

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 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

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

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

WELL API NO. 30-025-05092

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.)		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		6. State Oil & Gas Lease No.
2. Name of Operator Paladin Energy Corp.		7. Lease Name or Unit Agreement Name J.L. Reed
3. Address of Operator 10290 Monroe Dr., Suite 301, Dallas, Texas 75229		8. Well Number 2
4. Well Location Unit Letter <u>A</u> : <u>660</u> feet from the <u>North</u> line and <u>660</u> feet from the <u>East</u> line Section <u>35</u> Township <u>13S</u> Range <u>37E</u> NMPM <u>Lea</u> County		9. OGRID Number 16407D
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3847' GR		10. Pool name or Wildcat King Devonian
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type <u>Steel Tank</u> Depth to Groundwater <u>60</u> Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>
OTHER: <u>Add Perforations</u> <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

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.

- a. MI/RU pulling unit. Pull the present rod pump setting and surface pump; pull out of the hole with 2-7/8" scab liner that covers existing Wolfcamp perforations from 9,248-9,855'..
- b. RU Electric line and add perforations in the King Devonian formation from 11,952-12,006', isolate and acidize in two stages all existing and new perforations with approximately 10,000 gallons of 15% HCL.
- c. Re-run scab liner across the Wolfcamp perforations.
- d. Size and install a new electrical submersible pump set at a depth above scab liner for a total fluid production of between 2000 to 3000 barrels per day.

Estimated start date: 5/30/2006

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE [Signature] TITLE VP Exploration & Production DATE 5/16/2006

Type or print name For State Use Only E-mail address: _____ Telephone No. _____

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAY 23 2006
 Conditions of Approval (if any): _____