/12

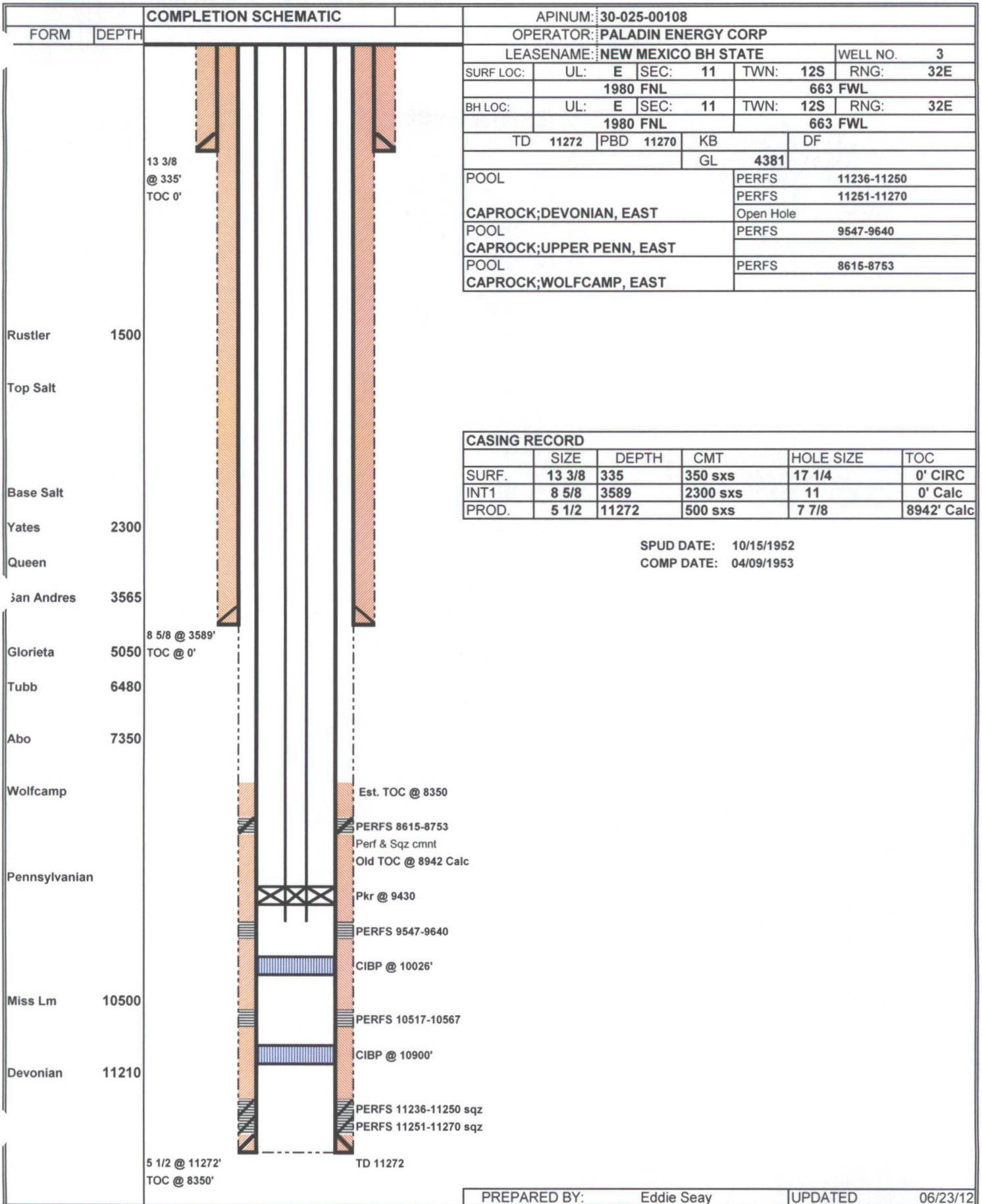
WELLBORE SCHEMATIC AND HISTORY



