

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SURVEY NO. JUAN 248 1980	
2. TYPE OF WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IS INDIAN, ALLOTTEE OR TRIBE NAME U. S. GEOLOGICAL SURVEY DURANGO, COLO.	
3. NAME OF OPERATOR Hanson Oil Corporation		7. FARM OR LEASE NAME Candy Butte	
4. ADDRESS OF OPERATOR P. O. Box 1515, Roswell, New Mexico 88201		8. WELL NO. #5	
9. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 660' FWL & 660' FSL At proposed prod. zone Sec. 5, T.17N, R.2W, N.M.P.M.		10. FIELD AND POOL, OR WILDCAT Wildcat Entrada	
11. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 5, T.17N, R.2W	
12. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'		12. COUNTY OR PARISH Sandoval	
13. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 4500'		13. STATE New Mexico	
14. PROPOSED DEPTH 4500'		14. NO. OF ACRES ASSIGNED TO THIS WELL 40	
15. ROTARY OR CABLE TOOLS Rotary		15. APPROX. DATE WORK WILL START* March 6, 1980	
16. OPERATIONS (Show whether DE, RT, GR, etc.) 6595' G.L.			

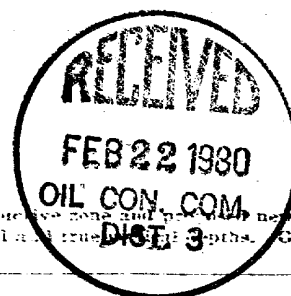
PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
18"	16" Cond.	-----	10'	20 SX
12 1/4"	8-5/8"	24#	300'	350 SX
7-7/8"	5-1/2"	15.5#	4500'	350 SX

It is proposed to drill the above captioned well to 4500' or a depth sufficient to test the Entrada formation.

If oil or gas is encountered in commercial quantities the well will be perforated and stimulated as conditions require.

B.O.P. will be used during drilling and completion operations.



8. SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and present, new, productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true depths. Give blowout control program, if any.

NAME J. Deans TITLE Vice-Pres., Production DATE 1-16-80

9. SIGNATURE FOR FEDERAL OR STATE OFFICE USE

UNIT NO. _____ APPROVAL DATE _____

DESIGNED BY _____ DATE _____

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

ok End

APPROVED
AS AMENDED
FEB 17 1980
James F. Sims
DISTRICT ENGINEER

WELL LOCATION AND ACREAGE DEDICATION AT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

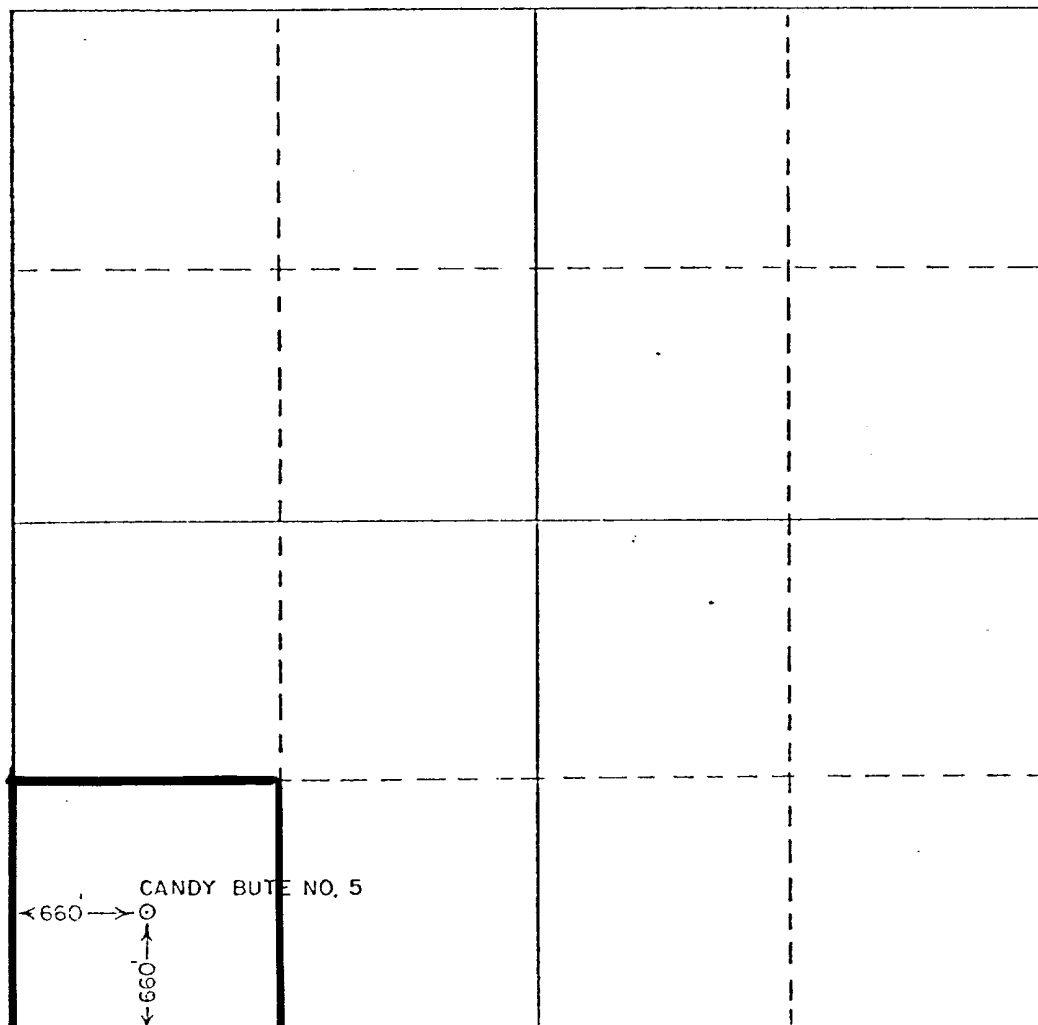
Operator Hanson Oil Corporation			Lease Candy Butte		Well No. #5
Unit Letter M	Section 5	Township 17N	Range 2W	County Sandoval	
Actual Footage Location of Well:					
660.00 feet from the West line and		660.00 feet from the South line			
Ground Level Elev. 6595	Producing Formation Entrada	Pool Wildcat	Dedicated Acreage: 40 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

