DISTRICT I
1625 N.Frnech Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Atesia, NM 88210
DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

Form C-101
May 27,2004

Submit to Appropriate District Office

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

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address	2 OGRID Number
PALADIN ENERGY CORP. 10290 Monroe Drive, Suite 301 Dallas, Texas 75229	164070
	3 API Number 30-025-03136

4 Property Code	5 Property Name	6 Well No.
22876 ~~22557~~	Reeves 26	3 SWD

9 Proposed Pool 1	10 Proposed Pool 2
Reeves Wolfcamp South	

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
N	26	18-S	35-E		660	South	1980	East	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

Additional Well Information

11 Work Type Code	12 Well Type Code	13 Cable/Rotary	14 Lease Type Code	15 Ground Level Elevation
E	SWD	Rotary	P	3860'
16 Multiple	**17 Proposed depth**	**18 Formation**	**19 Contractor**	**20 Spud Date**
No	12,004'	Devonian		8/15/2006

Depth to Groundwater: | Distance from nearest fresh water well: 1/2 mile | Distance from nearest surface water: more than 1 mile

Pit: Liner: Synthetic ☐ 12 mils thick Clay ☐ Pit Volume: | Drilling Mehtod: Fresh Water ☐ Brine ☒ Disel/Oil-Based ☐ Gas/Air ☐

Closed-Loop System ☒

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks Cement	Estimated TOC
17-1/2	11-3/4	42#	453'	450	Sur
12-1/4	8-5/8	32#, 24#	3,801'	450	
7-7/8	5-1/2	17# & 20#	10,170'	115	8100'
7-7/8	3-1/2	9.3#	12,004'	350	10,100'

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.

MIRU, excavate and tie back to surface the 11-3/4" and 8-5/8" casing strings. Install BOP's & re-enter Reeves 26 #3 well (P&A'd 8-1-60). Drill out cement plugs through 8-5/8" casing down to EOC @ 3801'. Clean & circulate casing, test casing to 500 psi. Enter open hole and clean out cement plugs to top of 5-1/2" production casing at 8,740'. Wash over 5-1/2" and tie back to surface. Test tie-back connection to 500 psi. Clean out 5-1/2" casing to plug back PBTD at 10,170'. Re-enter and clean out original open to TD at 12,004'. Set 3-1/2" Linerfrom 10,100' - 12,004'. Log & Evaluate potentially productive intervals in Mississippian through Bone Springs formations. Convert to Salt Water Disposal Well in accordance with "Administrative Order SWD-1036". Re-perforate Wolfcamp from 9,896-10,056' . Perforate Devonian from 11,860-11,960'. Install 3-1/2" plastic coated tubing and set packer at 9,796'.

Permit Expires 1 Year From Approval Date Unless ~~Drilling Underway~~ Re-Entry

~~*Will use steel tanks. No pits.~~

47 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the inofrmation given above is true and complete to the best of my knowledge and belief. **I further certify that the drill pit will be constructed according NMOCD guideline X , a general permit ___ , Or an (attached)alternative OCD-apporved plan ___ '**

Printed name: David Plaisance

Title: V.P. Exploration & Production

E-mail Address: dplaisance@paladinenergy.com

Date: 7/21/2006 Phone: 214-654-0132

OIL CONSERVATION DIVISION

Approved by:

Title: PETROLEUM ENGINEER

Approval Date: AUG 0 4 2006 Expiration Date:

Conditions of Approval: Attached ☐

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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	[2] Pool Code	[3] Pool Name
30-025-03136	~~62360~~ 97467	Reeves ~~Vacuum~~; Wolfcamp, South

[4] Property Code	[5] Property Name	[6] Well Number
22876	Reeves 26	3 SWD

[7] OGRID No.	[8] Operator Name	[9] Elevation
164070	Paladin Energy Corp.	3860'

