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District I

1625 N French Dr., Hobbs, NM 88240

District II

1301 W Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

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

State of New Mexico

FEB 25 2010 Energy Minerals and Natural Resources

Form C-101

June 16, 2008

HOBBSOC

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

Operator Name and Address PALADIN ENERGY CORP. 10290 Monroe Dr, Ste 301, Dallas, TX 75229		OGRID Number 164070
Property Code 24985		API Number 30 - 025 - 39698
Property Name STATE EC C		Well No 3
Proposed Pool 1 CAPROCK:DEVONIAN, EAST (8930)		Proposed Pool 2

Surface Location

UL or lot no G	Section 11	Township 12S	Range 32E	Lot Idn	Feet from the 1680	North/South line North	Feet from the 1680	East/West line East	County Lea
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Proposed 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
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Additional Well Information

Work Type Code N	Well Type Code O	Cable/Rotary Rotary	Lease Type Code P	Ground Level Elevation 4346
Multiple No	Proposed Depth 12600	Formation Devonian	Contractor	Spud Date

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5	13.375	48 #	350	400	0
12.25	8.625	32 #	3600	1200	0
7.875	5.5	17 & 20 #	11300	1100 2 stages	7000' & 3600

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.

Drill 17.5" hole to 350' and set 13.375" surface casing, cement to surface. Drill out with 12.25 bit to 3600' (+/-) and set 8.625 intermediate casing, cement to surface. Drill 7.875" hole to 11300' (+/-), set 5.5" casing, cement with two stages to bring tops to approximately 7000' and from 7000' to 3600'.

Perforate Devonian formation, perform acid treatment job w/ approximately 5000 gallons acid & additives. Test well on submersible pump. Install surface facilities and flowlines.

BOP - 11" Hydraulic Dual Ram (10M), Blind & Pipe

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief

Signature

Printed name

David Plaisance

Title

VP Exploration + Production

E-mail Address

dplaisance@paladinenergy.com

Date

2/24/10

Phone

214-654-0132

OIL CONSERVATION DIVISION

Approved by

Title

PETROLEUM ENGINEER

Approval Date

FEB 26 2010

Expiration Date

Conditions of Approval Attached ☐

Permit Expires 2 Years From Approval Date Unless Drilling Underway

RECEIVED

FEB 25 2010

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

HOBBS

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-39698	Pool Code 8930	Pool Name Caprock-Dev. East
Property Code 24985	Property Name STATE ECC	Well Number 3
OGRID No. 164070	Operator Name PALADIN ENERGY CORPORATION	Elevation 4346'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	11	12-S	32-E		1680	NORTH	1680	EAST	LEA

