

|                                                                                                                                                                                                        |                             |                                                                          |                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------|------------------------|
| FILE                                                                                                                                                                                                   |                             | AND                                                                      |                        |
| U.S.G.S.                                                                                                                                                                                               |                             | AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS                           |                        |
| LAND OFFICE                                                                                                                                                                                            |                             |                                                                          |                        |
| TRANSPORTER                                                                                                                                                                                            | OIL                         |                                                                          |                        |
|                                                                                                                                                                                                        | GAS                         |                                                                          |                        |
| OPERATOR                                                                                                                                                                                               |                             |                                                                          |                        |
| PRODUCTION OFFICE                                                                                                                                                                                      |                             |                                                                          |                        |
| Hanson Operating Company, Inc.                                                                                                                                                                         |                             | RECEIVED                                                                 |                        |
| Address                                                                                                                                                                                                |                             | SEP 18 '87                                                               |                        |
| P. O. Box 1515, Roswell, New Mexico 88202-1515                                                                                                                                                         |                             | O. C. D.                                                                 |                        |
|                                                                                                                                                                                                        |                             | ARTESIA OFFICE                                                           |                        |
| Reason(s) for filing (Check proper box)                                                                                                                                                                |                             | Other (Please explain)                                                   |                        |
| New Well                                                                                                                                                                                               | Change in Transporter of:   | Effective October 1, 1987.                                               |                        |
| Completion                                                                                                                                                                                             | Oil                         |                                                                          |                        |
| Change in Ownership                                                                                                                                                                                    | Casinghead Gas              |                                                                          |                        |
|                                                                                                                                                                                                        | Dry Gas                     |                                                                          |                        |
|                                                                                                                                                                                                        | Condensate                  |                                                                          |                        |
| Change of ownership give name and address of previous owner                                                                                                                                            |                             |                                                                          |                        |
| DESCRIPTION OF WELL AND LEASE                                                                                                                                                                          |                             |                                                                          |                        |
| Well Name                                                                                                                                                                                              | Well No.                    | Pool Name, including Formation                                           | Kind of Lease          |
| Hanlad State Battery #1                                                                                                                                                                                | 1                           | Diablo San Andres                                                        | State, Federal or Fee  |
|                                                                                                                                                                                                        |                             |                                                                          | State                  |
| Location                                                                                                                                                                                               |                             |                                                                          |                        |
| Unit Letter                                                                                                                                                                                            | D                           | 660 Feet From The North                                                  | 660 Feet From The West |
| Line of Section                                                                                                                                                                                        | 27                          | Township 10-S                                                            | Range 27-E             |
|                                                                                                                                                                                                        |                             | NMPM                                                                     | Chaves                 |
| DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS                                                                                                                                                      |                             |                                                                          |                        |
| Name of Authorized Transporter of Oil                                                                                                                                                                  | or Condensate               | Address (Give address to which approved copy of this form is to be sent) |                        |
| Permian                                                                                                                                                                                                |                             | P. O. Box 1183, Houston, Texas 77251-1183                                |                        |
| Name of Authorized Transporter of Casinghead Gas                                                                                                                                                       | or Dry Gas                  | Address (Give address to which approved copy of this form is to be sent) |                        |
| N/A                                                                                                                                                                                                    |                             |                                                                          |                        |
| Well produces oil or liquids, or location of tanks.                                                                                                                                                    | Unit                        | Sec.                                                                     | Twp.                   |
|                                                                                                                                                                                                        | D                           | 27                                                                       | 10S                    |
|                                                                                                                                                                                                        |                             |                                                                          | 27E                    |
|                                                                                                                                                                                                        |                             |                                                                          | No                     |
| This production is commingled with that from any other lease or pool, give commingling order number:                                                                                                   |                             |                                                                          |                        |
| COMPLETION DATA                                                                                                                                                                                        |                             |                                                                          |                        |