A. J. Deans

Name
A. J. Deans

Position
Vice-Pres., Drilling & Prod.

Company
HANSON OIL CORPORATION

Date
January 16, 1980

I hereby certify that the well location shown on this plat is based on 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 knowledge and belief.

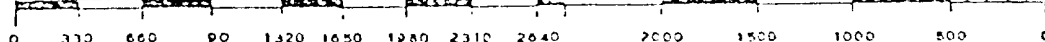
RECEIVED
FEB 22 1980
OIL CON. COM.
DIST. 3
January 15, 1980

Date Surveyed
George J. Waller

Registered Professional Engineer and/or Land Surveyor

NM Reg # 6159

Certificate No. **0**



SANDOVAL COUNTY, NEW MEXICO

SURFACE USE AND OPERATIONS PLAN (Continued)

CANDY BUTTE #5

SANDOVAL COUNTY, NEW MEXICO

6. Surfacing Material: All construction materials will be of local origin and no surface material will be disturbed except for the grading of the actual roads and locations.
7. Gates or cattleguards will be used if fence cuts are made.
8. The planned access road has been center-line flagged.
3. Location of existing wells in a one-mile radius are shown on attached Exhibit #1.
 - (1) Water Wells: None
 - (2) Abandoned Wells: None
 - (3) Temporarily Abandoned Wells: None
 - (4) Disposal Wells: None
 - (5) Drilling Wells: Proposed Hanson Oil Corporation Candy Butte #3
 - (6) Producing Wells: None
 - (7) Shut-In Wells: None
 - (8) Injection Wells: None
 - (9) Monitoring or observation wells for other resources: None
4. Location of Existing and/or Proposed Facilities:
 - A. There is no Existing facility within a one-mile radius from location owned or controlled by Hanson Oil Corporation.
 - (1) Tank Batteries: None
 - (2) Production facilities: None
 - (3) Oil gathering lines: None
 - (4) Gas gathering lines: None
 - (5) Injection lines: None
 - (6) Disposal lines: None
 - B. In the event production is established, Hanson Oil Corporation will build a tank battery on the well pad.
 - (1) Proposed location of tank battery to be on well pad.
 - (2) Dimensions of facilities - See Exhibit #2.
 - (3) All construction material will be of local origin and no surface material will be disturbed except those necessary for the actual grading of well pad. Scoria or gravel will be from a private source.
 - (4) The entire tank battery will be surrounded by a 3' ditch and 2½' fire wall to prevent overflow spillage into surrounding drainage areas. The entire tank battery will then be fenced. Any pits left open will be flagged to protect water fowl if this precautionary measure is deemed necessary by Wildlife Management.

SURFACE USE AND OPERATIONS PLAN (Continued)CANDY BUTTE #5SANDOVAL COUNTY, NEW MEXICOC. Rehabilitation of disturbed areas:

If production is established, following completion of tank battery erection, necessary well producing equipment, etc. all pits with the exception of a flare pit, will be filled, after all fluids have been removed and the surrounding location leveled. Disturbed area no longer needed for operations will then be reseeded using as much topsoil as possible and utilizing seed types and quantities as recommended for this area by agronomist and the Bureau of Land Management. All reseeding will be done with a reasonable effort to establish as near as possible a growth of vegetation as previously existed. Reseeding will take place at the first opportunity following completion of well in accordance with the recommended seasonal seeding periods (late Spring). The unused disturbed area then will be fenced from time of reseeding until grass is established.

