

DATE IN <u>9.24.10</u>	SUSPENSE	ENGINEER <u>WJ</u>	LOGGED IN <u>9.24.10</u>	TYPE <u>SWD</u>	APP NO. <u>1026735461</u>
------------------------	----------	--------------------	--------------------------	-----------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



RECEIVED OOD
Paladin
184070:25
State BTC #6

ADMINISTRATIVE APPLICATION CHECKLIST 30-025-37091

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

9/14/2010
Date

seay04@leaco.net
e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance 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: Production Manager
SIGNATURE:  DATE: 9-14-10
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: _____

[illegible]

ATTACHMENT TO APPLICATION C-108

State BTC #6

Unit F, Sect. 35, Tws. 11 S., Rng. 33 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 1/2" plastic coated tubing.
 - 4) Baker Tension Packer.
- B.
 - 1) Injection formation is the Devonian.
 - 2) Injection interval open hole from 11080' to 11500'.
 - 3) Well was drilled as a producer.
 - 4) The next higher producing zone is the Penn at approximately 10400'.
 - The next lower producing zone is the Silurian at approximately 12,100'.

IV. NO.

V. MAP ATTACHED.

VI. LIST OF WELLS AND DATA ATTACHED.

VII. Paladin proposes to re-complete the above listed well. Squeeze existing perforations at 10766' to 10962', drill out and test casing. Drill out open hole section from 11080' to 11500'. Run 3 1/2" plastic coated tubing and 5 1/2" packer set at approximately 11000' and acidize as needed and inject into open hole.

- 1) Plan to inject approximately 8000 bpd of produced water from Paladins own operation in offset production.
- 2) Closed system.
- 3) Average injection pressure should be approximately 800# to 1200# or whatever limit OCD allows.
- 4) Analysis attached, only produced water.
- 5) Water from offset production from McKee, Devonian, Silurian and Wolfcamp.

VIII. The proposed disposal formations are interbedded shale and limestone. The primary geologic name is the Devonian found from 10758' to 11500' .

The fresh water formation in the area is the Ogallala which ranges in thickness from 100' to 160' . Analysis of water well attached. Depth to groundwater is approximately 50' .

IX. ACID AS NEEDED.

X. PREVIOUSLY SUBMITTED TO OCD.

XI. ATTACHED.

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

XIII. ATTACHED.

WELL NAME & NUMBER: State BTC #6

WELL LOCATION: 1980/N 1980/W

52

234

FOOTAGE LOCATION

UNIT LETTER

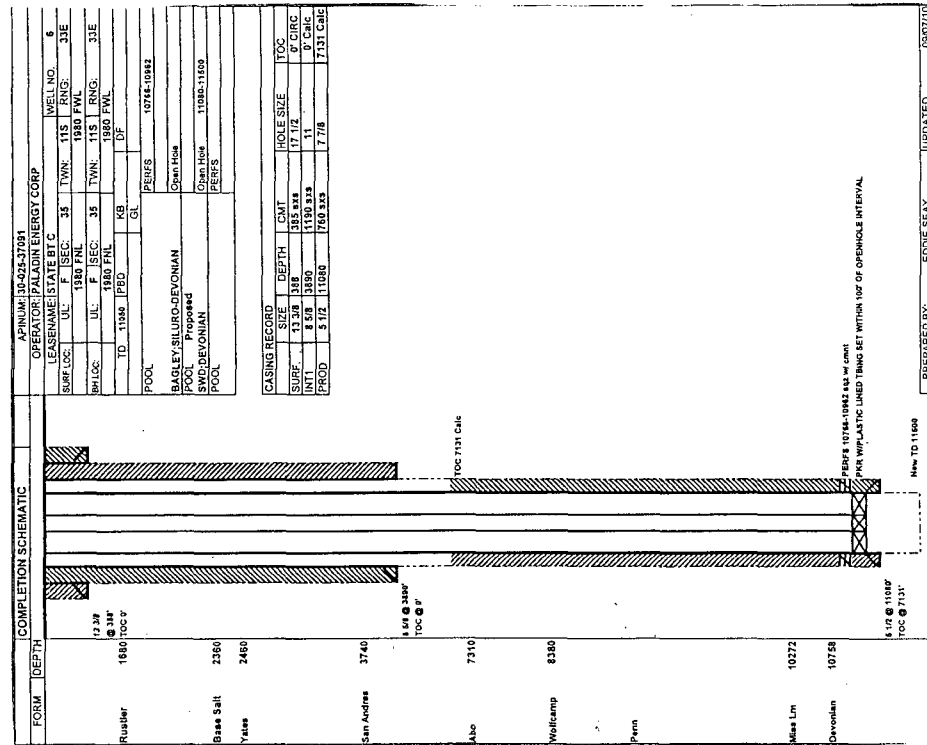
TOWNSHIP

55
RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing



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

Cemented with: **385** SX. *or* qf^3

Top of Cement: Surf Method Determined: crenell

Intermediate Casing

Hole Size: 11 Casing Size: 8 5/8

Cemented with: 1190 SX. or a^3

Top of Cement: Surface Method Determined: Calc.

Production Casing

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

Cemented with: 760 or 93

Top of Cement: 7131 Method Determined: cal.

Total Depth: 11080 Plan to deepen to 11500

Injection Interval

from 11090 feet to 11500

(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: 11,000

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

Additional Data

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

If no, for what purpose was the well originally drilled? oil and gas

production

2. Name of the Injection Formation: Devonian
3. Name of Field or Pool (if applicable): Bagley Silare - Devonian
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. only in the

Devonian from 10766 - 10952. Perfs. will be squeezed upon approval.