Bottom Hole Location If Different From Surface

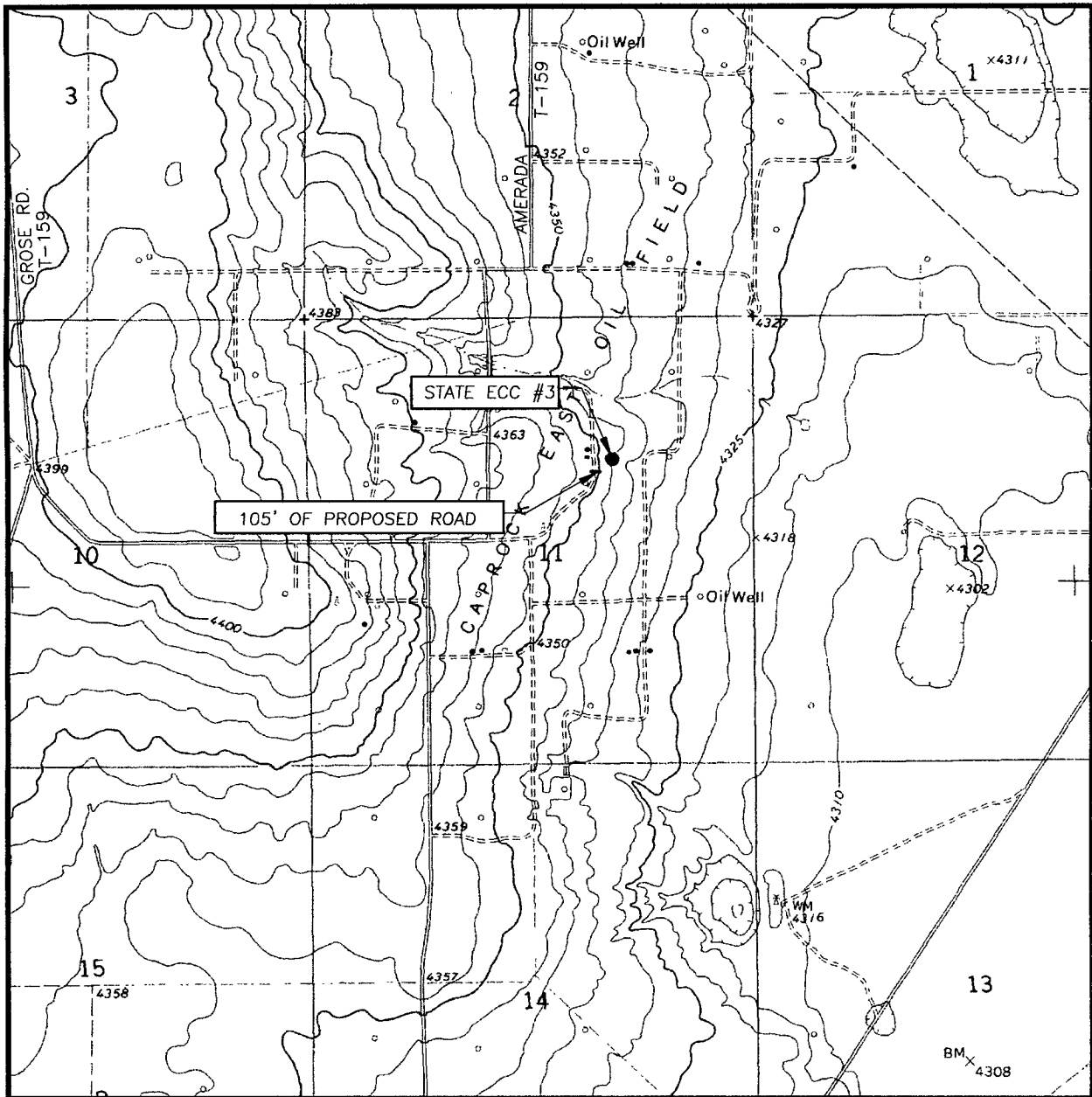
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 1.40	Joint or Infill	Consolidation Code	Order No.
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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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=835734.3 N X=698189.1 E</p> <p>LAT.=33.295763° N LONG.=103.684722° W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>David Plascance</i> 2/17 Signature Date</p> <p><i>David Plascance</i> Printed Name</p>
		<p>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 same is true and correct to the best of my belief.</p> <p><i>GARY G. EIDSON</i> Date Surveyed: FEBRUARY 16, 2010 Signature and Seal of Professional Surveyor 12641</p> <p><i>Gary G. Eidson</i> 2/16/10 10.11.0188</p>
		<p>Certificate No. GARY EIDSON 12641</p>

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
SOLDIER HILL, N.M. - 5'

SEC. 11 TWP. 12-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

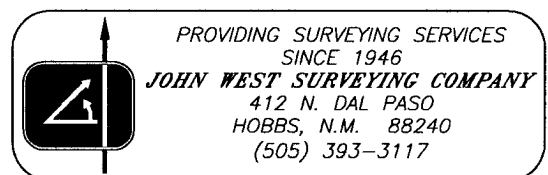
DESCRIPTION 1680' FNL & 1680' FEL

ELEVATION 4346'

