

DISTRICT I
1625 N Fruech Dr , Hobbs, NM 88240

DISTRICT II
1301 W Grand Avenue, Atesia, NM 88240

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

RECEIVED

AUG 02 2010

HOBBSOCD

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 PALADIN ENERGY CORP. 10290 Monroe Drive, Suite 301 Dallas, Texas 75229 | | 2 OGRID Number 164070 |
| 4 Property Code 35080 22557 | | 3 API Number 30-025-37299 |
| 5 Property Name South Vacuum Unit | | 6 Well No. 275 |
| 9 Proposed Pool 1 Vacuum Devonian, South | 62010 | 10 Proposed Pool 2 |

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 |
| H | 27 | 18-S | 35-E | | 1700 | North | 760 | 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 |
| G | 27 | 18-S | 35-E | | 1371 | North | 1916 | East | Lea |

Additional Well Information

| | | | | |
|--|--|---|--|--|
| 11 Work Type Code Horizontal | 12 Well Type Code G | 13 Cable/Rotary Rotary | 14 Lease Type Code S | 15 Ground Level Elevation 3887' |
| 16 Multiple | 17 Proposed depth 12,450' | 18 Formation Dveonian | 19 Contractor | 20 Spud Date |
| Depth to Groundwater: approx 68' | | Distance from nearest fresh water well 1/2 mile plus | | Distance from nearest surface water: Playa - 1100 feet |
| Pit: Liner: Synthetic <input type="checkbox"/> | Clay <input checked="" type="checkbox"/> | Pit Volume: <input type="checkbox"/> | Drilling Mehtod | Fresh Water <input type="checkbox"/> |
| Closed-Loop System <input type="checkbox"/> | | | Disel/Oil-Based <input type="checkbox"/> | Gas/Air <input type="checkbox"/> |

21 Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|--------------|---------------|
| 17-1/2 | 13-3/8 | 48# | 418' | 535 | Sur |
| 12-1/4 | 9-5/8 | 40# | 3,887' | 1040 | Sur |
| 8-3/4" | 7 | 26# & 29# | 12,734' | 635 | 7,110' |
| 6-1/4" | 5 | 18# | 14,187' | 250 | 12,367' |

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

*see attached Completion Procedure.

Permit Expires 2 Years From Approval
Date Unless Drilling Underway

Horizontal

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-approved plan

Printed name David Plaisance

Title: V.P. Exploration & Production

E-mail Address:

Date 7/20/2010

Phone: 214-654-0132

OIL CONSERVATION DIVISION

Approved by:

Title: PETROLEUM ENGINEER

Approval Date: OCT 26 2010

Expiration Date:

Conditions of Approval:

Attached ☐

South Vacuum 27 #5
Re-complete in Devonian Formation
Sec 27, T18S, R35E
Lea County, New Mexico

Completion Procedure

1. Rig up pulling unit, POOH with tubing and packer. GBIH with 5" CIBP and set at 13,720' (isolate Mckee Sd. perms from 13,804-860'). Dump bail 35' of class H cement on top of bridge plug.
2. GBIH with 5" CIBP and set at 12,435' inside 5" casing (top of 5" liner at 12,367'). Dump bail 35' of class H cement on top of bridge plug. POOH.
3. R/U e-line and perforate 7" casing for production in Devonian formation from 11,716-26', 11,764-74' and 11,790-840', 2SPF. R/D e-line, GIH with 2-7/8" workstring and packer.
4. Acidize Devonian perforations with 5000 gallons of 15% NEFE acid. Swab back acid. POOH with workstring and packer. GIH with electrical submersible pump assembly and set according to design.
5. Place and connect additional tanks and vessels on location, install electrical panel.
6. Place well on production.

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

RECEIVED

AUG 02 2010
HOBBSOCD

State of New Mexico
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 30-025-27299 | ² Pool Code 62010 | ³ Pool Name Vacuum Devonian, South |
| ⁴ Property Code 22557 | ⁵ Property Name South Vacuum Unit | ⁶ Well Number 275 |
| ⁷ OGRID No. 164070 | ⁸ Operator Name Paladin Energy Corp. | ⁹ Elevation 3907' |

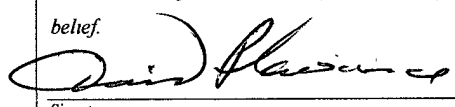
¹⁰ Surface Location

| | | | | | | | | | |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|
| UL or lot no. H | Section 27 | Township 18-S | Range 35-E | Lot Idn | Feet from the 1700 | North/South line North | Feet from the 760 | East/West line East | County Lea |
|---------------------------|----------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|