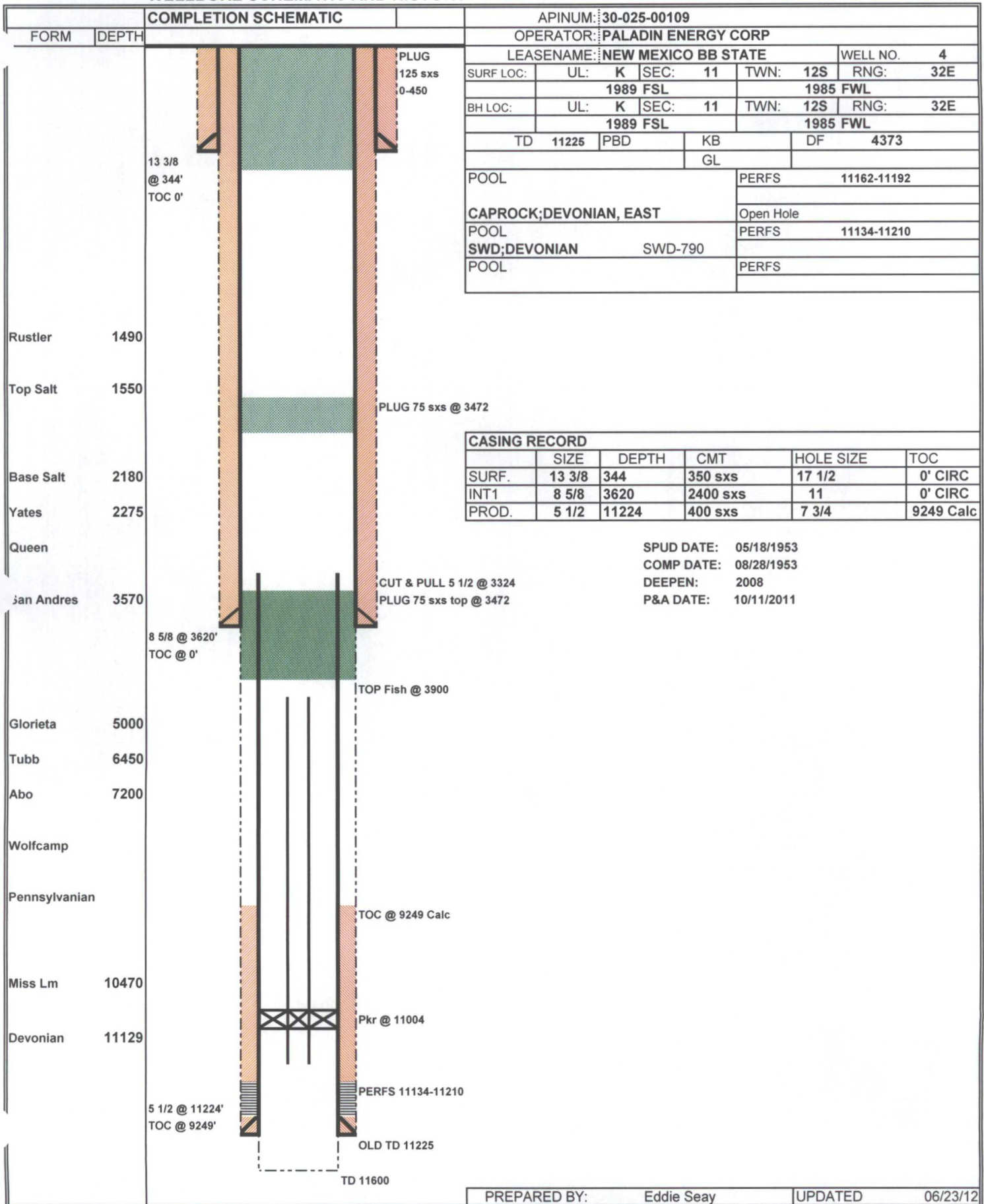
WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY



