

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☐MULTIPLE
ZONE ☒

2. NAME OF OPERATOR

Hanson Oil Corporation

3. ADDRESS OF OPERATOR

P. O. Box 1515, Roswell, New Mexico 88201

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

990' FNL & 990' FEL, NE/4 NE/4, Sec. 26, T.18S, R.30E

At proposed prod. zone

990' FNL & 990' FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

6 miles south of Loco Hills, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

330'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

740'

16. NO. OF ACRES IN LEASE

800

19. PROPOSED DEPTH

3600'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3459.8 G.L.

23. PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|--------------------|
| 11" | 8-5/8" | 24# | 710' | 200 sx circ. |
| 7-7/8" | 5-1/2" | 14# | 3600' | 200 sx CIRCULATE |

It is proposed to drill the above captioned well to a depth of 3600' or a depth sufficient to test the Grayburg formation. If oil or gas in commercial quantities is found, the well will be perforated and stimulated as conditions require. B.O.P. will be used during drilling and completion operations.

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OCT 24 1980

U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

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. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED

A. Deane

TITLE Vice Pres., Drilling & Prod. DATE 10-16-80

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

3-9-81

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

R-6587

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section

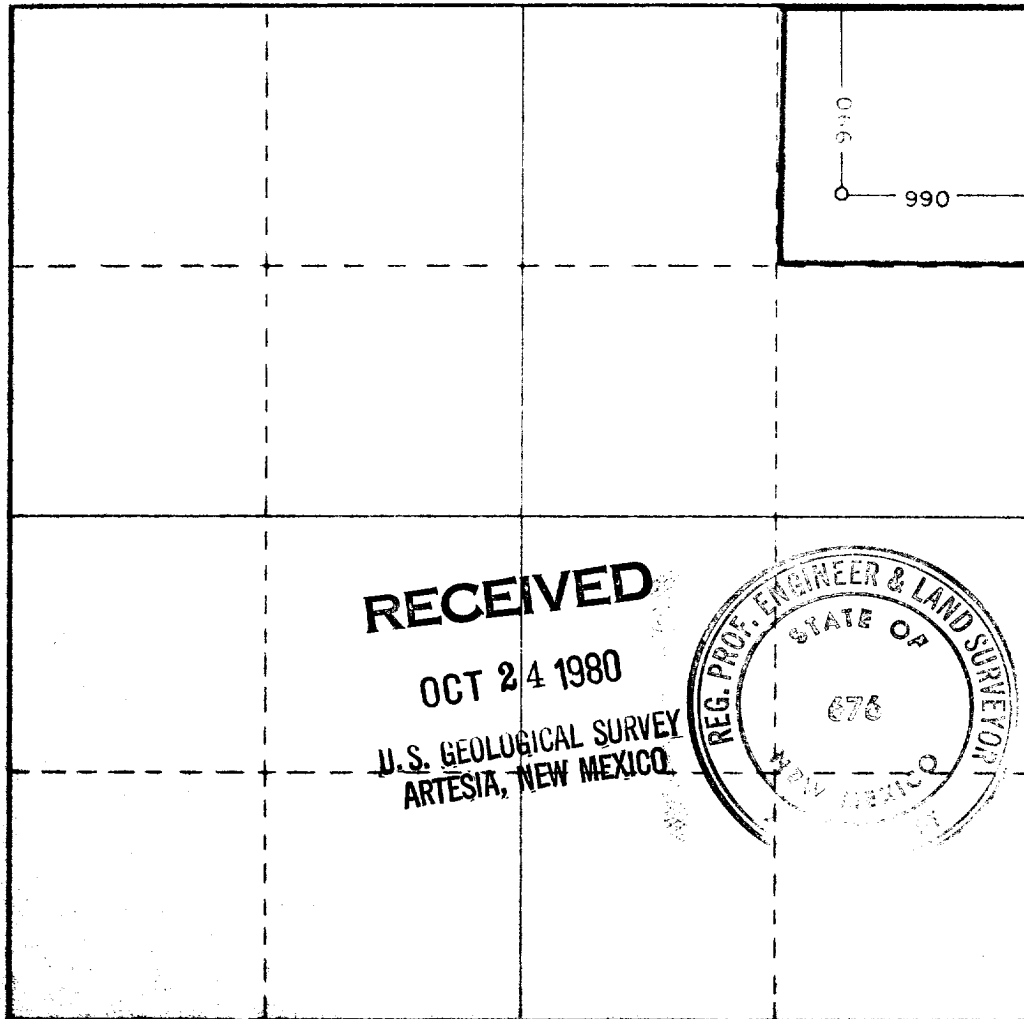
| | | | | | |
|--|--|-----------------------------|---|---------------------------------------|-----------------------|
| Operator Hanson Oil Co. | | | Lease Ginsburg Fed. Battery 2 | | Well No. 17 |
| Unit Letter A | Section 26 | Township 18 south | Range 30 east | County Eddy | |
| Actual Footage Location of Well: 990 feet from the north line and 990 feet from the east line | | | | | |
| Ground Level Elev. 3439.8 | Producing Formation Grayburg | | Pool Shugart Y-S-R-Q-A | Dedicated Acreage: 40 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 _____