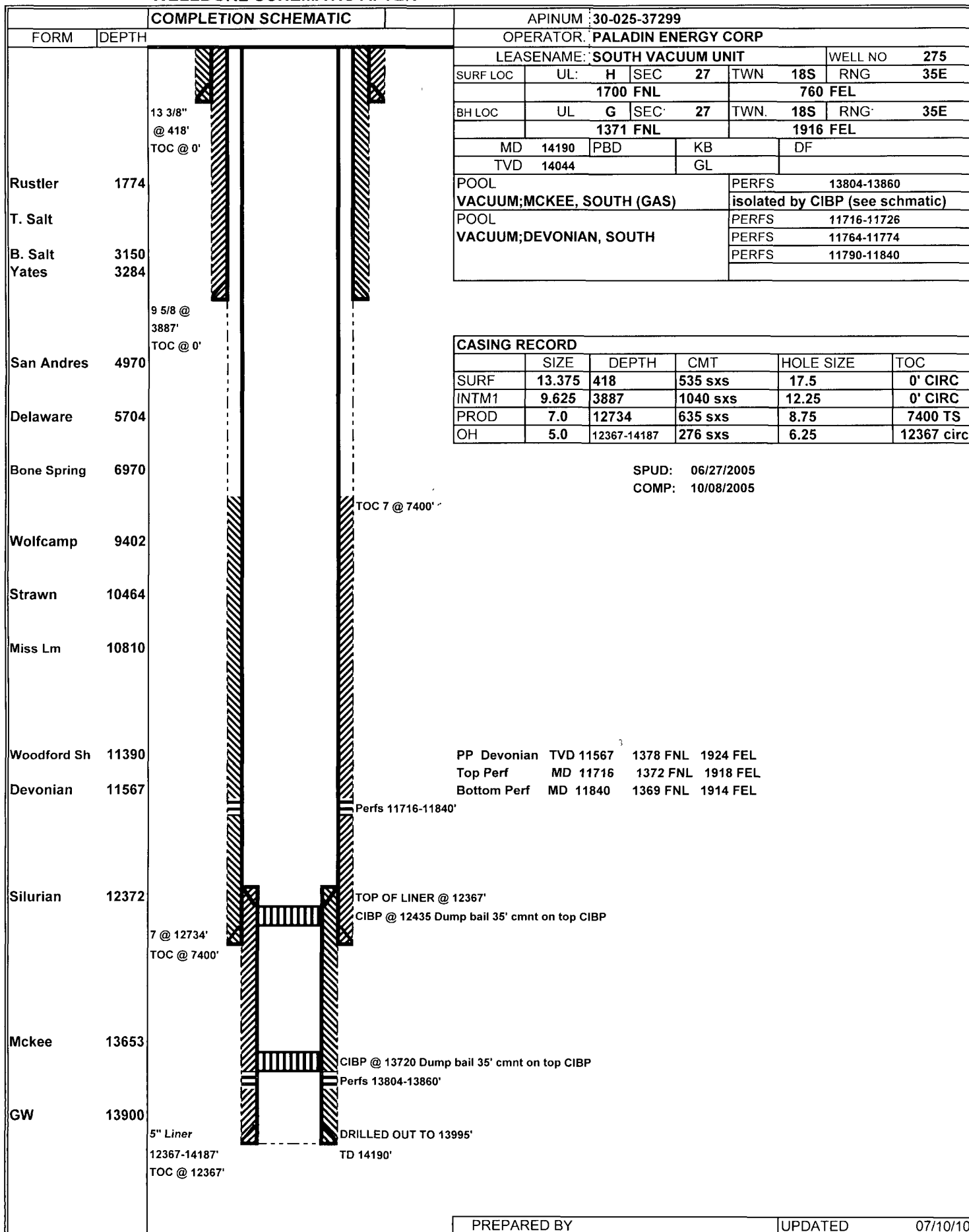
¹¹ Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|--|-------------------------------|----------------------------------|--|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|----------------------|
| UL or lot no. G | Section 27 | Township 18-S | Range 35-E | Lot Idn | Feet from the 1371 | North/South line North | Feet from the 1916 | East/West line East | County Lea |
| ¹² Dedicated Acres 80 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. NSL-6284 | | | | | | |

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 27, T18S, 35E | | | | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature |
| | | | | Signature |
| | | | | Printed Name David Plasiance |
| | | | | Title VP Exploration & Production |
| | | | | Date 7/20/2010 |
| | | | | Date |
| | | | | ¹⁸ SURVEYOR CERTIFICATION <i>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</i> |
| | | | | Date of Survey |
| | | | | Signature and Seal of Professional Surveyor |
| | | | | Certificate Number |

WELLBORE SCHEMATIC AFTER



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Exxon Mobil Corporation
Attn.: Land Supervisor
P.O. Box 4697
Houston, TX 77210-4697

COMPLETE THIS SECTION ON DELIVERY**A. Signature****X**☐ Agent☐ Addressee**B. Received by (Printed Name)**

James Felder

C. Date of Delivery

7/23/0

D. Is delivery address different from item 1?☐ YesIf YES, enter delivery address below: ☐ No**3. Service Type**☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.**4. Restricted Delivery? (Extra Fee)**☐ Yes**2. Article Number**
(Transfer from service label)

7005 1820 0006 5435 8752