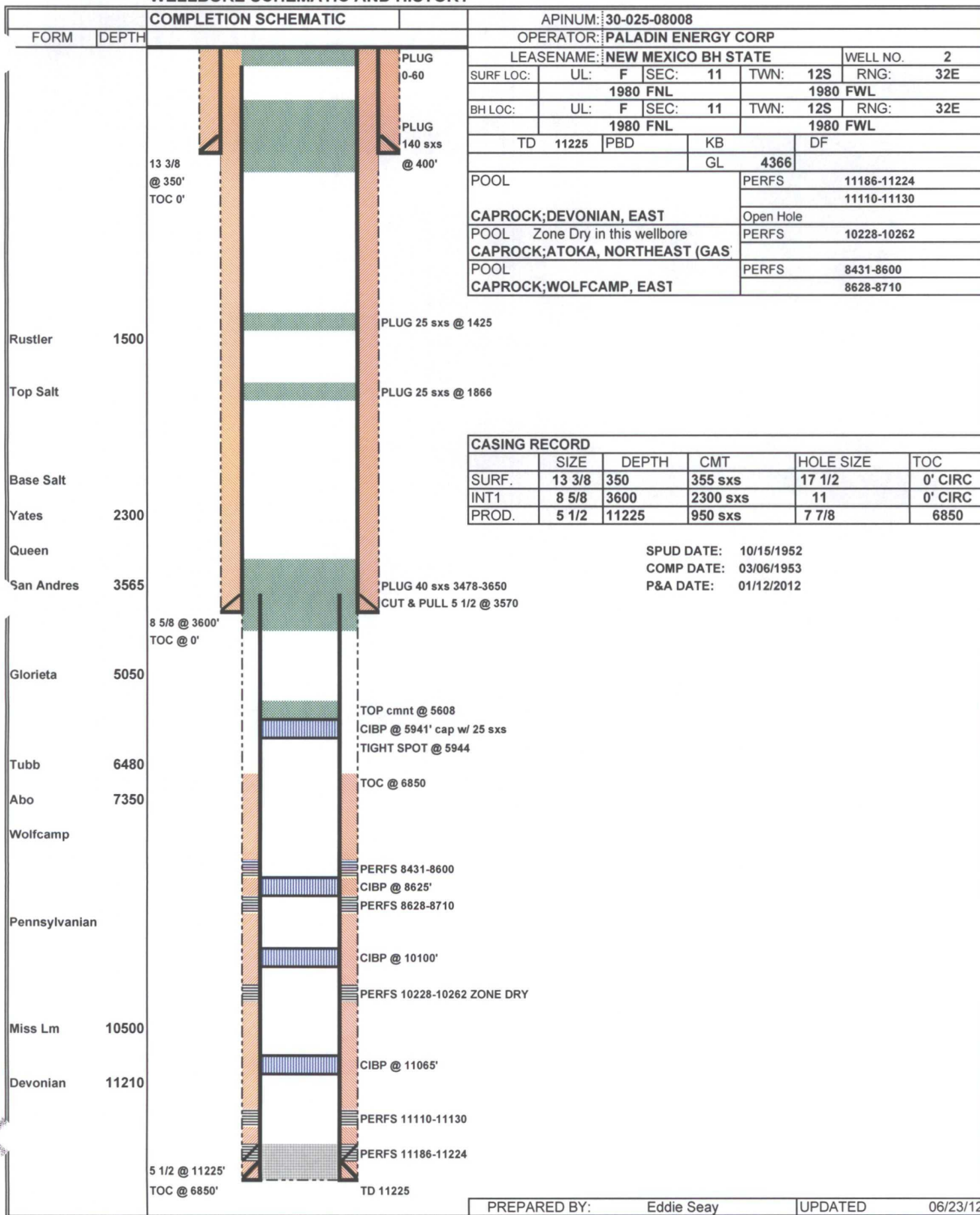
COMPLETION SCHEMATIC		APINUM: 30-025-08007	
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP	
<div> <div>13 3/8 @ 346' TOC 0'</div> <div>1440</div> <div>Rustler</div> <div>Top Salt</div> <div>Base Salt</div> <div>2262</div> <div>Yates</div> <div>Queen</div> <div>3550</div> <div>San Andres</div> <div>8 5/8 @ 3605' TOC @ 0'</div> <div>4957</div> <div>Glorieta</div> <div>6413</div> <div>Tubb</div> <div>7194</div> <div>Abo</div> <div>Wolfcamp</div> <div>Pennsylvanian</div> <div>Miss Lm</div> <div>10477</div> <div>Devonian</div> <div>11080</div> <div>5 1/2 @ 11215' TOC @ ????</div> </div>	<div> <div>660 FNL</div> <div>1980 FWL</div> <div>660 FNL</div> <div>1980 FWL</div> <div>TD 11220 PBD KB DF</div> <div>GL</div> <div>POOL</div> <div>CAPROCK;DEVONIAN, EAST</div> <div>POOL Zone Dry in this wellbore</div> <div>CAPROCK;ATOKA, NORTHEAST (GAS)</div> <div>POOL</div> <div>CAPROCK;WOLFCAMP, EAST</div> </div>	<div> <div>WELL NO. 1</div> <div>RNG: 32E</div> <div>TWN: 12S</div> <div>RNG: 32E</div> <div>1980 FWL</div> <div>KB DF</div> <div>GL</div> <div>PERFS 11184-11218</div> <div>Open Hole</div> <div>PERFS 9817-9878</div> <div>PERFS 8360-8690</div> </div>	
	<div> <div>1440</div> <div>Rustler</div> </div>		
	<div> <div>Top Salt</div> </div>		
	<div> <div>Base Salt</div> </div>		
	<div> <div>2262</div> <div>Yates</div> </div>		
	<div> <div>Queen</div> </div>		
	<div> <div>3550</div> <div>San Andres</div> </div>		
	<div> <div>8 5/8 @ 3605' TOC @ 0'</div> </div>		
	<div> <div>4957</div> <div>Glorieta</div> </div>		
	<div> <div>6413</div> <div>Tubb</div> </div>		
<div> <div>7194</div> <div>Abo</div> </div>			
<div> <div>Wolfcamp</div> </div>	<div> <div>TOC @ ?????</div> <div>CIBP @ 8270' cap w/ 40' cmnt</div> <div>PERFS 8360-869</div> </div>	<div> <div>SPUD DATE: 03/22/1952</div> <div>COMP DATE: 07/29/1952</div> <div>TA EXPIRES: 09/23/2015</div> </div>	
<div> <div>Pennsylvanian</div> </div>	<div> <div>CIBP @ 9000'</div> <div>CIBP @ 9280'</div> <div>PERFS 9320-9590</div> <div>CIBP @ 9650'</div> <div>PERFS 9680-9880</div> <div>CIBP @ 9890'</div> <div>PERFS 9895-9930</div> <div>CIBP @ 10190'</div> <div>PERFS 10200-10250</div> </div>		
<div> <div>Miss Lm</div> <div>10477</div> </div>			
<div> <div>Devonian</div> <div>11080</div> </div>	<div> <div>CIBP @ 10400'</div> <div>PERFS 11093-11110 sqz</div> <div>PERFS 11184-11218</div> </div>		
<div> <div>5 1/2 @ 11215' TOC @ ????</div> </div>	<div> <div>TD 11220</div> </div>		

