

Office

Energy, Minerals and Natural Resources

October 13, 2009

District I

1625 N. French Dr., Hobbs, NM 88249

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCD

SEP 21 2012

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

WELL API NO.

30-025-40669 ✓

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

B0-9950-0011

7. Lease Name or Unit Agreement Name

State BTA ✓

8. Well Number 4

9. OGRID Number

164070 ✓

10. Pool name or Wildcat

Bagley, Siluro Devonian

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

PALADIN ENERGY CORP.

3. Address of Operator

10290 Monroe Drive, Suite 301, Dallas, Texas 75229

4. Well Location

Unit Letter G : 2230 feet from the North line and 1980 feet from the East line

Section 2 Township 12S Range 33E NMPM Lea County

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

4236 GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
 DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

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

OTHER: ☐OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

08/25/12

RU casing crew and ran 98 jts 9 5/8", 36# & 40 # J-55 casing. Set casing at 3938'

Cementing: Pumped 20 bbls fresh water spacer followed by 1185 sks/401 bbls of 12.8 lead/1.90 yield 10.16 gal per sk. Followed by 200 sks/47.3 bbls of 14.8 tail/1.33 yield/6.31 gal per sk. Displace plug w/299.6 bbls of fresh water, bump plug to 1650 psi - hold pressure for 5 min. Release pressure bled 1.5bbls - floats held-. RD Rising Star Cementing. Circ 40 bbls/118sks to surface.

Drill ahead.

Spud Date:

08/19/12

Rig Release Date:

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

SIGNATURE Ann Westberry TITLE Manager, Corporate Support DATE 09-18-12Type or print name Ann Westberry E-mail address: awestberry@paladinenergy.com PHONE: 214-654-0132 X4**For State Use Only**APPROVED BY: [Signature] TITLE Petroleum Engineer DATE SEP 24 2012

Conditions of Approval (if any):

SEP 24 2012