

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
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

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

¹ Operator Name and Address Hanson Operating Company, Inc. P. O. Box 1515 Roswell, NM 88202-1515		² OGRID Number 9974
		³ API Number 30 - 005-62943
⁴ Property Code 303238	⁵ Property Name Puffer BDE State Com	⁶ Well No. #2
⁹ Proposed Pool 1 Palma Mesa C <i>Pennsylvanian</i>		¹⁰ Proposed Pool 2 Palma Mesa Wolfcamp

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	24	8S	27E		1980	South	1250	West	Chaves

⁸ 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

Additional Well Information

¹¹ Work Type Code P	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3959' GR
¹⁶ Multiple N	¹⁷ Proposed Depth 6500'	¹⁸ Formation Cisco; Wolfcamp	¹⁹ Contractor	²⁰ Spud Date 5/31/2007
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> _____mils thick Clay <input type="checkbox"/> Pit Volume: _____bbls Drilling Method:				
Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weigh/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	1610'	950	Surface
7 7/8"	5 1/2"	15.5#	6770'	550	3850'

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.

Propose to recompleat and test as follows:

1. MIRU pulling unit and install BOP.
2. Set CIBP at 6300' with 35' cement cap to isolate existing Strawn perms at 6338' - 6454'.
3. Perforate Cisco Limestone at 6184' - 6236' with 39 holes. Acidize with 5,000 gallons acid. Swab test.
4. Perforate Lower Wolfcamp at 5778' - 5998' with 39 holes. Acidize with 5,000 gallons acid. Swab test.
5. Perforate Upper Wolfcamp at 5604' - 5700' with 75 holes. Acidize with 10,000 gallons acid. Swab test.
6. Set production packer at 5550'. Run production string, rods and pump. ND BOP. Place on production.

DHC required to produce B64

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Signature:		Approved by:	
Printed name: Carol J. Smith		BRYAN G. ARANT DISTRICT II GEOLOGIST	
Title: Production Analyst		Title:	
E-mail Address: hanson@dfn.com		Approval Date: JUN 0 8 2007 Expiration Date: JUN 0 8 2008	
Date: 5/30/2007 Phone: 505-622-7330		Conditions of Approval Attached <input type="checkbox"/>	

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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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-62943	¹ Pool Code 97413	¹ Pool Name Palma Mesa Wolfcamp
⁴ Property Code 303238	³ Property Name Puffer BDF State Com	⁴ Well Number #2
⁷ OGRID No. 009974	¹ Operator Name Hanson Operating Company, Inc.	⁵ Elevation 3959' GR

¹⁰ Surface Location

UL or lot no. L	Section 24	Township 8 South	Range 27 East	Lot Idn	Feet from the 1980	North/South line South	Feet from the 1250	East/West line West	County Chaves
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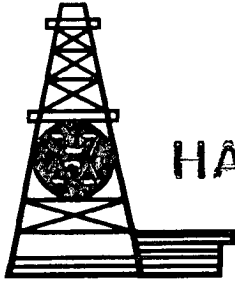
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

¹⁶				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <div style="text-align: right;">5/30/2007</div> Signature _____ Date _____ Carol J. Smith Printed Name _____
				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. December 21, 1992 Date of Survey _____ Signature and Seal of Professional Surveyor. Refer to Original Plat John W. West, 676 Certificate Number _____



HANSON OPERATING COMPANY, INC.

P.O. BOX 1515

ROSWELL, NEW MEXICO 88202-1515

PHONE AC 505-622-7330

May 15 2007
OCD - ARTESIA, NM

June 6, 2007

Oil Conservation Division
ATTN: Bryan Arrant
1301 W. Grand
Artesia, New Mexico 88210

Re: Puffer BDF State Com #2
API #30-005-62943
L-Section 24-8S-27E
Chaves County, New Mexico

Dear Bryan:

As requested, please find enclosed the Before and After Well Bore Diagrams and H₂S Contingency Plan for the C-101 APD dated 5/30/2007 on above referenced well. In addition, be advised that it is Hanson Operating's policy that all contractors receive a copy of and are required to strictly adhere to our Hydrogen Sulfide Guidelines. A copy is attached for your reference.