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	346	350 sxs	17 1/2	0' CIRC
INT1	8 5/8	3605	2100 sxs	11	0' CIRC
PROD.	5 1/2	11220	400 sxs	7 7/8	????

PREPARED BY: Eddie Seay

UPDATED 06/23/15

WELLBORE SCHEMATIC AND HISTORY



PREPARED BY: Eddie Seay UPDATED 06/23/12

Water Sample Analysis

Pool	Section	Location		Chlorides
		Township	Range	
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	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	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	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	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

Analytical Results For:

Eddie Seay Consulting
601 W. Illinois
Hobbs NM, 88242

Project: PALADIN BH #4
Project Number: PALADIN BH #4- WATER
Project Manager: Eddie Seay
Fax To: (505) 392-6949

Reported:
02-Jul-12 11:59

BH #4 WW #1
H201433-01 (Water)

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
Cardinal Laboratories									
Inorganic Compounds									
Alkalinity, Bicarbonate	127	5.00	mg/L	1	2061106	HM	27-Jun-12	310.1M	
Calcium	85.0	1.60	mg/L	1	2062705	HM	27-Jun-12	SM3500Ca-D	
Alkalinity, Carbonate	ND	0.00	mg/L	1	2061106	HM	27-Jun-12	310.1M	
Chloride*	44.0	4.00	mg/L	1	2062601	AP	26-Jun-12	4500-Cl-B	
Conductivity*	600	1.00	uS/cm	1	2062903	HM	25-Jun-12	120.1	
Magnesium	10.7	1.00	mg/L	1	2062705	HM	27-Jun-12	SM3500Mg-E	
pH*	7.45	0.100	pH Units	1	2062903	HM	25-Jun-12	150.1	
Potassium	2.20	1.00	mg/L	1	2062705	HM	28-Jun-12	HACH 8049	
Sodium	ND	1.00	mg/L	1	2062705	HM	28-Jun-12	Calculation	
Sulfate*	86.9	10.0	mg/L	1	2062505	AP	25-Jun-12	375.4	
TDS*	417	5.00	mg/L	1	2062106	AP	26-Jun-12	160.1	
Alkalinity, Total*	104	4.00	mg/L	1	2061106	HM	27-Jun-12	310.1M	