5. Location and Type of Water Supply

- A. Water to be used in drilling the proposed well will be hauled from private sources.
- B. Said water will be transported by truck over improved and proposed access road shown on Exhibit #1.
- C. No water wells are planned to be drilled on the lease in connection with the drilling of the proposed well.

6. Source of Construction Materials

- A. All construction material will be of local origin and no surface areas will be disturbed except for the actual grading of the road and drilling site.
- B. No construction material will be moved from Federal or Indian land.
- C. Materials such as sand, gravel and stone, if used, will be moved from a private source.
- D. See Exhibit #1.

7. Methods of Handling Waste Disposal

- (1) Cuttings: Drill cuttings will be accumulated in the earthen reserve pit and after the pit has dried will be bladed into the bottom of the pit and buried.

SURFACE USE AND OPERATIONS PLAN (Continued)

CANDY BUTTE #5

SANDOVAL COUNTY, NEW MEXICO

- (2) Drilling Fluids: The drilling fluids will be pumped out of the reserve pit and disposed of in a more suitable pit, after any oil accumulation in the pit has been removed and hauled to the production facility for recovery.
- (3) Produced Fluids (oil, water): If production is established, oil will be trucked by the purchaser over access road shown on Exhibit #1. Water will be trucked to an approved water disposal system over the same road.
- (4) Sewage: Sewage will be contained in a chemical latrine.
- (5) Trash and garbage will be contained in a earthen pit. See Exhibit #4, and buried following drilling operations. Said pit to be fenced with small mesh wire to prevent wind from scattering trash before being burned or buried.
- (6) Following completion of drilling operations, all pits will be filled (after they dry up) and area surrounding the location leveled.

8. Ancillary Facilities

No ancillary facilities will be constructed.

9. Well Site Layout

- (1) Cross sections of drill pad - See Exhibit #3
- (2) See Exhibit #4
- (3) See Exhibit #4
- (4) Statement as to whether pits are to be lined or unlined:
There are plans to reline the earthen pit with a polyethylene liner if deemed necessary by the B.L.M. or U.S.G.S.

10. Plans for Restoration of Surface

- (1) Following completion of drilling operations, any oil accumulation in pits will be removed and hauled to a production facility to be recovered. All pits will be filled (after they dry up) and the area surrounding the location leveled. The location will then be graded to conform with the original topography and contours made as are necessary to achieve the same. All waste material will be buried in an earthen pit following completion of operations.

SURFACE USE AND OPERATIONS PLAN (Continued)

CANDY BUTTE #5

SANDOVAL COUNTY, NEW MEXICO

10. Plans for restoration of surface (Continued)

- (2) Reseeding of the drillsite, including access roads, will take place at the first opportunity following completion of operations in accordance with the recommended seasonal seeding periods. All reseeded will be as recommended for this area by agronomist and the Bureau of Land Management.
- (3) Prior to rig release, pits will be fenced and so maintained until clean-up operations are complete. After the location has been leveled and all pits backfilled, said location will be fenced from time of reseeded until grass is established.
- (4) Any oil accumulations in pits shall be removed and hauled to production facility for recovery. In the event it becomes necessary to leave oil in any pit for any reason, we will install overhead flagging.
- (5) Commencement of rehabilitation operations shall begin immediately after rig release and shall continue in a good and workmanlike manner until complete.

11. Other Information

- (1) The area around the drilling site is gently sloping small valley floors with steep inclines to a small mesa where location is proposed. The vegetation in the area is a sparse cover of blue grama, galleta, cholla and prickly pear with scattered stands of juniper and sagebrush.
- (2) There are no other surface use activities planned. The surface at the location is FEDERALLY owned.
- (3) There are no fresh water wells in the area of the proposed location. There are no occupied dwellings; no known archeological, historical or cultural sites in the general area of the location.