If you require further documentation, please let me know.

Sincerely,

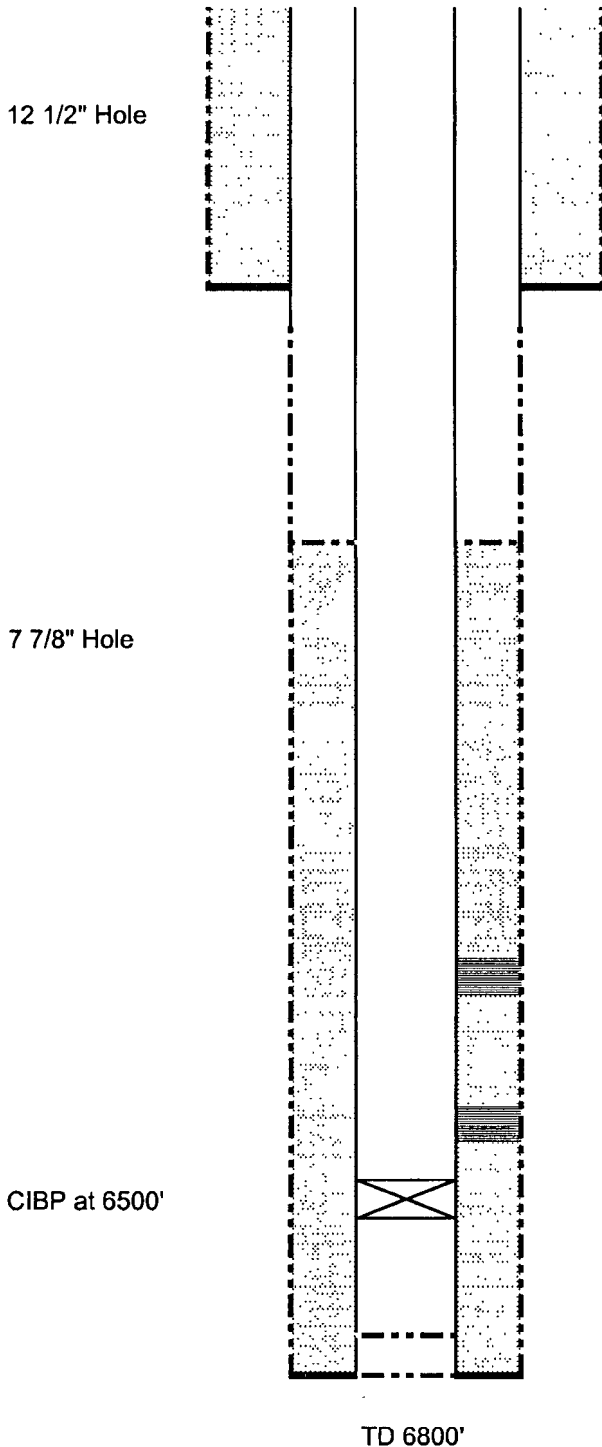
Carol J. Smith
Production Analyst

CJS:ms

Enclosures

WELLBORE DIAGRAM

WELL NAME	Puffer BDF State Com #2	FIELD	Palma Mesa
LOCATION	1980' FSL & 1250' FWL, L-Section 24-8S-27E, Chaves County, New Mexico		
GL	3959'	ZERO	KB 3971'
SPUD DATE	RE 3/18/2004	COMPLETION DATE	4/28/2004
COMMENTS:	API #30-005-62943		



CASING PROGRAM

8 5/8" 24# J-55 ST&C	1610'
5 1/2" 15.5# J-55 ST&C	6770'

8 5/8" at 1610' w/950 sx cement (Circ)

BEFORE

TOC at 3850' by CBL

Strawn

Perfs: 6338'-6368' 120 holes

6398'-6404' 24 holes

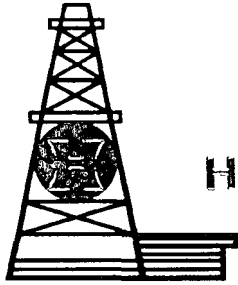
6450'-6454' 16 holes

Silurian

Perfs: 6516'-6534' 72 holes

5 1/2" at 6770' w/550 sx cement

Not to Scale
6/5/2007



HANSON OPERATING COMPANY, INC.