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

Mississippian lime at 10272

Solarian is at 12100

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-37091	
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP	
		LEASENAME: STATE BT C WELL NO. 6	
		SURF LOC: UL: F SEC: 35 TWN: 11S RNG: 33E	
		1980 FNL 1980 FWL	
		BH LOC: UL: F SEC: 35 TWN: 11S RNG: 33E	
		1980 FNL 1980 FWL	
		TD 11080 PBD KB DF	
		GL	
		POOL PERFS 10766-10962	
		BAGLEY; SILURO-DEVONIAN Open Hole	
		POOL PERFS	
POOL PERFS			

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	388	385 sxs	17 1/2	0' CIRC
INT1	8 5/8	3890	1190 sxs	11	0' Calc
PROD	5 1/2	11080	760 sxs	7 7/8	7131 Calc

WELLBORE SCHEMATIC AFTER

COMPLETION SCHEMATIC		APINUM: 30-025-37091																									
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP																									
Rustler	1680	LEASENAME: STATE BT C																									
		WELL NO. 6																									
		SURF LOC: UL: F SEC: 35 TWN: 11S RNG: 33E																									
		1980 FNL																									
		1980 FWL																									
Base Salt	2360	BH LOC: UL: F SEC: 35 TWN: 11S RNG: 33E																									
		1980 FNL																									
		1980 FWL																									
		TD 11080 PBD KB DF																									
		GL																									
Yates	2460	POOL																									
		PERFS 10766-10962																									
		BAGLEY; SILURO-DEVONIAN																									
		Open Hole																									
		POOL Proposed																									
San Andres	3740	SWD; DEVONIAN																									
		Open Hole 11080-11500																									
		POOL																									
		PERFS																									
Abo	7310	Casing Record																									
		<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>SIZE</th> <th>DEPTH</th> <th>CMT</th> <th>HOLE SIZE</th> <th>TOC</th> </tr> </thead> <tbody> <tr> <td>SURF.</td> <td>13 3/8</td> <td>388</td> <td>385 sxs</td> <td>17 1/2</td> <td>0' CIRC</td> </tr> <tr> <td>INT1</td> <td>8 5/8</td> <td>3890</td> <td>1190 sxs</td> <td>11</td> <td>0' Calc</td> </tr> <tr> <td>PROD</td> <td>5 1/2</td> <td>11080</td> <td>760 sxs</td> <td>7 7/8</td> <td>7131 Calc</td> </tr> </tbody> </table>			SIZE	DEPTH	CMT	HOLE SIZE	TOC	SURF.	13 3/8	388	385 sxs	17 1/2	0' CIRC	INT1	8 5/8	3890	1190 sxs	11	0' Calc	PROD	5 1/2	11080	760 sxs	7 7/8	7131 Calc
			SIZE	DEPTH	CMT	HOLE SIZE	TOC																				
		SURF.	13 3/8	388	385 sxs	17 1/2	0' CIRC																				
		INT1	8 5/8	3890	1190 sxs	11	0' Calc																				
PROD	5 1/2	11080	760 sxs	7 7/8	7131 Calc																						
Wolfcamp	8380																										
Penn																											
Miss Lm	10272																										
Devonian	10758																										

13 3/8 @ 388' TOC 0'

8 5/8 @ 3890' TOC @ 0'

TOC 7131 Calc

PERFS 10766-10962 sqz w/ cmnt

PKR W/PLASTIC LINED TBING SET WITHIN 100' OF OPENHOLE INTERVAL

5 1/2 @ 11080' TOC @ 7131'

New TD 11500

PREPARED BY: EDDIE SEAY	UPDATED 09/07/10
-------------------------	------------------

DISPOSAL WELL

API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN	RNG	N/S	E/W
30-025-37091	STATE BT C	6	PALADIN ENERGY CORP	11080	O	A	Lea	S	F	35	11 S	33 E	1980 N	1980 W

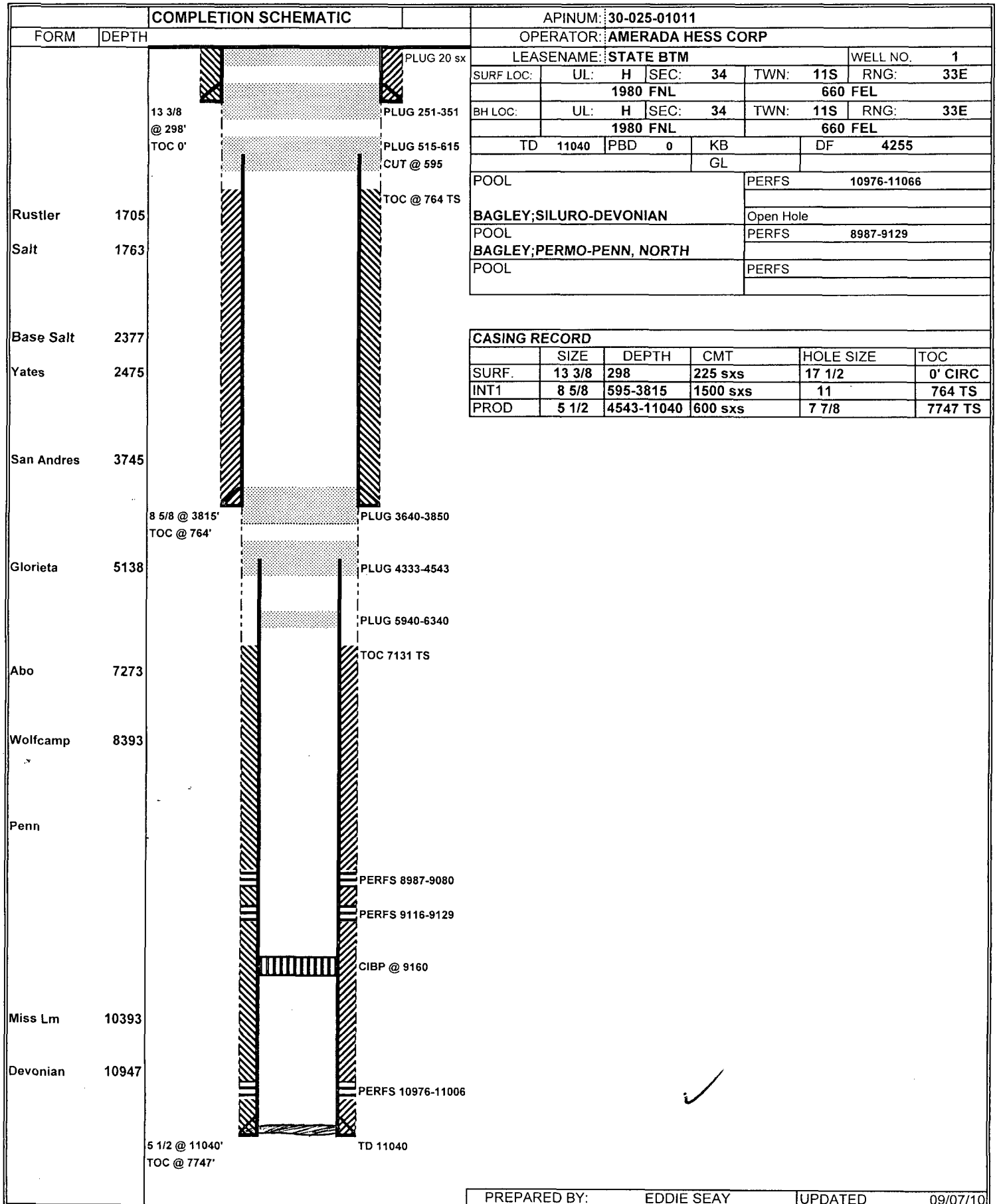
Wells within 1/2 mile of the proposed disposal well