12. The Hanson Oil Corporation representative conducting this drilling operation is:

SURFACE USE AND OPERATIONS PLAN (Continued)

CANDY BUTTE #5

SANDOVAL COUNTY, NEW MEXICO

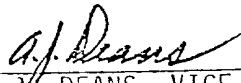
Mr. A. J. Deans
Post Office Box 1515
Roswell, New Mexico 88201

Phone No. (505) 622-7330 - Office
Phoen No. (505) 623-7364 - Home

CERTIFICATION

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that work associated with the operations proposed herein will be performed by Hanson Oil Corporation and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

1-16-80
(Date)


A. J. DEANS, VICE-PRESIDENT, PRODUCTION

APPLICATION FOR DRILLING

CANDY BUTTE #5

SANDOVAL COUNTY, NEW MEXICO

In conjunction with permitting subject well for drilling in Section 5, T.17N, R.2W, N.M.P.M., Hanson Oil Corporation submits the following Ten (10) points of pertinent information in accordance with United States Geological Survey letter of July 1, 1976:

1. The surface formation is of the Travessilla-Persayo-Rockland association.

2. The estimated tops of geologic markers are as follows:

Gallup	1275'
Sanastee	1775'
Graneros	2480'
Dakota	2640'
Morrison	2800'
Todilto	3660'
Entrada	3770'

3. The depth at which water is expected to be encountered is at approximately 200'. The depth at which oil and gas is expected to be encountered is at 3000' - 4500'.

4. Casing Program:

16" conductor to 10'
24# H-40 3-5/8" to 300' (New)
15.5# K-55 5½" to 4500' (New)

5. Blowout preventer: Ram type, series 900 with double hydraulic 10# Rams. This is a Shaffer blowout preventer (3000# working pressure) with a Payne Closing unit. In the event a different brand of blowout preventer is used, the different blowout preventer will be of a like or better quality. The fill, kill, and choke lines are indicated on the blowout preventer specification sheet - Exhibit #6.

6. Circulating Medium: Steel pits will be used to hold mud and cuttings and the drilling fluid as follows:

<u>DEPTH</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FLUID LOSS</u>
0-30'	8.6 - 8.9	As required	N/C

Drill this interval with a Gel/lime slurry with sufficient viscosity to clean hole, land and cement surface casing.

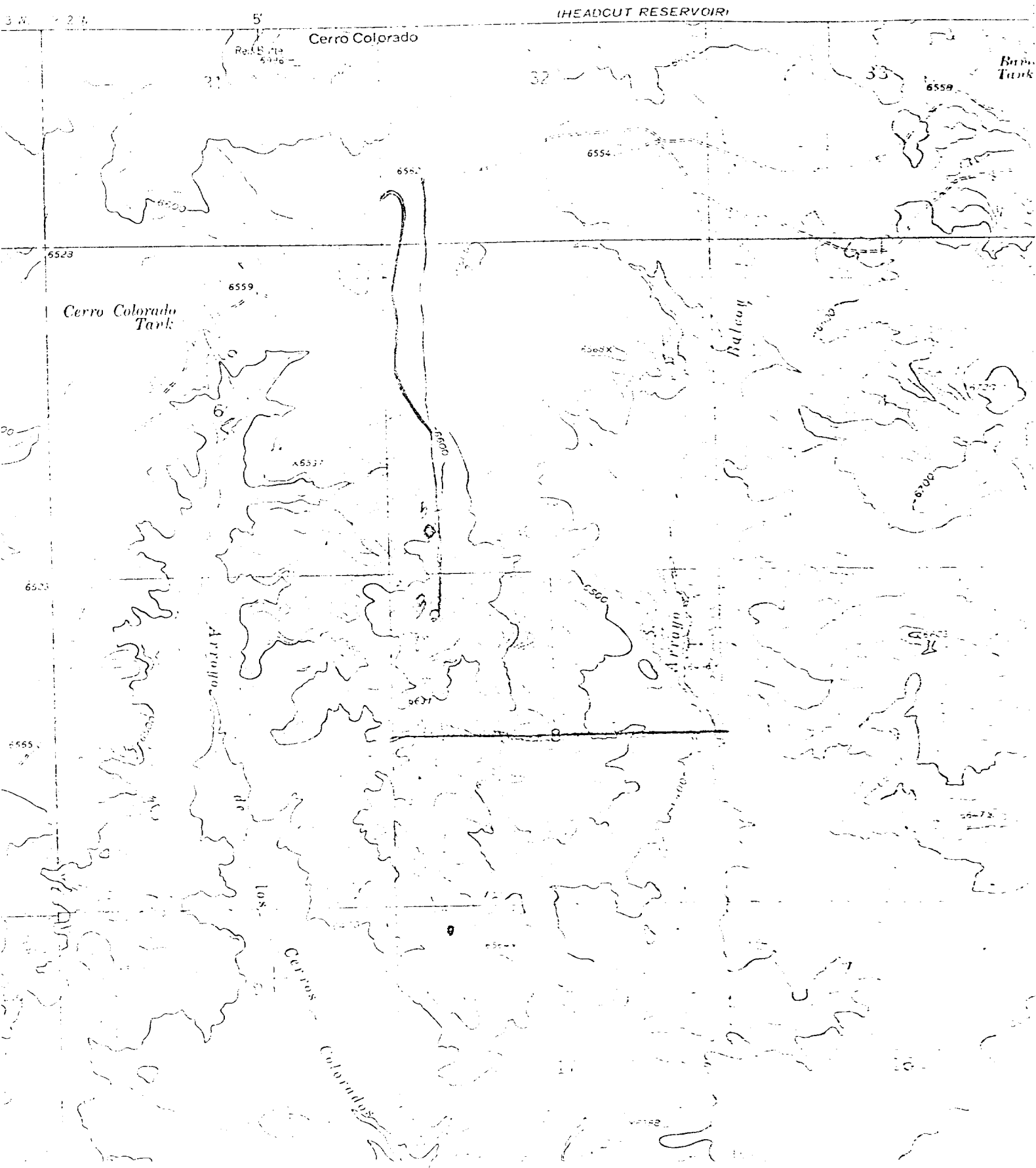
<u>DEPTH</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FLUID LOSS</u>
300' - TD	8.9 - 9.6	34-42	6cc