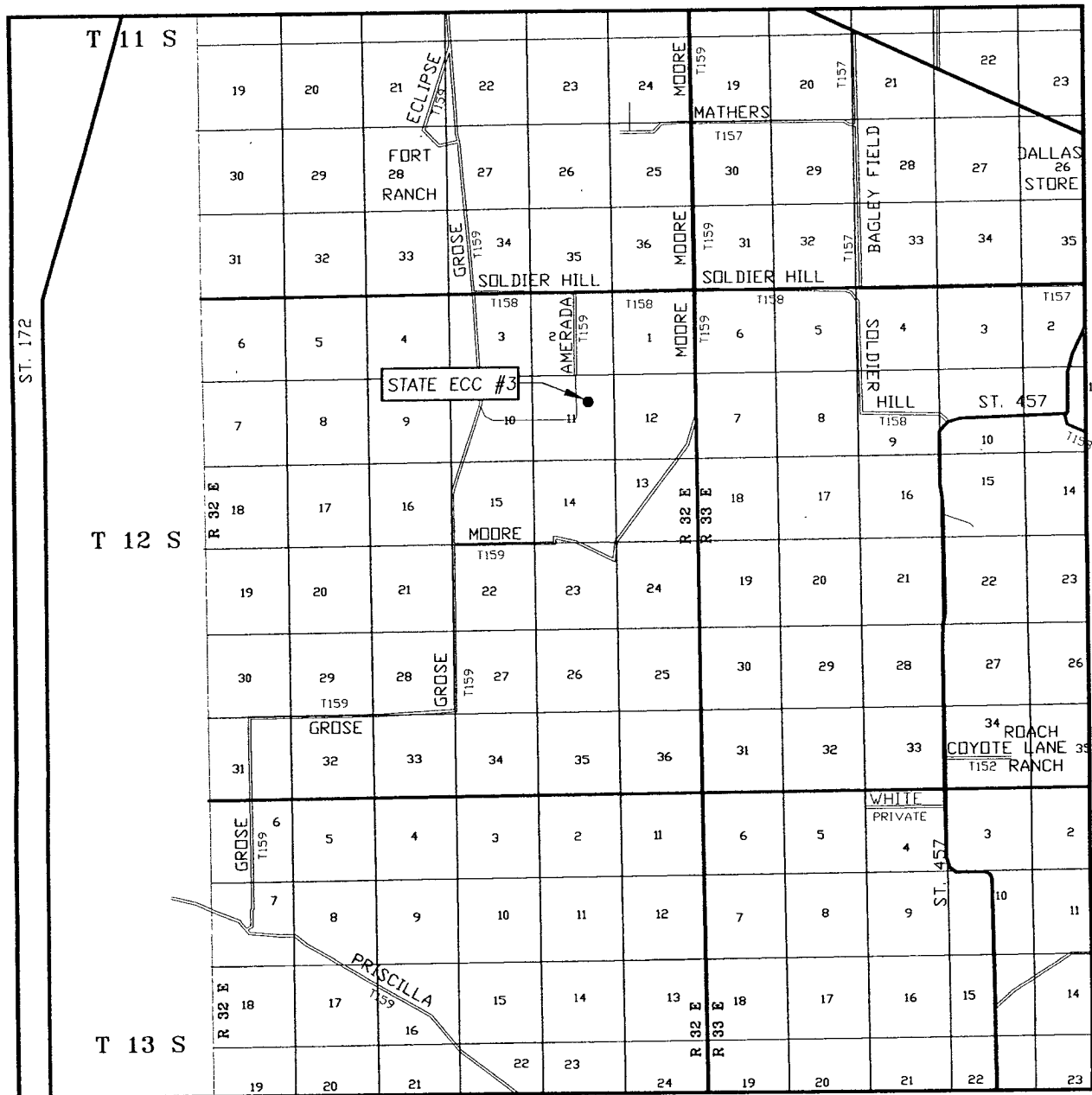
OPERATOR PALADIN ENERGY CORPORATION

LEASE STATE ECC

U.S.G.S. TOPOGRAPHIC MAP
SOLDIER HILL, N.M.



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 11 TWP. 12-S RGE. 32-E

SURVEY N.M.P.M.

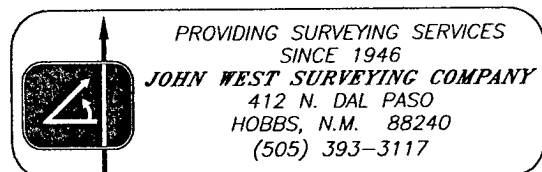
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1680' FNL & 1680' FEL