[10] Surface Location

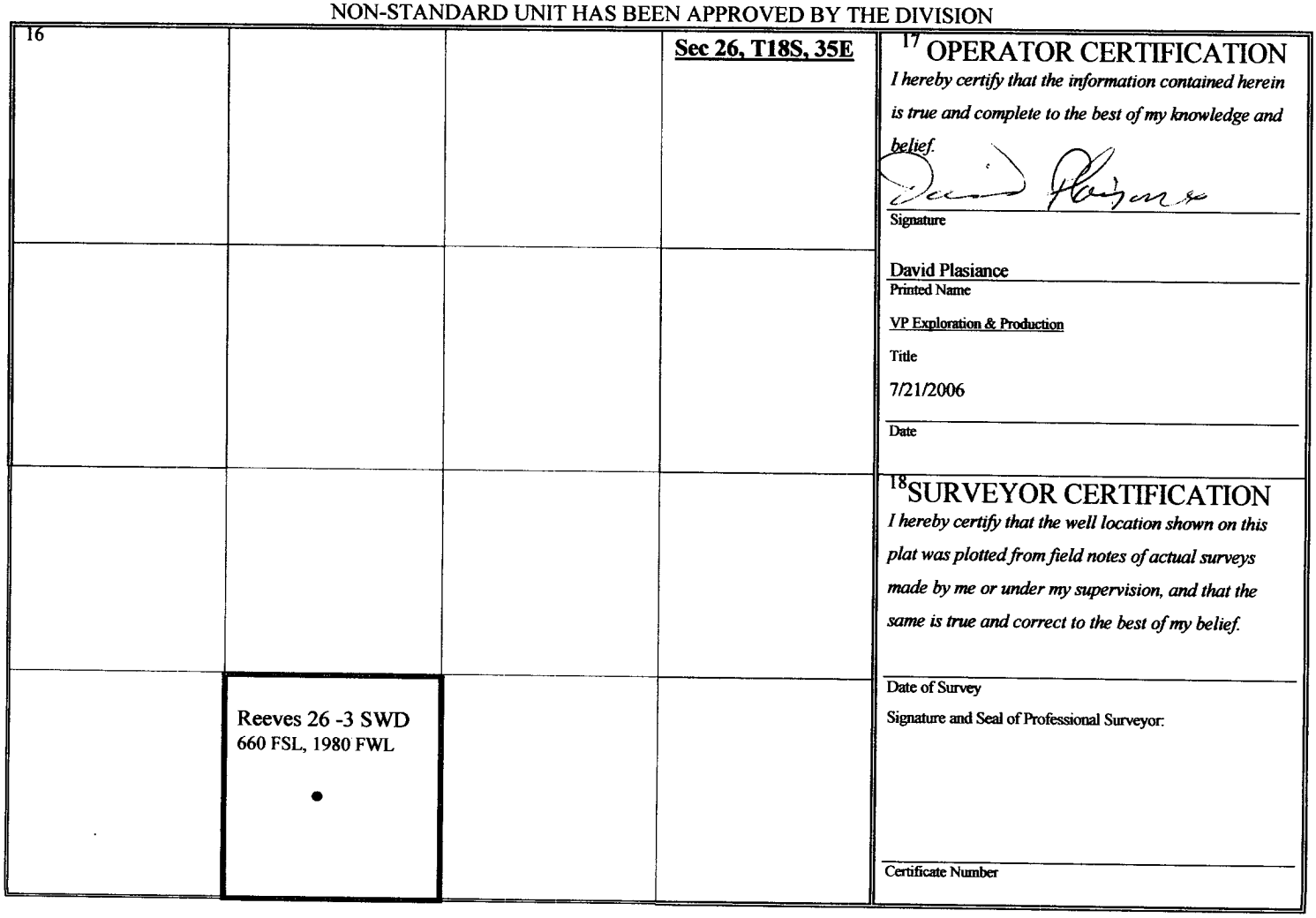
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
~~N~~ B	26	18-S	35-E		660	South	1980	East	Lea

[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	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			

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



[17] OPERATOR CERTIFICATION

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

Signature

David Plasiance
Printed Name

VP Exploration & Production
Title

7/21/2006
Date

[18] SURVEYOR CERTIFICATION

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 same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number