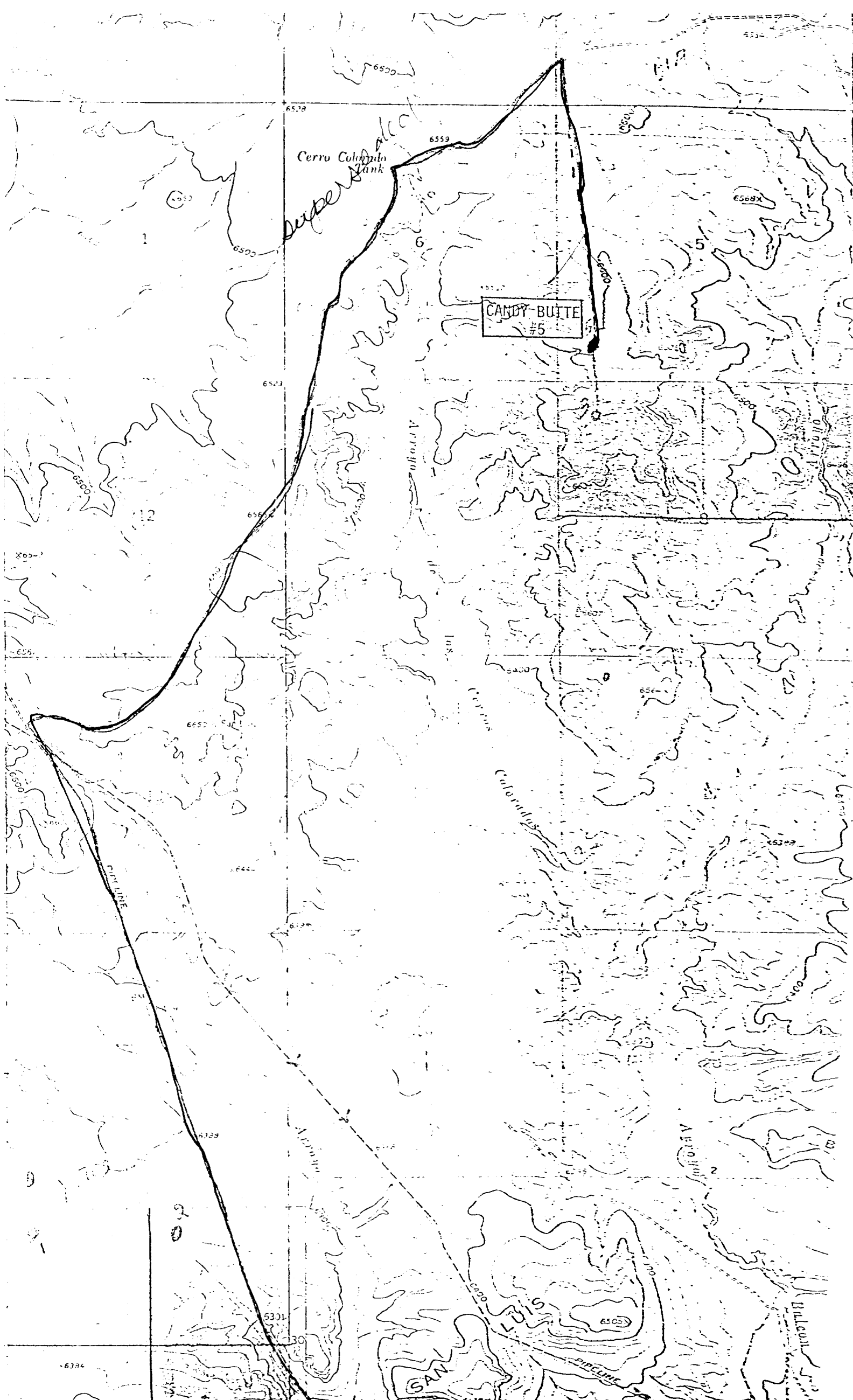
APPLICATION FOR DRILLING (Continued)