5280														
API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN	RNG	N/S	E/W
30-025-01011	STATE BTM	1	AMERADA HESS CORP	11040	O	P&A	Lea	S	H	34	11 S	33 E	1980 N	660 E
30-025-01015	BAGLEY SWD	4	PALADIN ENERGY CORP	11180	S	A	Lea		N	35	11 S	33 E	660 S	1980 W
30-025-01016	STATE BTC	2	AMERADA HESS CORP	11715	O	P&A	Lea	S	B	35	11 S	33 E	660 N	1980 E
30-025-01017	STATE BT C	3	PALADIN ENERGY CORP	11010	O	A	Lea	S	L	35	11 S	33 E	1980 S	660 W
30-025-01019	STATE BT C	5	PALADIN ENERGY CORP	10853	O	A	Lea	S	K	35	11 S	33 E	1980 S	1980 W
30-025-01020	STATE BT D	2	PALADIN ENERGY CORP	10960	O	A	Lea	S	J	35	11 S	33 E	1980 S	1980 E
30-025-24152	GULF STATE	1	ANDERSON OIL & GAS	10050	O	P&A	Lea	S	D	35	11 S	33 E	710 N	660 W
30-025-24273	STATE 35	1	ANDERSON OIL & GAS	9932	O	P&A	Lea	S	F	35	11 S	33 E	1980 N	1830 W

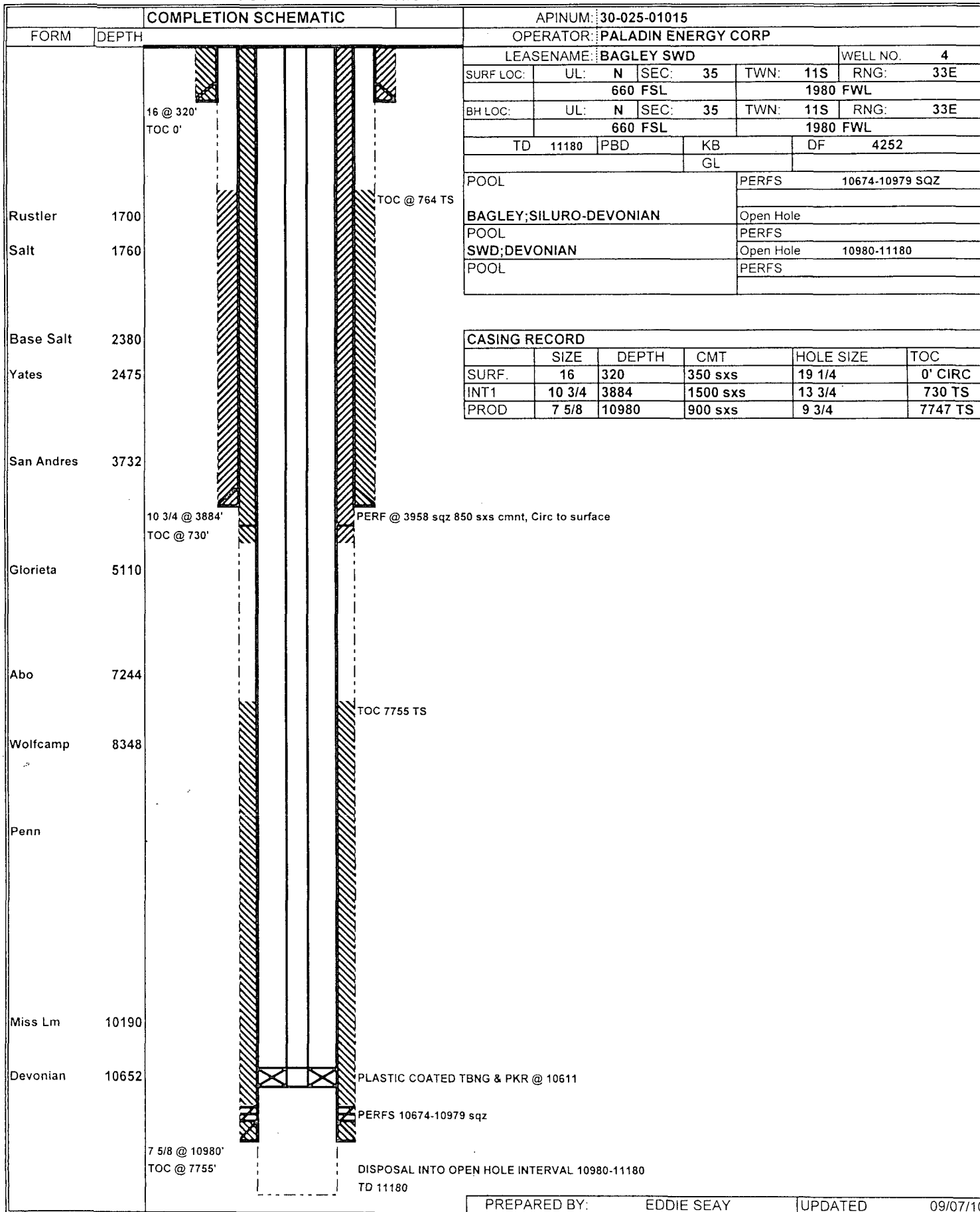
Wells within 1/2 mile which penetrate proposed disposal interval

