

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 87505

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 122912
		3 API Number 30-025-00108
4 Property Code 15218	5 Property Name New Mexico BH State NCT 1	6 Well No. 3

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
E	11	12-S	32-E		1980	North	663	West	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 Caprock, East Pennsylvanian					10 Proposed Pool 2 Caprock, East Wolfcamp				

11 Work Type Code P	12 Well Type Code O	13 Cable/Rotary Rotary	14 Lease Type Code S	15 Ground Level Elevation 4381'
16 Multiple No	17 Proposed depth 10,100'	18 Formation Pennsylvanian	19 Contractor	20 Spud Date 10/5/2005

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks Cement	Estimated TOC
*see original completion report					

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.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

1. MIRU and POOH with tubing.
2. Perforate additional Pennsylvanian formation from 9,910-70, 9,830-60', 9,770-90', acidize with 6000 Gal. 15% HCL.
3. Test Penn perforations (or co-mingle with existing Penn perforations). If economical production established run well setting, Rod pumping unit and resume production.
4. If production not economical, perforated, acidize and test additional porous Penn intervals as per neutron log between 9,100 - 9,700'. Co-mingle all intervals if necessary to establish economical production.
5. If Pennsylvanian zones fail to produce economical rates, set CIBP at 9,000' (+,-) and perforate Wolfcamp porosity identified on the log at 8,775-8900', acidize with 6000 Gal. 15% HCL.

Steel Pit Per DP

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: *David Plaisance*

Printed name: David Plaisance

Title: VP Exploration & Production

Date: 9/28/2005 Phone: 214-654-0132

OIL CONSERVATION DIVISION

Approved by: *[Signature]*

Title: PETROLEUM ENGINEER

Approval Date:

Expiration Date:

Conditions of Approval: 2005
Attached ☐

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-00108		² Pool Code 09120	³ Pool Name Caprock, Upper Penn East
⁴ Property Code 122912	⁵ Property Name New Mexico BH State NCT 1		⁶ Well Number 3
⁷ OGRID No. 164070	⁸ Operator Name Paladin Energy Corp.		⁹ Elevation 4381'

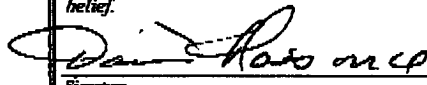
¹⁰ Surface Location

UL or lot no. E	Section 11	Township 12	Range 32E	Lot Idn	Feet from the 1980	North/South line North	Feet from the 663	East/West line West	County Lea
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¹¹ 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
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

			Sec 11, T12S, 32E	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p></p> <p>Signature</p> <p>David Plasiance Printed Name</p> <p>YT Exploration & Production Title</p> <p>9/28/2005 Date</p>
	State BH #3 1980 FNL, 663 FWL Caprock, E. Penn			
				<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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 name is true and correct to the best of my belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

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⁴ Property Code 122912		⁵ Property Name New Mexico BH State NCT 1			⁶ Well Number 3
⁷ OGRID No. 164070		⁸ Operator Name Paladin Energy Corp.			⁹ Elevation 4381'

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<p>State BH #3 1980 FNL, 663 FWL Caprock, E. Penn</p> <p>•</p>					
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