CANDY BUTTE #5

SANDOVAL COUNTY, NEW MEXICO

7. Auxiliary Equipment: Kelly cocks or floats at the bit will not be used in drilling the subject well. The mud system (pit levels) will be monitored visually by the rig crew. A sub with a full opening valve in good working order for stabbing into the drill pipe will be available on the drilling rig floor.
8. Testing and Logging Program: D.S.T.'s will be taken in the Entrada formation as well conditions dictate. No cores are planned. Gamma-Ray Caliper, Dual Laterlog, Borehole Compensated-Neutron logs will be run at the direction of Geologist.
9. Anticipated bottom hole pressure (BHP): The BHP in subject well is anticipated to be 1800# @ 4500'. This is equivalent to a pressure gradient of .40 lbs. per foot of depth.
10. The anticipated starting date is March 6, 1980, with completion of drilling operation on April 1, 1980. Stimulating and completion of well would be immediately after drilling operations are finished.





LEASE Candy Butte

WELL #5

FENCED
FLARE PIT

12'

400 Bbl.
STOCK TANK

400 Bbl.
STOCK TANK

HEATER
TREATER

WATER
TANK

CATWALK

80'

North
END OF TANK BATTERY

150'

Battery to be surrounded by 3' ditch & Firewall

EXHIBIT " 3 "