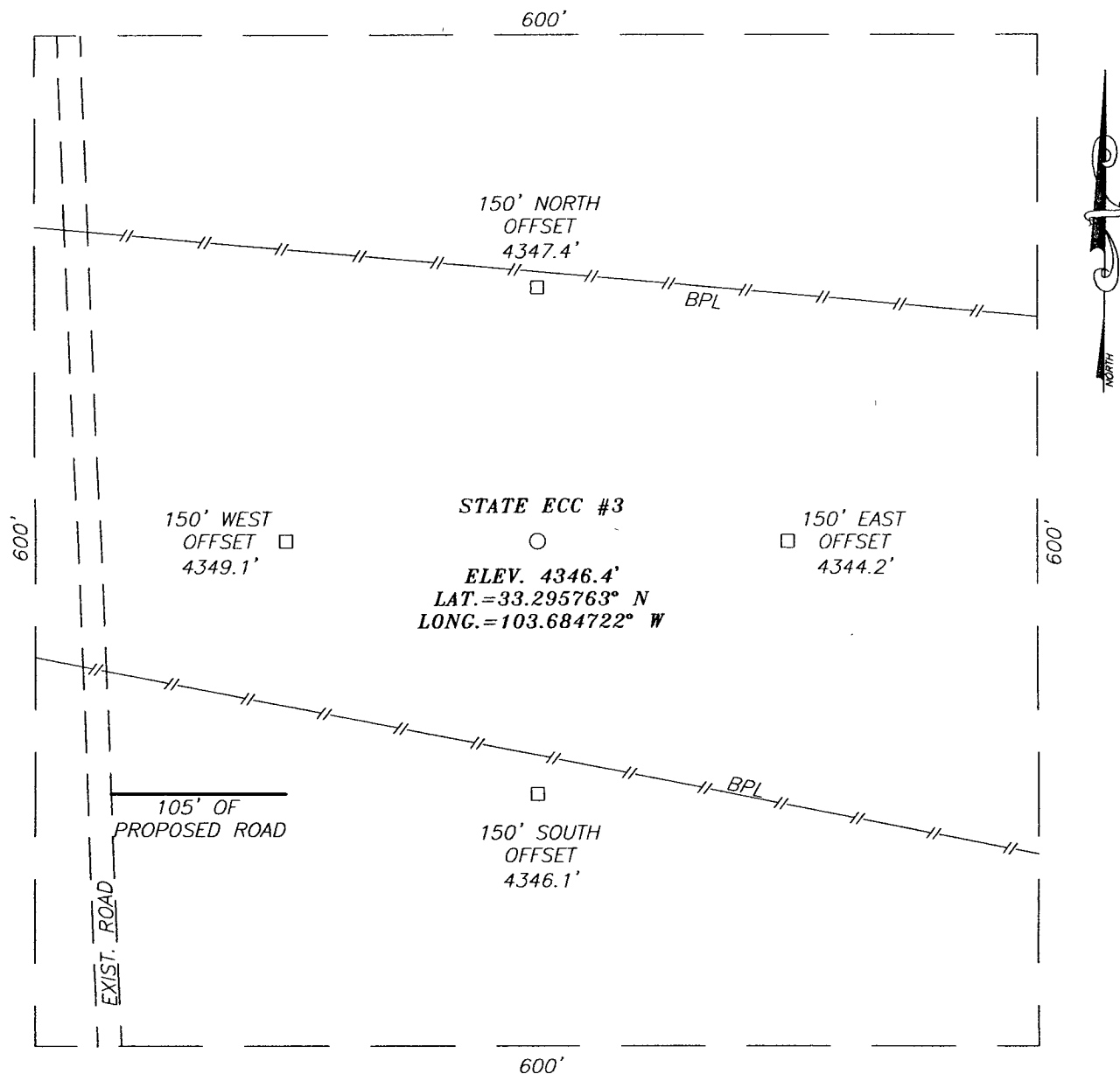
ELEVATION 4346'

OPERATOR PALADIN ENERGY CORPORATION

LEASE STATE ECC

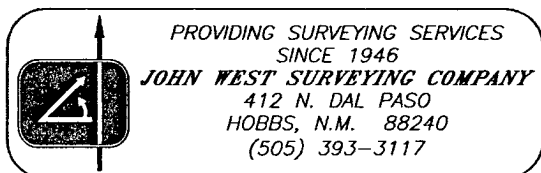
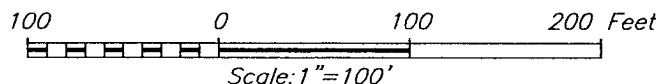


SECTION 11, TOWNSHIP 12 SOUTH, RANGE 32 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF SOLDIER HILL RD.
 (T-158) AND AMERADA (T-159) GO SOUTH
 APPROX. 0.9 MILES. TURN RIGHT AND GO WEST
 APPROX. 0.1 MILE. TURN LEFT AND GO SOUTH
 APPROX. 0.3 MILES. TURN LEFT AND GO EAST
 APPROX. 0.2 MILES. TURN RIGHT AND GO SOUTH
 APPROX. 0.2 MILES. THIS LOCATION IS APPROX.
 250 FEET EAST OF ROAD.



PALADIN ENERGY CORPORATION

STATE ECC #3 WELL
 LOCATED 1680 FEET FROM THE NORTH LINE
 AND 1680 FEET FROM THE EAST LINE OF SECTION 11,
 TOWNSHIP 12 SOUTH, RANGE 32 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

Survey Date: 2/6/10	Sheet 1 of 1 Sheets
W.O. Number: 10.11.0188	Dr By: LA
Date: 2/8/10	10110188
	Scale: 1"=100'