| Designate Type of Completion - (X)                                                                                                                                                                     | Oil Well                    | Gas Well                                                                 | New Well               |
|                                                                                                                                                                                                        |                             |                                                                          | Workover               |
|                                                                                                                                                                                                        |                             |                                                                          | Deepen                 |
|                                                                                                                                                                                                        |                             |                                                                          | Plug Back              |
|                                                                                                                                                                                                        |                             |                                                                          | Same Res't             |
|                                                                                                                                                                                                        |                             |                                                                          | Drill Res't            |
| Date Spudded                                                                                                                                                                                           | Date Compl. Ready to Prod.  |                                                                          | Total Depth            |
|                                                                                                                                                                                                        |                             |                                                                          | P.B.T.D.               |
| Locations (DF, KKB, RT, GR, etc.)                                                                                                                                                                      | Name of Producing Formation |                                                                          | Tubing Depth           |
|                                                                                                                                                                                                        |                             |                                                                          | Depth Casing Shoe      |
| TUBING, CASING, AND CEMENTING RECORD                                                                                                                                                                   |                             |                                                                          |                        |
| HOLE SIZE                                                                                                                                                                                              | CASING & TUBING SIZE        | DEPTH SET                                                                | SACKS CEMENT           |
|                                                                                                                                                                                                        |                             |                                                                          | Post ID-3              |
|                                                                                                                                                                                                        |                             |                                                                          | 9-25-87                |
|                                                                                                                                                                                                        |                             |                                                                          | chg. LT: NRC           |
| TEST DATA AND REQUEST FOR ALLOWABLE                                                                                                                                                                    |                             |                                                                          |                        |
| (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)                                                          |                             |                                                                          |                        |
| First New Oil Run To Tanks                                                                                                                                                                             | Date of Test                | Producing Method (Flow, pump, gas lift, etc.)                            |                        |
| Length of Test                                                                                                                                                                                         | Tubing Pressure             | Casing Pressure                                                          | Choke Size             |
| Actual Prod. During Test                                                                                                                                                                               | Oil-Bbls.                   | Water-Bbls.                                                              | Gas-MCF                |
| TEST WELL                                                                                                                                                                                              |                             |                                                                          |                        |
| Actual Prod. Test-MCF/D                                                                                                                                                                                | Length of Test              | Bbls. Condensate/MCF                                                     | Gravity of Condensate  |
| Producing Method (pilot, back pr.)                                                                                                                                                                     | Tubing Pressure (Plat-in)   | Casing Pressure (Plat-in)                                                | Choke Size             |
| CERTIFICATE OF COMPLIANCE                                                                                                                                                                              |                             |                                                                          |                        |
| I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given is true and complete to the best of my knowledge and belief. |                             |                                                                          |                        |
| OIL CONSERVATION COMMISSION                                                                                                                                                                            |                             |                                                                          |                        |
| SEP 24 1987                                                                                                                                                                                            |                             |                                                                          |                        |
| APPROVED                                                                                                                                                                                               |                             |                                                                          |                        |
| BY                                                                                                                                                                                                     |                             |                                                                          |                        |
| Original Signed By                                                                                                                                                                                     |                             |                                                                          |                        |
| Les A. Clements                                                                                                                                                                                        |                             |                                                                          |                        |
| TITLE                                                                                                                                                                                                  |                             |                                                                          |                        |
| Supervisor District II                                                                                                                                                                                 |                             |                                                                          |                        |
| This form is to be filed in compliance with RULE 1104.                                                                                                                                                 |                             |                                                                          |                        |
| If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviated tests taken on the well in accordance with RULE 111.            |                             |                                                                          |                        |
| All sections of this form must be filled out completely for allowable on new and recompleted wells.                                                                                                    |                             |                                                                          |                        |
| Fill out only Sections I, II, III, and VI for changes of lease well name or number, or testing, etc., or other such change of conditions.                                                              |                             |                                                                          |                        |
| Production Analyst                                                                                                                                                                                     |                             |                                                                          |                        |
| 09/17/87                                                                                                                                                                                               |                             |                                                                          |                        |