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



Celey D. Keene, Lab Director/Quality Manager

LEASE OWNERS AND OFFSETS

LANDOWNER & MINERAL OWNER

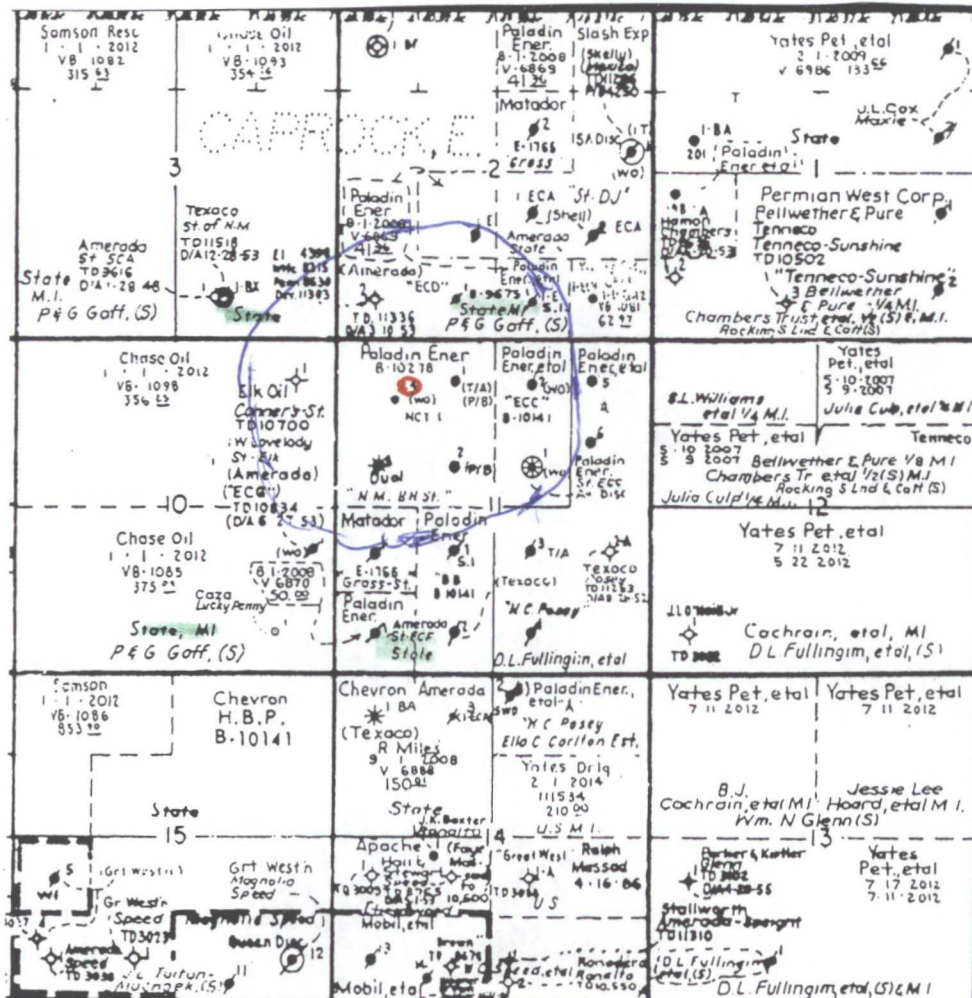
State Land Office
310 Old Santa Fe Trail
Box 1148
Santa Fe, NM 87504-1148

OFFSET OPERATORS

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

Amerada Hess Corp.
Box 840
Seminole, TX 79360

Chevron USA Inc.
11111 S. Wilcrest
Houston, TX 77099



• All AOR state M.I.

PALADIN ENERGY CORP.

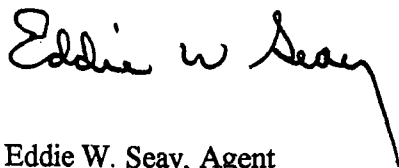
RE: NM BH State NCT 1 #4
Unit D, Sect. 11, T. 12 S., R. 32 E.
API #30-025-00110

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

7010 2780 0000 1726 8300

U.S. Postal Service		<i>Seal</i>
CERTIFIED MAIL RECEIPT		
(Domestic Mail Only, No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
OFFICIAL USE		
Postage	\$ 190	
Certified Fee	295	
Return Receipt Fee (Endorsement Required)	235	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 720	
Sent To: State Land Office		
Street, Apt. No., or PO Box No.: 310 Old Santa Fe Trail		
City, State, ZIP+4: Box 1148 Santa Fe, NM 87504-1148		
PS Form 3800, August 2005 See Reverse for Instructions		

7010 2780 0000 1720 3400

U.S. Postal Service		<i>Seal</i>
CERTIFIED MAIL RECEIPT		
(Domestic Mail Only, No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
OFFICIAL USE		
Postage	\$ 190	
Certified Fee	295	
Return Receipt Fee (Endorsement Required)	235	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 720	
Sent To: Paladin Energy Corp.		
Street, Apt. No., or PO Box No.: 10290 Monroe Dr., Ste. 301		
City, State, ZIP+4: Dallas, TX 75229		
PS Form 3800, August 2005 See Reverse for Instructions		