5280														
API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	LAND	U/L	SEC	TWN	RNG	N/S	E/W
30-025-01011	STATE BTM	1	AMERADA HESS CORP	11040	O	P&A	Lea	S	H	34	11 S	33 E	1980 N	660 E
30-025-01015	BAGLEY SWD	4	PALADIN ENERGY CORP	11180	S	A	Lea		N	35	11 S	33 E	660 S	1980 W
30-025-01016	STATE BTC	2	AMERADA HESS CORP	11715	O	P&A	Lea	S	B	35	11 S	33 E	660 N	1980 E
30-025-01017	STATE BT C	3	PALADIN ENERGY CORP	11010	O	A	Lea	S	L	35	11 S	33 E	1980 S	660 W
30-025-01019	STATE BT C	5	PALADIN ENERGY CORP	10853	O	A	Lea	S	K	35	11 S	33 E	1980 S	1980 W
30-025-01020	STATE BT D	2	PALADIN ENERGY CORP	10960	O	A	Lea	S	J	35	11 S	33 E	1980 S	1980 E

WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY



PREPARED BY: EDDIE SEAY

UPDATED

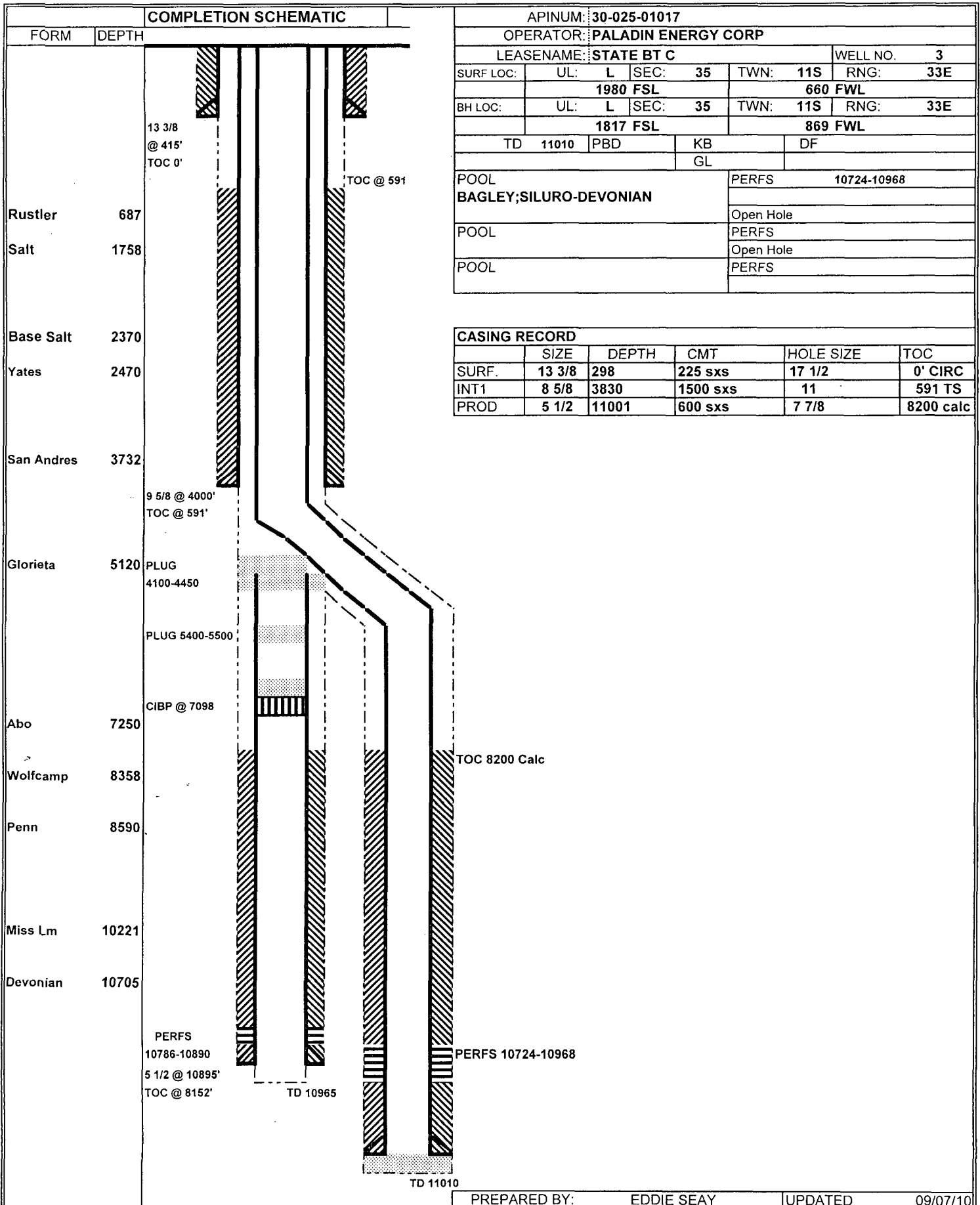
09/07/10

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-01016	
FORM	DEPTH	OPERATOR: AMERADA HESS CORP	
		LEASENAME: STATE BTC	
		WELL NO. 2	
		SURF LOC:	UL: B SEC: 35 TWN: 11S RNG: 33E
		660 FNL 1980 FEL	
		BH LOC:	UL: B SEC: 35 TWN: 11S RNG: 33E
		660 FNL 1980 FEL	
		TD 11715	PBD KB DF
		GL	
		POOL	PERFS
		DRY & ABANDONED	
		POOL	PERFS
		Open Hole	
		POOL	PERFS
		Open Hole	
		POOL	PERFS
CUT @ 1300			
		TOC @ 1400	
		PLUG 25 sxs 1370-1450	
Rustler	1787		
Salt	1842		
Base Salt	2433		
Yates	2524		
San Andres	3804		
		7 3/8 @ 3889'	
		TOC @ 760'	
Glorieta	5207		
Abo	7382		
Wolfcamp	8552		
		PLUG 8681-8810	
Penn			
Miss Lm	10825		
Devonian	11610		
		PLUG 11586-11715	
		TD 11715	

CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	13 3/8	305	350 sxs	17 1/2	0' CIRC
INT1	7 3/8	3889	1500 sxs	8 5/8	1400 calc
PROD					