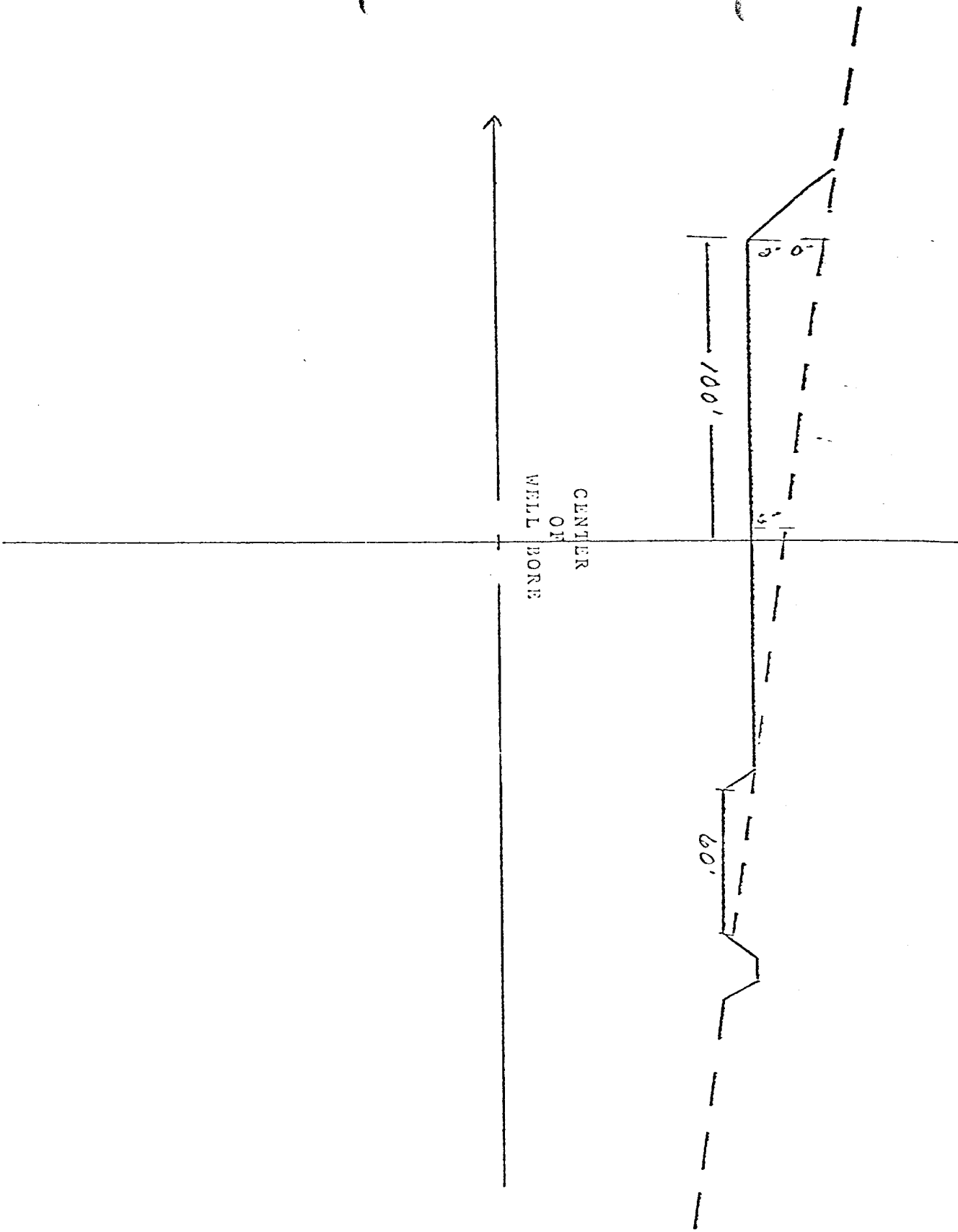
LEASE

Candy Butte

CROSS SECTION OF DRILLING SITE

WELL

#5



TO THE EAST OF DRILL PA

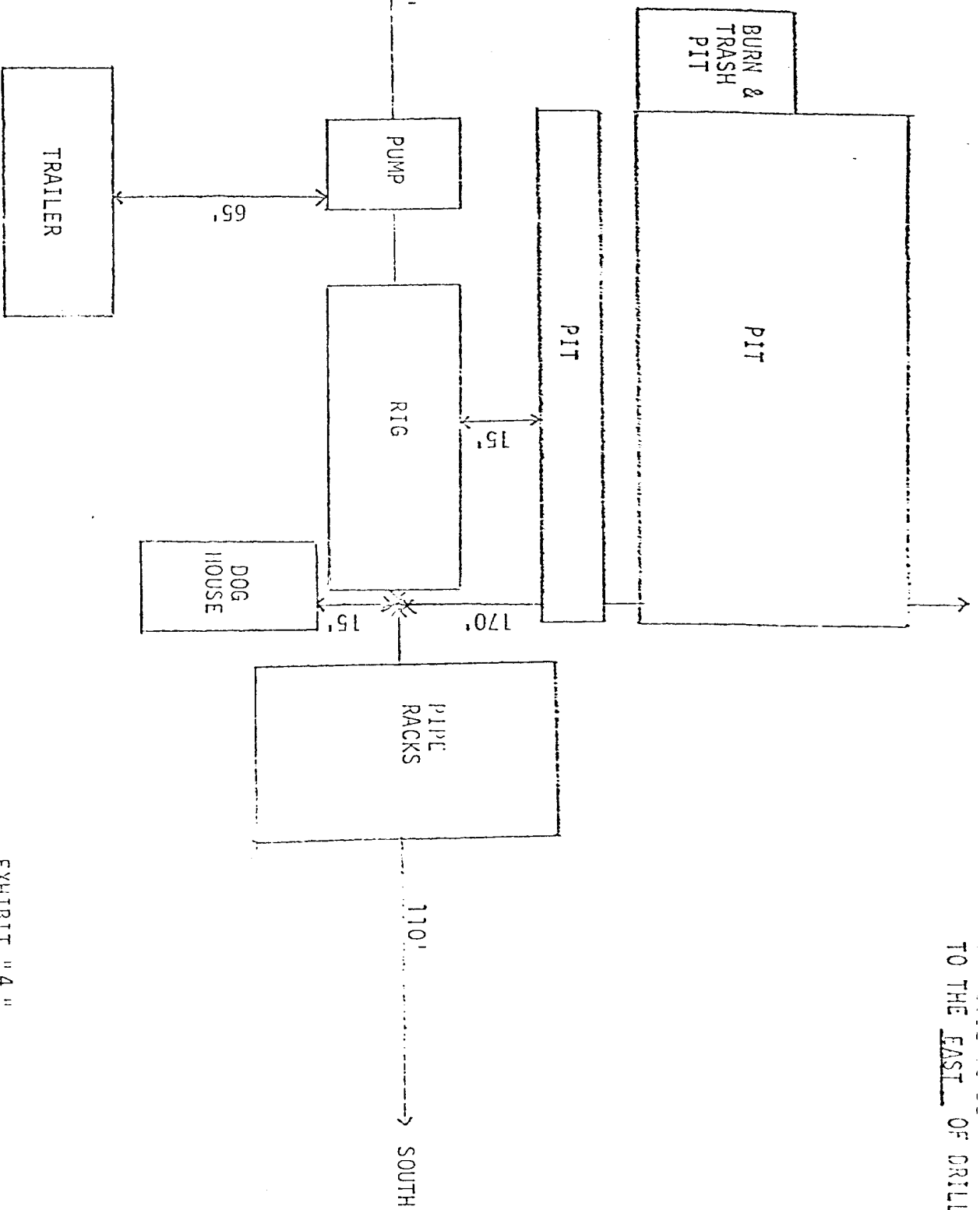


EXHIBIT "4"

HANSON OIL CORPORATION

LEASE CANDY BUTTE

WELL NUMBER #5

HANSON OIL CORPORATION

EXHIBIT " 5 "