P.O. BOX 1515

ROSWELL, NEW MEXICO 88202-1515

PHONE AC 505-622-7330

H₂S CONTINGENCY PLAN
FORM C-101 APPLICATION FOR PERMIT TO DRILL
HANSON OPERATING COMPANY, INC.
PUFFER BDF STATE COM #2
1980' FSL & 1250' FWL
SECTION 24-8S-27E
CHAVES COUNTY, NEW MEXICO

Hydrogen Sulfide is not typically encountered in the Wolfcamp formation in this area. However, appropriate precautions will be taken as outlined below:

- A. All personnel, whether regularly assigned, contracted or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations:
 - 1. The hazards and characteristics of hydrogen sulfide (H₂S).
 - 2. The proper use and maintenance of personal protective equipment and life support systems.
 - 3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
 - 4. The proper techniques for first aid and rescue procedures.
- B. In addition, supervisory personnel will be trained in the following areas:
 - 1. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
 - 2. The corrective action and shut-in procedures when drilling or reworking a well, and blowout prevention and well control procedures.

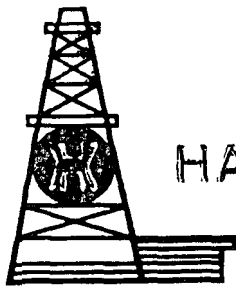
3. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.
 4. An initial training session will be held prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) with weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the wellsite. All personnel will be required to carry documentation verifying that they have received proper training.
- C. All H₂S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.
- D. Well Control Equipment shall include the following:
1. Flare line with electronic igniter or continuous pilot.
 2. Choke manifold with a minimum of one remote choke.
 3. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 4. Auxiliary equipment to include annular preventer, mud-gas separator, rotating head and flare run with flares.
- E. Protective equipment for essential personnel shall include the following:
1. Pressure-Demand type Self Contained Breathing Apparatus (SCBA) 30 minute units located in the dog house and at briefing areas, as indicated on the wellsite diagram.

F. H₂S detection and monitoring equipment shall include the following:

1. Two portable H₂S monitors positioned on location for best coverage and response. The units shall have warning lights and audible sirens in the event H₂S levels of 20 ppm are detected.
2. One portable SO₂ monitor positioned near flare line.

G. Visual warning systems shall include the following:

1. Wind direction indicators at entrance to wellpad and on drilling rig.
2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs shall be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate.



HANSON OPERATING COMPANY, INC.

P.O. BOX 1515

ROSWELL, NEW MEXICO 88202-1515

PHONE AC 505-622-7330

July 16, 2002

Black Warrior Wireline Corp.
P.O. Drawer 9188
Columbus, MS 39705-9188

Re: Hydrogen Sulfide Guidelines

Gentlemen:

Under the O.S.H.A. Rules and Regulations (Federal Register, Volume 37, No. 202, Part II, dated October 18, 1972) and the A.N.S.I.'s "Practices for Respiratory Protection" (A.N.S.I. 288.2, 1969.) hydrogen sulfide is classified as gas or vapor contaminant immediately dangerous to life or health. Therefore, all service company and contractor personnel must comply with the following guidelines when working for Hanson Operating Company, Inc., its affiliated companies, on locations or operations involving hydrogen sulfide gas.