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.



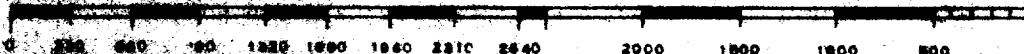
CERTIFICATION

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
October 16, 1980

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
9-16-80
Registered Professional Engineer and/or Land Surveyor
John E. West
Certificate No. **JOHN E. WEST 978**
PATRICK A. SCHERO 6885
Ronald J. Elders 5238





UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125

IN REPLY REFER TO:

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MAR 10 1981

O. C. D.
ARTESIA, OFFICE

MAR 09 1981

Hanson Oil Corporation
P. O. Box 1515
Roswell, New Mexico 88201

Gentlemen:

Your Application for Permit to Drill well No. 17, Ginsberg Federal in the NE¹/₄ sec. 26, T. 18S., R. 30E., Eddy County, New Mexico, lease New Mexico 025503, to a depth of 3,600 feet to test the Grayburg formation in the R-111-A oil-potash area, is hereby approved as amended by stipulations attached to the application.

One copy of the application is returned herewith. Please notify the District Supervisor, Geological Survey, Roswell, New Mexico, in sufficient time for a representative to witness all cementing operations.

Sincerely yours,

(ORIG. SGD.) GENE F. DANIEL

Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

Enclosure

cc:
NMOCD, Artesia (2) ← This Copy for
Conservation Manager, SCR
DCM-Mining (2)
BLM, Carlsbad
Roswell District Office (2)
Artesia Subdistrict
File
ARC
Roswell Chrono

GHStewart:jmb:3/2/81

APPLICATION FOR DRILLING

GINSBURG FEDERAL #17

EDDY COUNTY, NEW MEXICO

In conjunction with permitting subject well for drilling in Section 26, T.18S, R.30E, Hanson Oil Corporation submits the following 10-points of pertinent information in accordance with United States Geological Survey letter of July 1, 1976:

1. The surface formation is Pleistocene and Holocene.
2. The estimated tops geologic markers are as follows:

| | |
|--------------|-------|
| Anhydrite | 499' |
| Salt | 669' |
| Base of Salt | 1667' |
| Yates | 1867' |
| Queen | 2903' |
| Penrose | 3117' |
| Grayburg | 3316' |
| T.D. | 3600' |

3. The depth at which water is expected to be encountered is at 235'.
The depth at which oil and gas is expected to be encountered is at 1867'.
4. Casing Program:

24# K-55, 8-5/8" to 710' (New)
14# K-55, 5-1/2" to 3600' (New)
5. Blowout preventer: Ram type, series 900 with double hydraulic 12' rams. This is a Schaffer blowout preventer (300# working pressure) with a Hydrill closing unit. The fill, kill and choke lines are indicated on the blowout preventer specifications sheet Exhibit #5.
6. Circulating Medium: Earthen pits will be used to hold mud and cuttings and the drilling fluid as follows:

SURFACE: (0-710')

Drill and set surface casing with a Hydrogel - Lime slurry (40 - 50 Sec./Qt. viscosity).

OPEN HOLE: (710' - T.D.)

Drill out from under surface casing with brine water to minimize leeching Salt Section. We suggest circulating the reserve pit to minimize solids build-up. At Top of Queen we suggest coming back into working pits and mudding up with Brinegel and Loid for a mud with the following properties:

| | | |
|------------|-------------|-----|
| Weight | 10.1 - 10.3 | ppg |
| Viscosity | 34 - 36 | sec |
| Fluid loss | 10 - 12 | ml |

A fluid with the above properties should be adequate to provide safe logging and casing operations.

APPLICATION FOR DRILLING (Conintued)

GINSBERG FEDERAL #17

EDDY COUNTY, NEW MEXICO

7. Auxiliary Equipment: Kelly cocks and flats 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: No D.S.T.'s will be taken. No cores are planned. Gamma-Ray Caliper and Formation Density Logs will be run from base of surface to T.D.
9. No abnormal bottom hole pressure (BHP) is anticipated. Based on off-setting BHP data, the BHP in the subject well is anticipated to be 1404# at 3600'. This is equivalent to a pressure gradient of .39 lbs. per foot of depth.
10. The anticipated starting date is per rig availability. Stimulating and completion of well would be immediately after drilling operations are finished.

SURFACE USE AND OPERATIONS PLAN

GINSBERG FEDERAL #17

EDDY COUNTY, NEW MEXICO

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U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

The following multipoint requirements and surface use plan is submitted for the subject well by Hanson Oil Corporation:

1. Existing Roads

- A. Proposed well as staked. See Surveyor's Plat.
- B. As shown, the planned well is approximately six (6) miles South of Loco Hills, New Mexico. To reach the planned well take Highway 82 East from Artesia, New Mexico to where Road 31 intersects Highway 82; turn South on Road 31 for 6.7 miles; turn West and continue over existing caliche road for $3\frac{1}{2}$ miles in a Westerly direction; turn North before the cattleguard and continue North on existing road past Ginsberg # 11, #10 & #9; turn west off existing road one-half way between Ginsberg #9 & #8, approximately 900' to location.
- C. Existing Roads: See Exhibit #1
- D. See Exhibit #1
- E. Not applicable
- F. Existing roads will be bladed and watered as is necessary to maintain a useable road.

2. Planned Access Roads: See Exhibit #1

- 1. Width: See Exhibit #3
- 2. Maximum grades: See Exhibit #3
- 3. Turnouts: See Exhibit #1
- 4. Drainage Design: See Exhibit #3
- 5. No culverts will be necessary as only insignificant, widely dispursed drainage could occur across the proposed route. No major cuts or fills will be necessary.
- 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 access road and location.
- 7. Gates are not necessary; cattleguards: See Exhibit #1; no fence cut will be made.
- 8. Planned access road has been centered-line flagged.

SURFACE USE AND OPERATIONS PLAN (Continued)

GINSBERG FEDERAL #17

EDDY COUNTY, NEW MEXICO

3. Location of existing wells in a one-mile radius are shown on Exhibit #1.

- (1) Water Wells: None
- (2) Abandoned Wells: Section 35 - See Exhibit #1
- (3) Temporarily abandoned wells: None
- (4) Disposal wells: None
- (5) Drilling wells: None
- (6) Producing wells: Sections 25, 26, 35 & 36 - See Exhibit #1
- (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 are existing facilities within a one-mile radius from location owned or controlled by Hanson Oil Corporation - See Exhibit #1.
- B. In the event production is established, Hanson Oil Corporation will use existing Ginsberg Tank Battery #2 in the SE/4 NE/4 SE/4 of Section 26.

C. Rehabilitation of disturbed areas:

If production is established, following completion of necessary well producing equipment, etc., all pits with the exception of a flare pit, will be filled (after they dry up) 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 reseeded will be done with a reasonable effort to establish a more attractive soil stabilizing growth of vegetation than what previously existed at the site. Reseeding will take place at the first opportunity following completion of well in accordance with the recommended seasonal periods (late Spring). The unused disturbed area then will be fenced from time of reseeded 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 producing wells in Sec. 29, T.18S, R.31E.
- 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.

SURFACE USE AND OPERATIONS PLAN (Continued)

GINSBERG FEDERAL #17

EDDY COUNTY, NEW MEXICO

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 and 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 for 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.
- (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 in 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 an earthen pit. See Exhibit #2, and buried following drilling operations. Said pit to be fenced with small mesh wire to prevent wind from scattering trash before being burned and 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 Auxilliary facilities will be constructed.