WELLBORE SCHEMATIC AND HISTORY

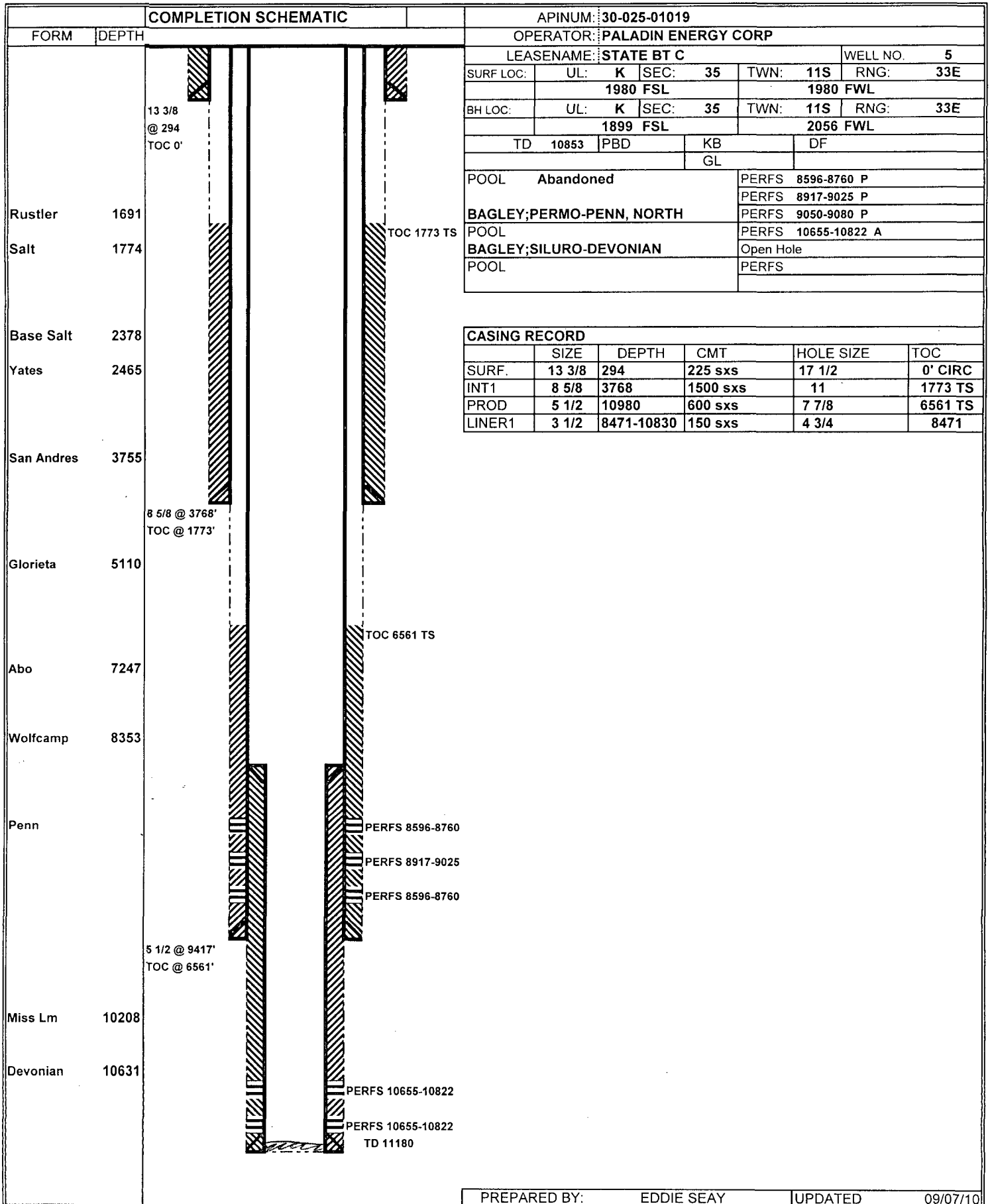


PREPARED BY: EDDIE SEAY

UPDATED

09/07/10

WELLBORE SCHEMATIC AND HISTORY



WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		APINUM: 30-025-01020					
FORM	DEPTH	OPERATOR: PALADIN ENERGY CORP					
		LEASENAME: STATE BT D				WELL NO. 2	
		SURF LOC:	UL: J	SEC: 35	TWN: 11S	RNG: 33E	
		1980 FSL				1980 FEL	
		BH LOC:	UL: J	SEC: 35	TWN: 11S	RNG: 33E	
		1980 FSL				1980 FEL	
		TD 10960	PBD	KB	DF		
		GL					
		POOL				PERFS	9029-9067
						PERFS	9298-9405
		BAGLEY;PERMO-PENN, NORTH					
		POOL				PERFS	10787-10867
		BAGLEY;SILURO-DEVONIAN				Open Hole	
		POOL				PERFS	
CASING RECORD							
	SIZE	DEPTH	CMT	HOLE SIZE	TOC		
SURF.	13 3/8	304	225 sxs	17 1/2	0' CIRC		
INT1	8 5/8	3840	1500 sxs	11	1970 TS		
PROD	5 1/2	10960	600 sxs	7 7/8	7340 TS		
Rustler	1730						
Salt	1800	TOC 1970 TS					
Base Salt	2485						
Yates	2470						
San Andres	3760	8 5/8 @ 3768' TOC @ 1773'					
Glorieta	5130						
Abo	7280	TOC 7340 TS					
Wolfcamp	8400						
Penn		SCAB LINER 8960-9475 PERFS 9029-9067 PERFS 9298-9405					
Miss Lm	10205						
Devonian	10669	PERFS 10671-10780 PERFS 10787-10867 PERFS 10920-10945					
		5 1/2 @ 9417' TOC @ 6561'					