I. RESPIRATORY PROTECTION

All service companies or contractors must provide their personnel with proper respiratory protection when working on hydrogen sulfide operations. Since hydrogen sulfide is a gas and vapor contaminant immediately dangerous to life or health respirators must be approved for such a hazard and must be in one of the following categories:

Under O.S.H.A. 1910.134

- 1) A full facepiece pressure demand self-contained breathing apparatus (SCBA) Certified by NIOSH for a minimum service life of thirty minutes.
- 2) A combination full facepiece pressure demand supplied-air respirator (SAR) with auxiliary self-contained air supply.
- 3) Respirators provided only for escape from IDLH atmospheres shall be NIOSH-certified for the escape from the atmosphere in which it is used.

The type respirator selected shall also be approved for cold weather use, down to -20 degrees fahrenheit.

The service company or contractor shall provide a medical evaluation to determine the employee's ability to use a respirator. A physician or other licensed health care professional (PLHCP) shall use a medical questionnaire.

The medical evaluation shall obtain the information requested by the questionnaire in Sections 1 and 2, Part A of Appendix C.

The medical evaluation must be done before the employee is fit tested or required to use the respirator in the workplace.

Employees required to use any respirator with a negative or positive pressure tight-fitting facepiece must be fit tested with the same make, model, style, and size of respirator that will be used. The employee must pass a quantitative fit test (QNFT).

The employer must provide effective training to employees who are required to use respirators. Training must be comprehensive, understandable, and recur annually.

II. PROPER TRAINING

All service company or contractor personnel must be properly trained for working in hydrogen sulfide environments and the use of proper respiratory protection.

The hydrogen sulfide training shall include the (1) hazards; (2) properties; (3) toxicities; (4) physical effects; (5) detection equipment; (6) respiratory protection equipment; and (7) emergency rescue procedures.

The respirator protection training shall include (1) the respiratory hazard involved; (2) the selection of a proper type respirator; (3) the function, capabilities, and limitations of the selected respirator; (4) the method of donning the respirator and checking its fit and operation; (5) the proper wearing of the respirator; (6) respiratory maintenance; and (7) recognizing and handling emergency situations.

All personnel shall be trained prior to working in hydrogen sulfide environments. All personnel shall carry a training certification card verifying they have been trained at least annually. Any person not having a current training certification will not be allowed to work in a hydrogen sulfide environment.

III. PHYSICAL CONDITIONS

All personnel working in hydrogen sulfide environments are subject to possible respirator use, and shall be in good physical condition. Any person who knows, or has reason to believe, that they have any physical impediment, particularly cardiovascular or respiratory ailments, should notify their employer and consult with a physician.

Under O.S.H.A. 1910.134 (e) (5) (i) it is stated that:

"Respirators shall not be worn when conditions prevent a good face seal. Such conditions may be a growth of beard, sideburns, or skull cap that projects under the facepiece, or temple pieces on glasses... To assure proper protection, the facepiece fit shall be checked by the wearer each time he puts on the respirator.

Therefore, all persons subject to possible respirator use shall be shaven appropriately.

Under the Minerals Management Service's "Outer Continental Shelf Oil and Gas Operations; Personnel Safety and Protection on Hydrogen Sulfide - Prone Areas" July, 1982 revisions, the MMS has medical data to support the contention that eardrum examinations and prohibition from work for perforated eardrums is not medically or scientifically warranted,. Therefore, personnel will not be required to have eardrum examinations or be prohibited from working with a perforated eardrum.

IV. NOTIFICATION & VERIFICATION

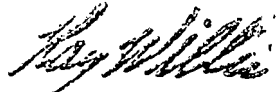
All personnel are to notify their employer and a representative of Hanson Operating Company, Inc. immediately of any hydrogen sulfide incident or injury.

All service companies and contractors are to keep a written record of their standard operating procedures governing the selection and use of respirators, and of their employee's training certifications. These records are to be supplied to Hanson Operating Company, Inc. or its representative on request.

Thank you for your compliance with this request.

Very truly yours,

HANSON OPERATING COMPANY, INC.



Ray Willis
President

RW:js