7010 2780 0000 1720 3394

U.S. Postal Service		<i>Seal</i>
CERTIFIED MAIL RECEIPT		
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For delivery information visit our website at www.usps.com		
OFFICIAL USE		
Postage	\$ 190	
Certified Fee	295	
Return Receipt Fee (Endorsement Required)	235	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 720	
Sent To: Amerada Hess Corp.		
Street, Apt. No., or PO Box No.: Box 840		
City, State, ZIP+4: Seminole, TX 79360		
PS Form 3800, August 2005 See Reverse for Instructions		

7010 2780 0000 1720 3387

U.S. Postal Service		<i>Seal</i>
CERTIFIED MAIL RECEIPT		
(Domestic Mail Only, No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
OFFICIAL USE		
Postage	\$ 190	
Certified Fee	295	
Return Receipt Fee (Endorsement Required)	235	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 720	
Sent To: Chevron USA Inc.		
Street, Apt. No., or PO Box No.: 1 S. Wilcrest		
City, State, ZIP+4: Houston, TX 77099		
PS Form 3800, August 2005 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 New Mexico BH State NCT 1 #4, API 30-025-00110, located in Unit D, Section 11, Township 12 South, Range 32 East, Lea Co., NM. The injection formation is the Devonian from 11215' to 11750' 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.

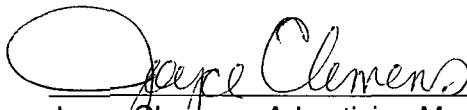
Affidavit of Publication

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

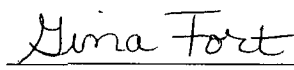
Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of THE LOVINGTON LEADER, a thrice a week newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county 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 7, 2012 and ending with the issue of July 7, 2012.

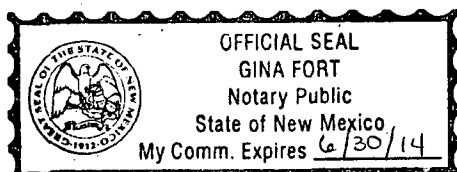
And that the cost of publishing said notice is the sum of \$ 26.26 which sum has been (Paid) as Court Costs.



Joyce Clemens, Advertising Manager
Subscribed and sworn to before me this 10th
day of July, 2012.



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



LEGAL NOTICE

Pursuant to the rules and regulations of the Oil Conservation Division of the State of New Mexico, Paladin Energy Corp., 10290 Monroe Dr., Ste. 301, Dallas, Texas 75229, is filing a C-108, Application for Salt Water Disposal. The well being applied for is the New Mexico BH State NCT 1 #4, API 30-025-00110, located in Unit D, Section 11, Township 12 South, Range 32 East, Lea Co., NM. The injection formation is the Devonian from 11215' to 11750' 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 July 7, 2012.

In reply to Will Jones' ^(lost application) questions 3 and 4.

- 3) Ask Paladin to have a geologist talk about the Silurian which occurs to the East of this well and whether it could be present at this location and at what depth.

A simple answer to your question is that there is no Silurian production to the east and that the Silurian is not productive in this area. Let me explain further. The main geologic structure in northern Lea County is the Tatum Basin. The west flank of the Tatum Basin consists of a series of parallel high angle step faults down thrown to the east towards the center of the basin. The Caprock; Devonian, East pool lies on a structural high created by one of these faults. To the east the Bagley; Siluro-Devonian Pool is on a separate structure high formed by another of the step faults forming the west flank of the Tatum Basin.

For many years there has been a debate on whether or not the dolomite below the Woodford Shale is Devonian or Silurian in age. Per phone conversation with Hobbs District geologist Paul Kautz, the New Mexico Oil Conservation Division has used the term "Devonian" and "Siluro-Devonian" interchangeable for the dolomite below the Woodford Shale. The Caprock; Devonian, East and the Bagley; Siluro-Devonian are producing from the same stratigraphic horizon. The New Mexico Oil Conservation Division uses Silurian and Fusselman interchangeably.

- 4) The Atoka is apparently directly above the Miss and was tested by DST directly to the west in the 30-025-23278 well. Considering how old the electric logs are in this area – would the Geologist also talk about this interval and its potential?

The Atoka formation in section 11 was tested by Paladen in its State EC C, well no. 1 (API 30-025-00104) located in U/L G Sec 11, T 12 S, R 32 E. The well was tested for approximately 1 year starting in June 2003. The Atoka showed a rapid decline from 45,000 MCF per month to 0 MCF gas at the end of one year. It was tested again in 2006 and data indicates that Atoka is limited and wet.

Jones, William V., EMNRD

From: David Plaisance <dplaisance@paladinenergy.com>
Sent: Friday, August 24, 2012 1:41 PM
To: Jones, William V., EMNRD
Subject: RE: Disposal well application from Paladin: NM BH State #4 30-025-00110 Devonian or SiluroDevonian or SiluroDevonianFusselman from 11215 to 11750 feet open hole

Mr. Jones,

I apologize for the delay in responding to your request for additional information in regards to our Permit Application for the State BH #4 SWD well. I was on vacation and only just returned to the office this week.

- 1.) The State BB #1 well (30-025-00109) was P&A'd in 2011, and the bond was in fact released prior to our submission of the Subsequent C-103 location clearance form. We have now completed the surface clearance work and have submitted the proper From C-103 to the Hobbs District. However, in addition we have also re-instated the Bond for that well, which is now in effect and has been mailed to Dorothy Phillips. We also will have a new Bond in place for the State BH #4 SWD well prior to commencing operations.
- 2.) Paladin will run a Compensated Neutron Log with Gamma Ray through the deepened open hole section, and will continue into the cased hole in order to provide the lithologic correlations you require.
- 3.) I believe Eddy Say has submitted to you the plat and notices you requested, identifying the owners within the area of review. *Matador NOTICED 8/13/12*

I hope this meets with your request, but if you need additional data or more measures to be taken, please let me know.

Thank you,

David Plaisance
Paladin Energy Corp.

From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Thursday, August 09, 2012 1:11 PM
To: seay04@leaco.net; dplaisance@paladinenergy.com
Cc: Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD; Phillips, Dorothy, EMNRD
Subject: Disposal well application from Paladin: NM BH State #4 30-025-00110 Devonian or SiluroDevonian or SiluroDevonianFusselman from 11215 to 11750 feet open hole

Hey David and Eddie,

1. The Rule 5.9 check shows Paladin needs one "single" well bond on the 30-025-00109 well. Paladin could post that bond and ask for it back after the well is re-activated or plugged. Work with Dorothy Phillips of this office to do that. I can't release the disposal permit without the bond and the compliance folks don't do Agreed Compliance Orders for bonding issues.
2. What sort of logs/mudlog does Paladin plan on running over the new open hole section? The OCD should have at least some minimal logging of this interval as it now goes deeper and may penetrate below the Devonian.
3. I see you noticed Amerada and Chevron and the State Land Office, but I don't know what lands these two oil companies control. And for the previous permit, Matador was also noticed. It wasn't clear to me where the separately owned tracts of land were located around this well. Please send something like the attached or at least legal descriptions of the lands within the ½ mile circle of this well and identify the owners of those tracts. If you have missed noticing anyone, go ahead and do that and send me the mailer with the date.

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Thursday, August 09, 2012 12:11 PM
To: 'seay04@leaco.net'; 'dplaisance@paladinenergy.com'
Cc: Ezeanyim, Richard, EMNRD; Kautz, Paul, EMNRD; Phillips, Dorothy, EMNRD
Subject: Disposal well application from Paladin: NM BH State #4 30-025-00110 Devonian or SiluroDevonian or SiluroDevonianFusselman from 11215 to 11750 feet open hole
Attachments: EddyNM_NASH_53_SWD.pdf

Hey David and Eddie,

- STILL 8/13/12*
1. The Rule 5.9 check shows Paladin needs one "single" well bond on the 30-025-00109 well. Paladin could post that bond and ask for it back after the well is re-activated or plugged. Work with Dorothy Phillips of this office to do that. I can't release the disposal permit without the bond and the compliance folks don't do Agreed Compliance Orders for bonding issues.
 2. What sort of logs/mudlog does Paladin plan on running over the new open hole section? The OCD should have at least some minimal logging of this interval as it now goes deeper and may penetrate below the Devonian.
 3. I see you noticed Amerada and Chevron and the State Land Office, but I don't know what lands these two oil companies control. And for the previous permit, Matador was also noticed. It wasn't clear to me where the separately owned tracts of land were located around this well. Please send something like the attached or at least legal descriptions of the lands within the ½ mile circle of this well and identify the owners of those tracts. If you have missed noticing anyone, go ahead and do that and send me the mailer with the date. ✓
- Matador
NOTICE
8/13/12*

Thank You,

William V. Jones, P.E.
505-476-3448W 505-476-3462F
Engineering Bureau, Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED OCD
2012 AUG 15 P 12:43

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

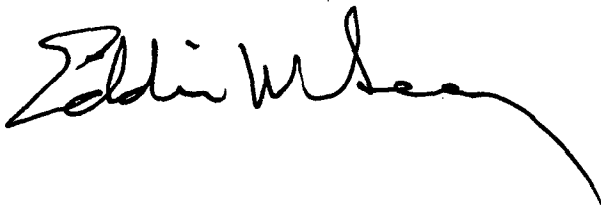
RE: Paladin Energy Corp.
NM BH #4

Mr. Jones:

Find response to your request on the above application.

(1) Mineral Ownership

- (a) Units M, N, and O Section 2.
State minerals, Amerada Hess has lease.
- (b) Unit P Section 3.
State minerals, Chevron USA has lease.
- (c) Units A, H and I Section 10.
State minerals, Amerada Hess has lease.
- (d) The NW 1/4 of Section 11 and Units B, G, L, K of Section 11.
State minerals, Paladin has lease, in NW 1/4 of Section 11,
also Units B, G and K of Section 11.
Matador Operating has mineral lease in Unit L Section 11.



7010 2780 0000 1726 8317

U.S. Postal Service		
CERTIFIED MAIL RECEIPT		
(Domestic Mail Only. No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com		
OFFICIAL USE		
Postage	\$ 1.50	0640
Certified Fee	\$2.95	
Return Receipt Fee (Endorsement Required)	\$2.35	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 6.80	08/13/2012
Sent To Matador Operating Co.		
5400 LBJ Frwy, Ste. 1500		
One Lincoln Center		
Dallas, TX 75240		
PS Form 3800, August 2006		
See Reverse for Instructions		

CHECK Rule 5.9

Injection Permit Checklist (11/15/2010)

WFX

PMX

SWD

Permit Date

UIC Qtr

Wells 1 Well Name(s):

NM BH State #4

API Num: 30-025-00110

Spud Date: 5/18/53

New/Old: 0

(UIC primacy March 7, 1982)

Footages

990 FNL 990 FWL

Unit

D Sec 11

Tsp

125

Rge

32E

County

LEA

General Location:

Operator:

PALADIN ENERGY CORP

Contact

EDDIE W. SEAY

OGRID: 164070

RULE 5.9 Compliance (Wells)

Y56

(Finan Assur)

30-025-00109 needs BOND

IS 5.9 OK?

Well File Reviewed

Current Status:

EXPIRED SWD PERMIT

Planned Work to Well:

Diagrams: Before Conversion

After Conversion

Elogs in Imaging File:

One LOG (above DEVONIAN)

Well Details:

		Sizes Hole.....Pipe	Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
New Existing	Surface	17 1/2 13 3/8	355	—	350X	CIRC
New Existing	Interm	11 8 5/8	3635		2300 SX	CIRC
New Existing	LongSt	7 1/8 5 1/2	11215		400 SX	8550 T.S.
New Existing	Liner					
New Existing	OpenHole		11215-11750			

Depths/Formations:

Depths, Ft.

Formation

Tops?

MISS - Producer?
SILUR - Producer?

Formation(s) Above

11210

DEV

✓

Injection TOP:

11215

DEVONIAN

Max. PSI

2243

OpenHole

Perfs

Injection BOTTOM:

11750

Tubing Size

2 7/8

Packer Depth

Formation(s) Below

11800

SIL

✓

Capitan Reef?

(Potash?)

Noticed?

(WIPP?)

Noticed?

Salado Top/Bot

1600-2000

Glm House?

Fresh Water:

Depths:

< 160'

Formation

OG Edden

Wells?

Analysis?

Affirmative Statement

✓

Disposal Fluid Analysis?

Sources:

Paladins Production (From McKee, Dev, SILURIAN)

Disposal Interval: Analysis?

Production Potential/Testing:

Dep Total or off STRUCTURE

Notice: Newspaper Date

Surface Owner

SLO (7/5/12)

Mineral Owner(s)

SLO

RULE 26.7(A) Affected Persons:

Paladin / amanda / Chown (7/5/12) / Paladin

AOR: Maps?

Well List?

Producing in Interval?

No

Wellbore Diagrams?

✓

.....Active Wells

4

Repairs?

0

Which Wells?

.....P&A Wells

6

Repairs?

0

Which Wells?

Issues:

Turn in Mvdlog (Run LOGS)

Request Sent

Reply: