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JUN 04 1986
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ARTESIA, OFFICE

20-009-62332
 Form C-101
 Revised 1-1-85

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		7. Unit Agreement Name
b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		8. Farm or Lease Name Hams
2. Name of Operator Hanson Operating Company, Inc.		9. Well No. 1
3. Address of Operator P. O. Box #1515, Roswell, New Mexico 88202-1515		10. Field and Pool, or Wildcat Wildcat - 1 well
4. Location of Well UNIT LETTER E LOCATED 1980 FEET FROM THE North LINE AND 660 FEET FROM THE West LINE OF SEC. 22 TWP. 15S RGE. 26E NMPM		12. County Chaves
19. Proposed Depth 7250'		19A. Formation Basil Penn
20. Rotary or C.T. Rotary		
21. Elevations (Show whether DF, RT, etc.) 3460' GR	21A. Kind & Status Plug. Bend Blanket ✓	21B. Drilling Contractor
22. Approx. Date Work will start 06-10-86		

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17-1/2"	13-3/8"	54.5#	600'	630 sx Class C	Circulate.
12-1/4"	8-5/8"	32 #	1200'	150 sx Lite, 375	Class C - Circ.
7-7/8"	5-1/2"	17 #	7250'	760 sx 50/50 POZ,	450 sx Lite - Circulate or tie back to 8-5/8.

It is proposed to drill the above-captioned well to a depth of 7250', or sufficient depth to test all probable zones of interest in the Basil Penn formation. If commercial production is indicated, 5-1/2" casing will be set for completion.

REQUEST THIS BE HELD UNDER "TIGHT HOLE" REQUIREMENTS.

Posted APJ,
 NL, ID-1
 6-6-86

APPROVAL VALID FOR 180 DAYS
 PERMIT EXPIRES 12-4-86
 UNLESS DRILLING UNDERWAY

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed Brenda R. Godfrey Title Production Analyst Date 05/30/86

(This space for State Use)

Original Signed By
Mike Williams
 Oil & Gas Inspector

DATE **JUN 6 1986**

APPROVED BY _____
 CONDITIONS OF APPROVAL, IF ANY:

Notify N.P.O.C.C. in sufficient
 time to witness cementing

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OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

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

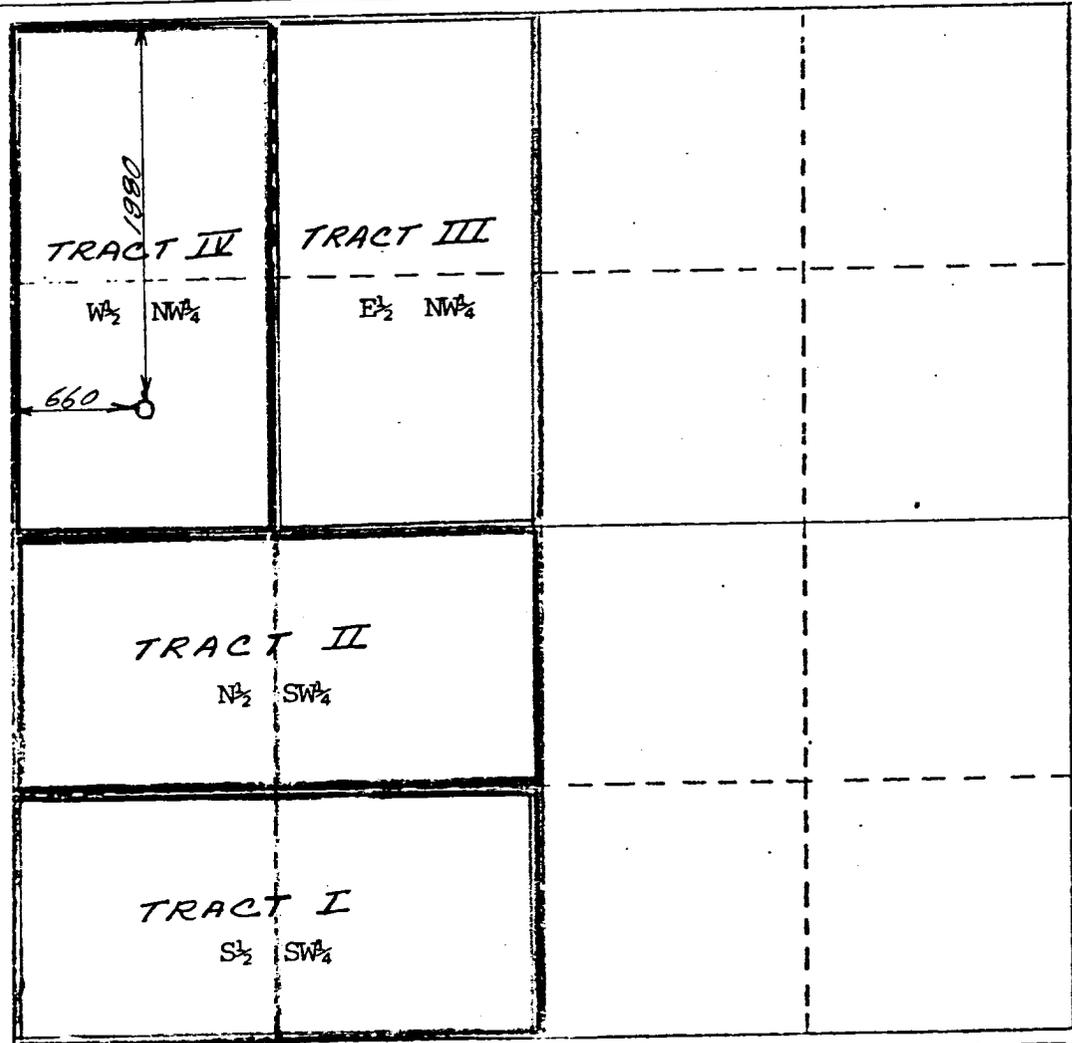
Operator Hanson Operating Company, Inc.			Lease Hams		Well No. 1
Unit Letter E	Section 22	Township 15 South	Range 25 East	County Chaves	
Actual Footage Location of Well: 1980 feet from the North line and 660 feet from the West line					
Ground Level Elev. 3460	Producing Formation Basil Penn.	Pool Wildcat		Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 Communitization

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

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 Division.



CERTIFICATION

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

Brenda R. Godfrey

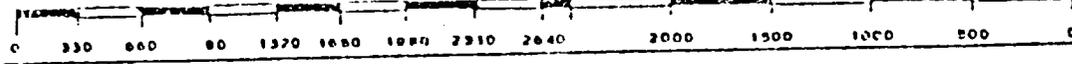
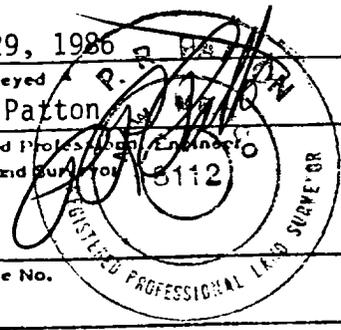
Name
Brenda R. Godfrey
Position
Production Analyst
Company
Hanson Operating Co., Inc.

Date
May 30, 1986

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 knowledge and belief.

Date Surveyed
May 29, 1986
P.R. Patton
Registered Professional Engineer
and/or Land Surveyor **8112**

8112
Certificate No.



SOLSBERY & RICHARDS

Hanson Operating Corporation
Drilling Opinion No. 1249
West Lake Arthur Prospect

April 1, 1986

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TITLE TO THE OIL AND GAS LEASES

TRACT 1

S/2SW/4

LEASE 1.

FORM: Producers 88 PAID-UP
DATE: 11-8-82
LESSOR: John P. Nelson a/k/a John Phillip
Nelson, and his wife, Marie Nelson;
and Jerry E. Nelson, a/k/a Jerry
Edward Nelson, and his wife,
Barbara Nelson
LESSEE: Donald E. Blackmar
DESCRIPTION: Township 15 South, Range 25 East
Section 22: SW/4SE/4 & S/2SW/4
Section 27: SE/4NE/4
TERM: 5 Years
ROYALTY: 3/16ths
OVERRIDING ROYALTY: 2% - Stuart D. Hanson
DELAY RENTALS: Paid-up except shut-in royalty
DEPOSITORY BANK: First National Bank, Artesia, N.M.
88210
POOLING CLAUSE: Paragraph 5. of lease - SEE BELOW
MINERAL INTEREST
COVERED: 100%

SOLSBERY & RICHARDS

Hanson Operating Corporation
Drilling Opinion No. 1249
West Lake Arthur Prospect

April 1, 1986

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TRACT 2

N/2SW/4

LEASE 2.

FORM: Producers 88
DATE: 6-28-82
LESSOR: William D. Fisk, a/k/a William Duane
Fisk, a single man
LESSEE: Mae V. Brown Johnson, as her
separate property
DESCRIPTION: Township 15 South, Range 25 East
Section 22: N/2SW/4
TERM: 5 Years
ROYALTY: 3/16ths
OVERRIDING ROYALTY: 2% - Stuart D. Hanson
DELAY RENTALS: Paid-up except shut-in royalty
DEPOSITORY BANK: Toy National Bank, Fourth and
Nebraska Streets, Sioux City, Iowa
51102
POOLING CLAUSE: Paragraph 5. of lease - SEE BELOW
MINERAL INTEREST
COVERED: 100%

TRACT 3

E/2NW/4

LEASE 3.

FORM: Producers 88
DATE: 9-21-85
LESSOR: Edward J. Lipscomb and wife, Viola
B. Lipscomb as joint tenants
LESSEE: Fred J. Schlicher
DESCRIPTION: Township 15 South, Range 25 East
Section 22: E/2NW/4
TERM: 5 Years
ROYALTY: 1/8th
DELAY RENTALS: Paid-up except shut-in royalty
DEPOSITORY BANK: Western Bank, Hatch, N.M. 87937

SOLSBERY & RICHARDS

Hanson Operating Corporation
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POOLING CLAUSE: Paragraph 5. of lease - SEE BELOW
MINERAL INTEREST
COVERED: 100%

TRACT 4

W/2NW/4

LEASE 4.

FORM: Producers 88
DATE: 4-6-83
LESSOR: Betty Ross Callaway, dealing in her
sole and separate property
LESSEE: Fred J. Schlicher
DESCRIPTION: Township 15 South, Range 25 East
Section 22: W/2NW/4
TERM: 10 Years
ROYALTY: 3/16ths
OVERRIDING ROYALTY: 2% - Stuart D. Hanson
DELAY RENTALS: Paid-up except shut-in royalty
DEPCISITORY BANK: Citizens Bank, 2500 Louisiana Blvd.
NE, Albuquerque, N.M. 87110
POOLING CLAUSE: Paragraph 5. of lease - SEE BELOW
MINERAL INTEREST
COVERED: 1/12th

LEASE 5.

FORM: Producers 88
DATE: 4-6-83
LESSOR: Ruth R. Ward, dealing in her sole
and separate property
LESSEE: Fred J. Schlicher
DESCRIPTION: Township 15 South, Range 25 East
Section 22: W/2NW/4
TERM: 10 Years
ROYALTY: 3/16ths
OVERRIDING ROYALTY: 2% - Stuart D. Hanson
DELAY RENTALS: Paid-up except shut-in royalty

SOLSBERY & RICHARDS

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DEPOSITORY BANK: The American Bank at Clinton,
Mississippi
POOLING CLAUSE: Paragraph 5. of lease - SEE BELOW
MINERAL INTEREST
COVERED: 1/12th

LEASE 6.

FORM: Producers 88
DATE: 4-6-83
LESSOR: Mary Fowler Shurlds, a/k/a Mary Tom
Shurlds; and Alma Sue Hays, dealing
in their sole and separate property
LESSEE: Fred J. Schlicher
DESCRIPTION: Township 15 South, Range 25 East
Section 22: W/2NW/4
TERM: 10 Years
ROYALTY: 3/16ths
OVERRIDING ROYALTY: 2% - Stuart D. Hanson
DELAY RENTALS: Paid-up except shut-in royalty
DEPOSITORY BANK: First National Bank at Jackson,
Mississippi 39205
POOLING CLAUSE: Paragraph 5. of lease - SEE BELOW
MINERAL INTEREST
COVERED: 2/12ths

LEASE 7.

FORM: Producers 88
DATE: 4-6-83
LESSOR: Maxine Fowler Seal, dealing in her
sole and separate property
LESSEE: Fred J. Schlicher
DESCRIPTION: Township 15 South, Range 25 East
Section 22: W/2NW/4
TERM: 10 Years
ROYALTY: 3/16ths
OVERRIDING ROYALTY: 2% - Stuart D. Hanson
DELAY RENTALS: Paid-up except shut-in royalty
DEPOSITORY BANK: Deposit Guaranty National Bank at
Jackson, Mississippi, Meadowbrook

SOLSBERY & RICHARDS

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POOLING CLAUSE: Branch
MINERAL INTEREST Paragraph 5. of lease - SEE BELOW
COVERED: 1/12th

LEASE 8.

FORM: Producers 88
DATE: 9-24-85
LESSOR: Jim Allan Hams, dealing in his sole
and separate property
LESSEE: Fred J. Schlicher
DESCRIPTION: Township 15 South, Range 25 East
Section 22: W/2NW/4
TERM: 6 Years
ROYALTY: 1/8th
DELAY RENTALS: Paid-up except shut-in royalty
DEPOSITORY BANK: Mesa United Bank at Grand Junction,
Colorado
POOLING CLAUSE: Paragraph 5. of lease - SEE BELOW
MINERAL INTEREST
COVERED: 7/12ths