		TD 11180					
PREPARED BY: EDDIE SEAY				UPDATED 09/07/10			



PHONE (575) 393-2328 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
EDDIE SEAY CONSULTING
ATTN: EDDIE SEAY
601 W. ILLINOIS
HOBBS, NM 88242
FAX TO: (575) 392-6949

Receiving Date: 04/01/08
Reporting Date: 04/03/08
Project Owner: PALADIN
Project Name: PALADIN, BAGLEY EAST CAPROCK
Project Location:

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

LAB NUMBER SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (uS/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:	04/02/08	04/02/08	04/02/08	04/02/08	04/01/08	04/01/08
H14546-1 BEC #1	36	69.2	12.9	1.82	602	188
Quality Control	NR	49.2	50.0	3.07	1,421	NR
True Value QC	NR	50.0	50.0	3.00	1,413	NR
% Recovery	NR	98.5	100	102	100	NR
Relative Percent Difference	NR	2.8	1.6	1.6	0.2	NR

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

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

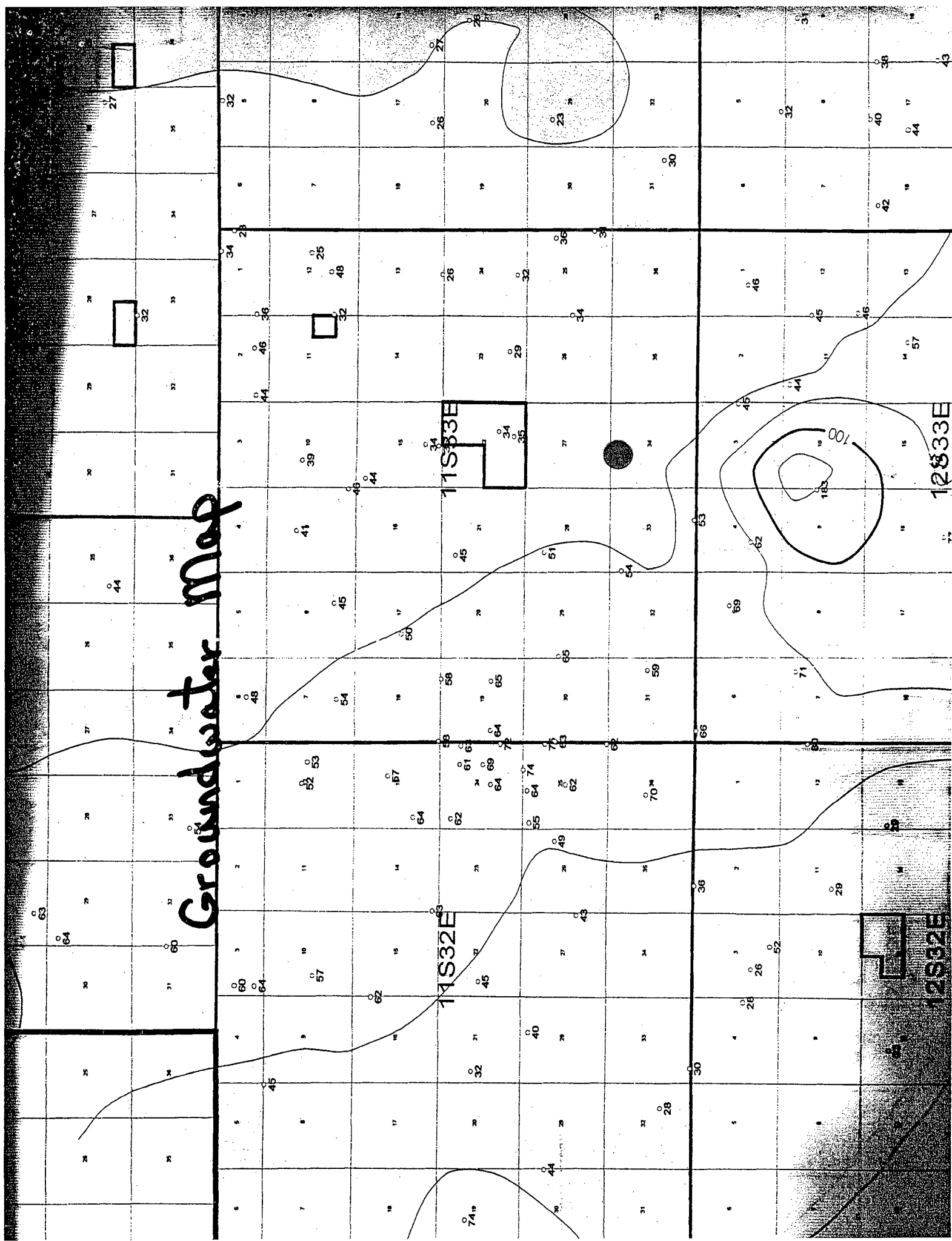
METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1
----------	-------------	-------	-------	-------	-------	-------

Chemist

Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. Cardinal shall be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.

