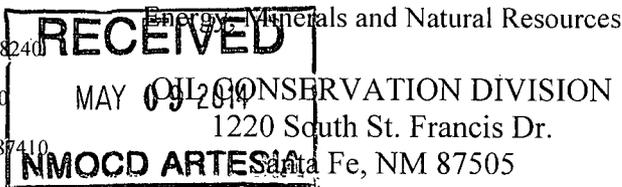


District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505



WELL API NO. 30-005-62794
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. L-794
7. Lease Name or Unit Agreement Name Hanlad State
8. Well Number #1 SWD
9. OGRID Number 009974
10. Pool name or Wildcat Diablo Fusselman

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [] Gas Well [X] Other SWD

2. Name of Operator Hanson Operating Company, Inc.

3. Address of Operator P O Box 1515, Roswell, NM 88202-1515

4. Well Location Unit Letter K : 1980 feet from the South line and 2310 feet from the West line Section 16 Township 10 South Range 27 East NMPM Chaves County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3889' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []
CLOSED-LOOP SYSTEM []
OTHER: []

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [X] ALTERING CASING []
COMMENCE DRILLING OPNS [] P AND A []
CASING/CEMENT JOB [X]
OTHER: []

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1/30/2014: MIRU. TOH and LD 32 joints corroded tubing.
1/31/2014: Hydrotest and replace 32 joints tubing.
2/3/2014: Latch into packer. Add 10' plastic coated sub. Install wellhead. Load annulus. Communicated. SD. Release rig.
2/13/2014: MIRU.
2/14/2014: TOH with tubing. NU BOP. PU and RIH with RBP and packer. Set RBP at 6700' and packer at 1500'.
2/18/2014: Work up hole to isolate casing holes.
2/19/2014: Casing holes at +/- 900' and +/- 100'.
2/20/2014: Squeeze hole in 5.5" casing at +/- 900' with 400 sacks Class "C" cement. Circulate 20 sacks cement to surface.
2/21/2014: WOC. Empty and jet clean cement flowback tank. Dispose waste water at Marley's.
2/24/2014: Squeeze hole in 5.5" casing at +/- 100' with 50 sacks Class "C" cement. Circulate 25 sacks cement to surface.
2/25/2014: WOC. Empty and jet clean cement flowback tank. Dispose waste water at Marley's.
2/26/2014: Drill out plugs.
3/4/2014: Drill out plugs to RBP. Test casing to 350# for 30 minutes. Good test. Circulate hole clean. Jet clean cement flowback tank. Dispose waste water at Marley's. Release, TOH and LD RBP and workstring. ND BOP.
3/6/2014: RIH with 207 joints plastic coated tubing and packer. NU wellhead. Test backside to 350# for 30 minutes. Good test. Return to disposal. Release rig. RDMO. NEED POSITION OF PACKER.
3/14/2014: Perform Mechanical Integrity Test. Pressure annulus to 300# for 30 minutes. No pressure loss. Test witnessed by Richard Inge, Compliance Officer, District II Artesia.

Spud Date: 8/10/1990

Rig Release Date: 10/1/1990

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

SIGNATURE Carol J. Smith TITLE Production Analyst DATE 5/8/2014
Type or print name Carol J. Smith E-mail address: hanson@dfn.com PHONE: 575-622-7330

For State Use Only
APPROVED BY: Richard Inge TITLE COMPLIANCE OFFICER DATE 5/20/14
Conditions of Approval (if any):