SURFACE USE AND OPERATIONS PLAN (Continued)

GINSBERG FEDERAL #17

EDDY COUNTY, NEW MEXICO

9. Well Site Layout:

- (1) Cross sections of drill pad - See Exhibit #4
- (2) See Exhibit #2
- (3) See Exhibit #2
- (4) Statement as to whether pits are to be lined or unlined:
Pits will be unlined.

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.
- (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 small sand dunes. The surface supports a sparse growth of grass with a few clumps of cactus.
- (2) There are no other surface use activities planned. The surface at the location is Federally owned.

SURFACE USE AND OPERATIONS PLAN (Continued)

GINSBERG FEDERAL #17

EDDY COUNTY, NEW MEXICO

11. Other Information (Continued):

- (3) There are no fresh water wells near the proposed location. No lakes, streams, no occupied dwellings, no known archaeological historical or cultural sites in the general area of the location.

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

Mr. A. J. Deans
P. O. Box 1515
Roswell, New Mexico

Phone No: (505) 622-7330 - Office
(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 subcontractors in conformity with this plan and the terms and conditions under which it is approved.

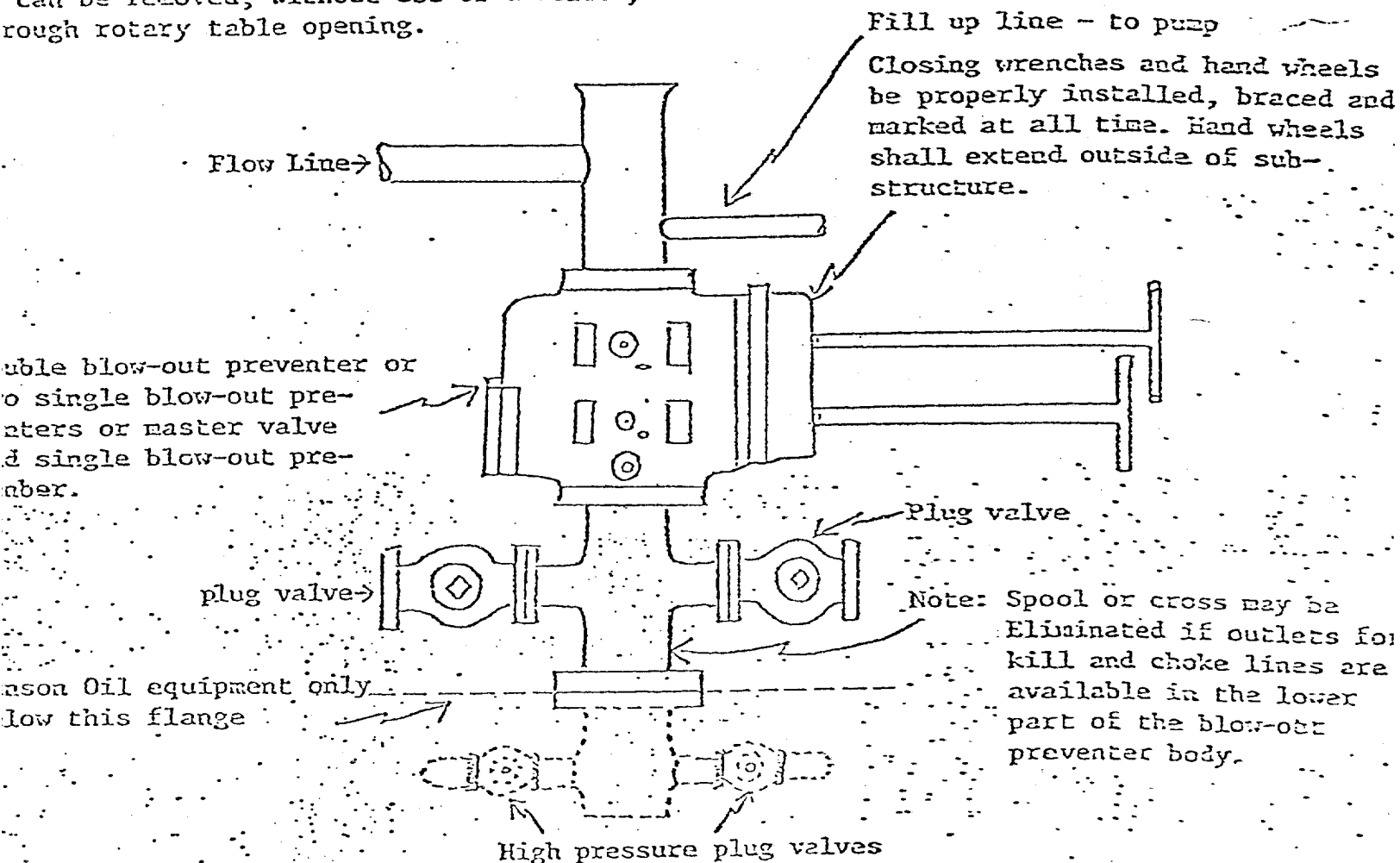
10-16-80
(Date)