LEASE Candy Butte

WELL #5

CROSS-SECTION OF PLANNED ACCESS ROAD

TOP VIEW

CROSS - SECTION

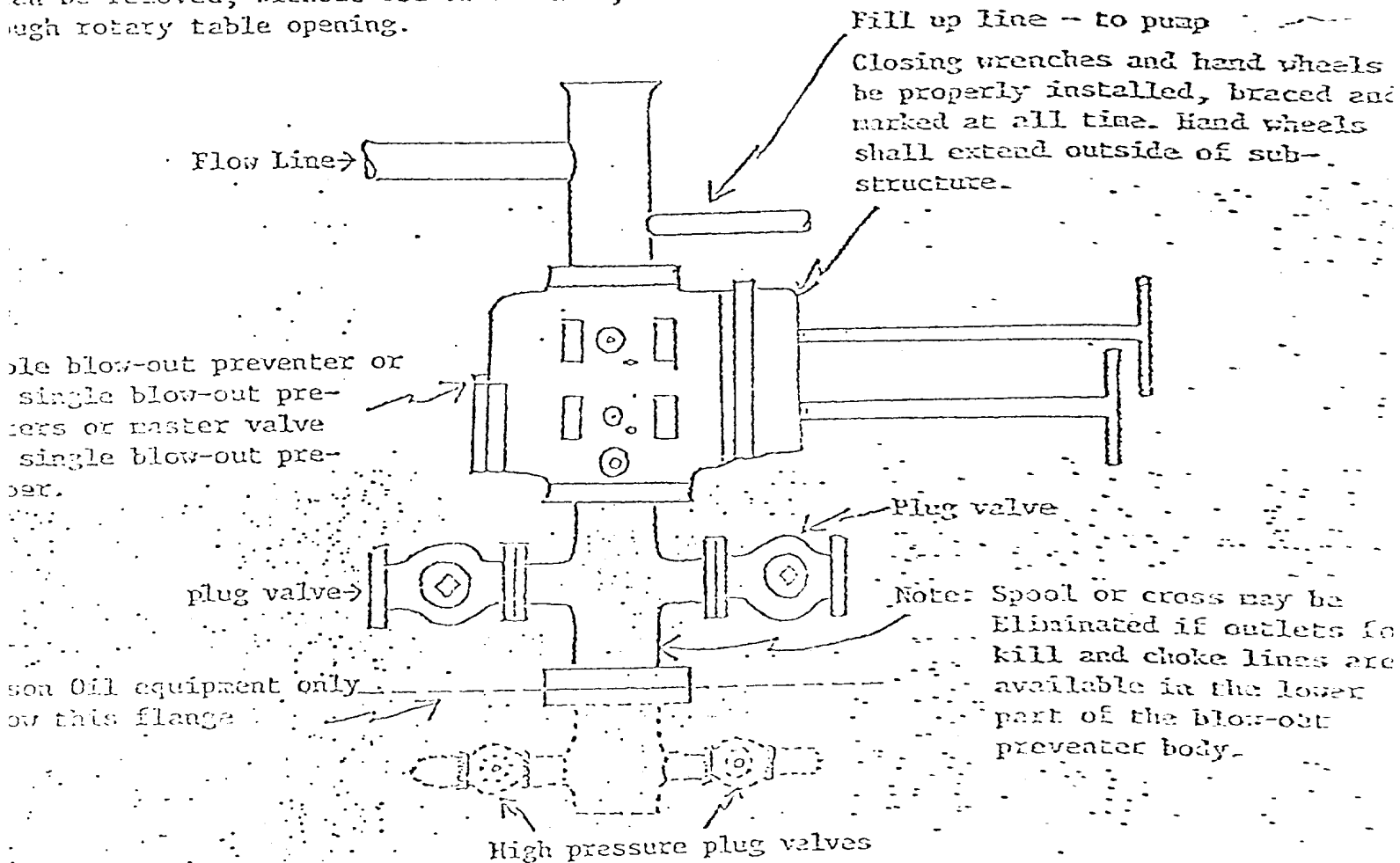
18" DRAINAGE

EXISTING SURFACE

PLANNED SURFACE AFTER GRADING

SIT 6

ling nipple to be so constructed that
can be removed, without use of a welder,
ough rotary table opening.



NOTE:

in drilling use:
Preventer-Blind rams or master valve
ton Preventer-Drill pipe rams

in running casing use:
Preventer-Casing rams
ton Preventer-Blind rams or master valve

1. Blow-out preventers, master valve and all fittings must be in good condition 2,000# W.P. (4,000 P.S.I. test) minimum
2. Equipment through which bit must pass shall be as large as inside diameter of the casing that is being drilled through
3. Nipple above blow-out preventer shall be same size as casing being drilled through
4. All fittings to be flanged.
5. Safety Valve (2" minimum opening) with sub or connection to drill pipe on rig floor at all times.