

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

5. Indicate Type of Lease
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
J.L. Reed

8. Well Number 2

9. OGRID Number 16407D

10. Pool name or Wildcat
King 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 Dr., Suite 301, Dallas, Texas 75229

4. Well Location
Unit Letter A : 660 feet from the North line and 660 feet from the East line
Section 35 Township 13S Range 37E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3847' GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type Steel Tank Depth to Groundwater 60 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 ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Add Perforations ☒

SUBSEQUENT REPORT OF:

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

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.

- 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'..
- 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.
- Re-run scab liner across the Wolfcamp perforations.
- 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):