A. J. Deans
A. J. Deans
Vice-President, Drilling & Production

MINIMUM BLOW-OUT PREVENTER REQUIREMENTS

EXHIBIT #5

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



NOTE:

When drilling use:
Top Preventer-Blind rams or master valve
Bottom Preventer-Drill pipe rams

When running casing use:
Top Preventer-Casing rams
Bottom Preventer-Blind rams or master valve

NOTE:

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.

1. The following information was obtained from the file of the
2. Bureau of Prisons, Department of Justice, Washington, D.C.
3. dated 1/15/54.

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22. The following information was obtained from the file of the
23. Bureau of Prisons, Department of Justice, Washington, D.C.
24. dated 1/15/54.

25. The following information was obtained from the file of the
26. Bureau of Prisons, Department of Justice, Washington, D.C.
27. dated 1/15/54.

STATE OF NEW MEXICO
OIL AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

Grayburg #
11, 18

CASE NO. 7136
Order No. R-6587

APPLICATION OF HANSON OIL CORPORATION
FOR THE CONTRACTION OF THE POTASH-OIL
AREA, OR IN THE ALTERNATIVE, AN EXCEPTION
TO THE CASING-CEMENTING RULES OF R-111-A,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 28, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of February, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Hanson Oil Corporation, seeks the contraction of the Potash-Oil Area as defined by Order No. R-111-A, as amended, by the deletion of the NE/4 of Section 26, Township 18 South, Range 30 East, NMPH, Eddy County, New Mexico, or, in the alternative, applicant seeks an exception to the casing-cementing rules prescribed by Order No. R-111-A for wells it proposes to drill in the NE/4 of said Section 26 to permit it to set surface casing at at least 600 feet and production casing at total depth in the Grayburg formation, circulating cement to the surface on both strings.

(3) That while the evidence presented indicates that there are no present potash mining operations nor probable remaining deposits of commercial potash ore in the subject area, there is insufficient geological and engineering data available in the record of this case to justify deletion of the subject lands from the Potash-Oil Area, and the application for such deletion should be denied.

(4) That the proposed method of completion for shallow-zone wells in the subject area should be safe and should not result in endangerment of potash resources or operations, provided however,

(5) That the production casing should be cemented with a volume of cement sufficient to circulate back to the surface.

(6) That the applicant should report the following both to the district office of the Division and the U.S.G.S. and may be required to circulate cement to the surface around the production casing:

(a) Any water flows encountered:

(b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

(7) That approval of the subject application will protect correlative rights, will prevent waste and will not cause the waste of potash.

(8) The application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Hanson Oil Corporation, is hereby authorized an exception to the casing-cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit the completion of several wells in the NE/4 of Section 26, Township 16 South, Range 30 East, NMPM, Eddy County, New Mexico, by setting surface casing at a depth of at least 600 feet and production casing at total depth with a volume of cement calculated to be sufficient to circulate back to the surface.

PROVIDED HOWEVER, that the applicant shall report the following, both to the district office of the Division and the U.S.G.S.:

- (a) Any water flow encountered; and
- (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

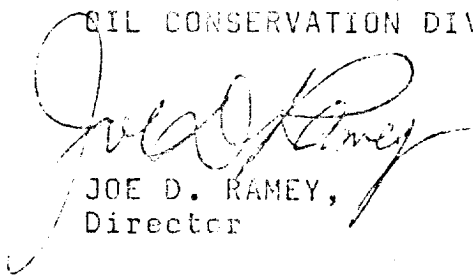
PROVIDED FURTHER, that the applicant may be required to re-cement the production casing to the surface if cement on said casing did not circulate to the surface.

(2) That the application to delete certain lands from the Potash-Oil Area is hereby denied.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L

dr/