Groundwater Map



led

All values in Parts per Million. - PPM.

[illegible]

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

CODE:

WF = Water Flood Water

PW = Produced Water (Primary)

R = Reef water.

POOL: Anderson Ranch - Wolfcamp

[illegible]

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

WF = Water Flood Water

PW = Produced Water (Primary)

R = Reef water.

Produced Waters

<u>POOL</u>	<u>CHLORIDES</u>
Dean Permo Pennsylvanian	44,730
Dean Devonian	19,525
Denton Wolfcamp	37,275
Denton Devonian	37,062
South Denton Wolfcamp	54,315
South Denton Devonian	34,080
Medicine Rock Devonian	39,760
Little Lucky Lake Devonian	23,288
Wantz Abo	132,770
Crosby Devonian	58,220
Scarborough Yates Seven Rivers	3,443 (Reef)
Teague Simpson	114,665
Teague Ellenburger	120,345
Rhodes Yates Seven Rivers	144,485
House San Andres	93,365
House Drinkard	49,700
South Leonard Queen	115,375
Elliott Abo	55,380
Scharb Bone Springs	30,601
EK Queen	41,890
East EK Queen	179,630
Maljamar Grayburg San Andres	46,079
Maljamar Paddock	115,375
Maljamar Devonian	25,418
Salt Lake Yates	6,781 (Reef)
Teas Yates Seven Rivers	22,152 (Reef?)

LEASE OWNERS AND OFFSETS

LANDOWNER

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

OFFSET OPERATORS

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

MINERAL INTEREST

Chesapeake Operating Inc.
Box 18496
Oklahoma City, OK 73154

Apache Corporation
2000 Post Oak Blvd., Ste. 100
Houston, TX 77056

EOG Resources Inc.
P.O. Box 2267
Midland, TX 79702

Three Rivers Operating Co., LLC
1122 S. Capital of Texas Hwy., Ste. 325
Austin, TX 78746

PALADIN ENERGY CORP.

September 14, 2010

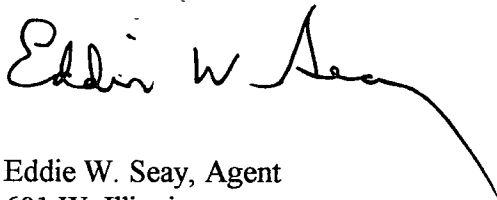
RE: State BTC #6
Unit F, Sect. 35, T. 11 S., R. 33 E.
API #30-025-37091

Dear Sir:

In accordance with the Rules and Regulations of the Oil Conservation Division of the State of New Mexico, you are being provided a copy of the C-108, Application for Authorization to Inject in to the above captioned well.

Any questions about the permit can be directed to Eddie W. Seay, (575)392-2236. Any objections or request for hearing must be filed with the Oil Conservation Division within fifteen (15) days from the date received. The OCD address is 1220 S. Saint Francis Drive, Santa Fe, NM 87504, (505)476-3440.

Thank you,

A handwritten signature in 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, Agent
601 W. Illinois
Hobbs, NM 88242
(575)392-2236
seay04@leaco.net

7008 1140 0001 3075 9668

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

SENT TO: AUSTIN TX 78746

Postage	\$ 1.56	0640
Certified Fee	\$2.80	01
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	SEP 16 2010
Total Postage & Fees	\$ 6.66	09/16/2010

USPS

Sent To: Three Rivers Operating Co., LLC
 Street, Apt. No., or P.O. Box No.: 226
 City, State, ZIP+4: Capital of Texas Hwy., Ste. 325 Austin, TX 78746

PS Form 3800, August 2006 See Reverse for Instructions

7008 1140 0001 3075 9750

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

SENT TO: SANTA FE NM 87504

Postage	\$ 1.56	0640
Certified Fee	\$2.80	01
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	SEP 16 2010
Total Postage & Fees	\$ 6.66	09/16/2010

USPS

Sent To: NM State Land Office
 Street, Apt. No., or P.O. Box No.: 310 Old Santa Fe Trail Box 1148
 City, State, ZIP+4: Santa Fe, NM 87504-1148

PS Form 3800, August 2006 See Reverse for Instructions

7008 1140 0001 3075 9743

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

SENT TO: OKLAHOMA CITY OK 73154

Postage	\$ 1.56	0640
Certified Fee	\$2.80	01
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	SEP 16 2010
Total Postage & Fees	\$ 6.66	09/16/2010

USPS

Sent To: Chesapeake Operating Inc.
 Street, Apt. No., or P.O. Box No.: Box 18496
 City, State, ZIP+4: Oklahoma City, OK 73154

PS Form 3800, August 2006 See Reverse for Instructions

7008 1140 0001 3075 9736

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

SENT TO: HOUSTON TX 77056

Postage	\$ 1.56	0640
Certified Fee	\$2.80	01
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	SEP 16 2010
Total Postage & Fees	\$ 6.66	09/16/2010

USPS

Sent To: Apache Corporation
 Street, Apt. No., or P.O. Box No.: 2000 Post Oak Blvd., Ste. 100
 City, State, ZIP+4: Houston, TX 77056

PS Form 3800, August 2006 See Reverse for Instructions

7008 1140 0001 3075 9729

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

SENT TO: MIDLAND TX 79702

Postage	\$ 1.56	0640
Certified Fee	\$2.80	01
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	SEP 16 2010
Total Postage & Fees	\$ 6.66	09/16/2010

USPS

Sent To: EOG Resources Inc.
 Street, Apt. No., or P.O. Box No.: P.O. Box 2267
 City, State, ZIP+4: Midland, TX 79702

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 State BTC #6, API 30-025-37091, located in Unit F, Section 35, Township 11 South, Range 33 East, Lea Co., NM. The injection formation is the Devonian from 10758' to 11500' below surface. Expected maximum injection rate is 8000 bpd., and the expected maximum injection pressure is 1200 psi or what the OCD allows. Any questions about the application can be directed to Eddie W. Seay, (575)392-2236, or any objection or request for hearing must be directed to the Oil Conservation Division, (505)476-3440, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within fifteen (15) days.

Affidavit of Publication

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

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of **THE LOVINGTON LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of **THE LOVINGTON LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of September 9, 2010 and ending with the issue of September 9, 2010.

And that the cost of publishing said notice is the sum of \$ 26.93 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 9th day of September 2010

Gina Fort

Gina Fort

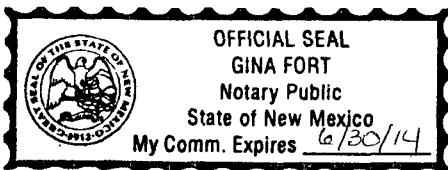
Notary Public, Lea County, New Mexico

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 State BTC #6, API 30-025-37091, located in Unit F, Section 35, Township 11 South, Range 33 East, Lea Co., NM. The injection formation is the Devonian from 10758' to 11500' below surface. Expected maximum injection rate is 8000 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 September 9, 2010.



Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, November 01, 2010 11:45 AM
To: 'Rena Seay'
Cc: Ezeanyim, Richard, EMNRD; Phillips, Dorothy, EMNRD; Sanchez, Daniel J., EMNRD; Hill, Larry, EMNRD
Subject: Disposal application from Paladin Energy Corp.: State BT C Well No. 6 30-025-37091 Devonian open hole 11080 to 11500

Hello Eddie:

Please ask Paladin to

- a. Send in the one single well bond shown below and
- b. Send in to the Hobbs office the drilling/casing-cementing reports (surface, intermediate, and long string) for this well. Our well file does not have this info.

Shows bond required – send to Dorothy Phillips of this office:

<http://www.emnrd.state.nm.us/OCD/OCDPermitting/Report/Stats/InactiveWellFinancialAssuranceReport.aspx?Operator=164070>

Thank You,

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: Rena Seay [seay04@leaco.net]
Sent: Monday, December 06, 2010 10:01 AM
To: Jones, William V., EMNRD
Subject: State BEC #6 (API 30-025-37091)

December 6, 2010

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

RE: Paladin Operating
C-108 Application
State BEC #6 (API 30-025-37091)

Mr. Jones:

Paladin has complied with your request of 11/1. The bond is in place and copies of all documents were sent to OCD, Hobbs District.

The State Land Office has contacted us also, because it is a state lease. We were told by them that they had a copy of Paladin's permit. The State Land Office may have made a mistake because Paladin does not have any approval.

At your earliest convenience, would you please let me know the status of the application so we can continue with State Land Office request.

Thanks,

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

Injection Permit Checklist (08/27/2010)

WFX

PMX

(SWD 1253)

Permit Date

11/4/10

UIC Qtr

(O/N/D)

Wells

Well Name(s):

STOLE ~~BT C~~ BT C #6

API Num: 30-0 25-37091

Spud Date: 3/18/05

New/Old: N

(UIC primacy March 7, 1982)

Footages

1980 FNL/1980 FNL

Unit

F

Sec

35

Tsp

11S

Rge

33E

County

Lea

General Location

2060 FNL/1972 FNL

Operator:

Paladin Energy Corp.

Contact

DAVID PLAISANCE

OGRID:

164070

RULE 5.9 Compliance (Wells)

2/55

(Finan Assur)

NO

IS 5.9 OK?

YES

Well File Reviewed

✓

Current Status:

inactive DEV well

Planned Work to Well:

502 / Design & inject.

Diagrams: Before Conversion

After Conversion

Elogs in Imaging File:

✓

Well Details:

	Sizes	Setting	Stage	Cement	Determination
	Hole.....Pipe	Depths	Tool	Sx or Cf	Method
New ___ Existing ✓ Surface	17 1/2 13 3/8	388	—	385	C/LC
New ___ Existing ✓ Inter	11 8 5/8	3890	—	1190	calc @ 0
New ___ Existing ✓ LongSt	7 7/8 5 1/2	11080		760	7131 calc
New ___ Existing ___ Liner					
New ✓ Existing ___ OpenHole		11080 - 11500			

Depths/Formations:

	Depths, Ft.	Formation	Tops?
Formation(s) Above	10758	DEV	✓
Injection TOP:	11080	Dev.	Max. PSI 2216 OpenHole ✓ Perfs
Injection BOTTOM:	11500	Dev.	Tubing Size 3 1/2 Packer Depth 11,000'
Formation(s) Below	12100	SILURIAN	

(Bagby, SILUR-DEV Pool)

Capitan Reef?

(Potash? Noticed?)

[WIPP? Noticed?]

Salado Top/Bottom

(1600' - 2300')

Fresh Water:

Depths 50-160

Formation

OGALLALA

Wells?

✓

Analysis?

✓

Affirmative Statement

✓

Disposal Fluid Analysis?

Sources:

Paladin own operation McKee/Dartmouth/FC

Disposal Interval: Analysis?

✓

Production Potential/Testing:

Below O/W Contact

Notice:

Newspaper Date

9/9/10

Surface Owner

SLD

Mineral Owner(s)

RULE 26.7(A) Affected Persons:

Chandler/Apache/EOG/3 RVS

AOR: Maps?

✓

Well List?

✓

Producing in Interval?

NO

Wellbore Diagrams?

✓

.....Active Wells

4

Repairs?

0

Which Wells?

—

.....P&A Wells

2

Repairs?

0

Which Wells?

—

Questions:

Send complete Reports in ... Done

Request Sent

Reply: