

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

Hanley Petroleum Inc.

RECEIVED

3. ADDRESS OF OPERATOR

1500 Wilco Bldg., Midland, Texas 79701

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

At surface
660' FNL & 1932' FWL of Section 7, T-18-S, R-31-E

At proposed prod. zone
Same

O. C. D.

ARTESIA, OFFICE

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

From Artesia East 31 miles, South 3 miles, West 1.75 miles

15. DISTANCE FROM PROPOSED*

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

510

16. NO. OF ACRES IN LEASE

40

17. NO. OF ACRES ASSIGNED

TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

NA

19. PROPOSED DEPTH

9000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3639.3' GL

22. APPROX. DATE WORK WILL START*

As soon as possible

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT*
17-1/2	12-3/4 13 3/8	40 48	650	600 sx - circulate
11	8-5/8	24	2500	1300 sx - circulate
7-7/8	5-1/2	17	8600	±1100 sx

Propose to drill no deeper than 9000'.

All casing will be set in accordance with regulations and by approved methods.

Blowout preventers will be applied as outlined in additional information (See exhibits).

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

YOOT ID-1
NL & API
2-24-89

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.

24.

SIGNED

Wallace K. Gore
Wallace K. Gore

TITLE

Agent-Hanley Petroleum Inc.

DATE

1-23-89

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

Laurel P. Ponce

TITLE

AREA
CARLSBAD RESOURCE

DATE

2-16-89

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

**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.

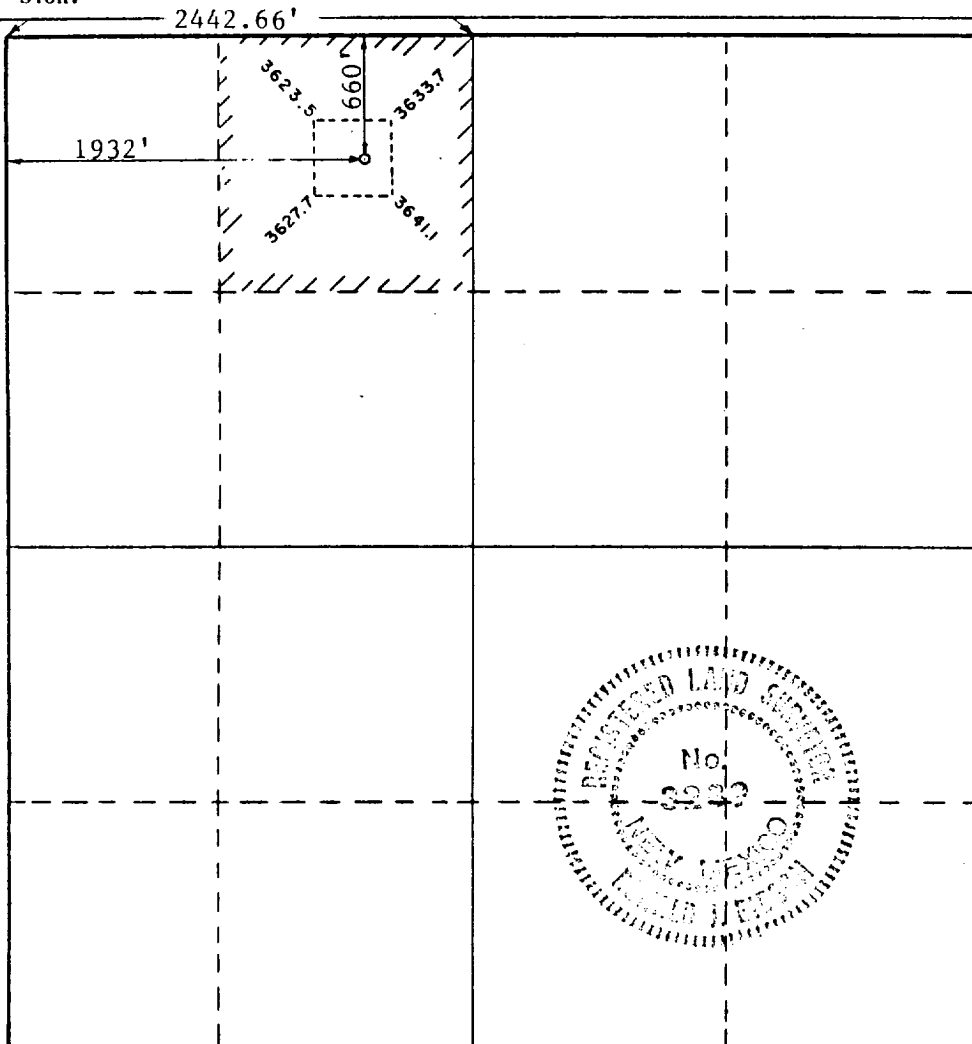
Operator HANLEY PETROLEUM, INC.			Lease HANLEY FEDERAL		Well No. 1
Unit Letter C	Section 7	Township 18 SOUTH	Range 31 EAST	County EDDY	
Actual Footage Location of Well:					
660 feet from the		NORTH	line and	1932 feet from the	WEST
Ground Level Elev. 3639.3'	Producing Formation BONE SPRING		Pool UUD. SHUGART (BONE SPRING) NORTH		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.

Wallace K. Gore

Name WALLACE K. GORE
Position AGENT
Company HANLEY PETROLEUM, INC.
Date 1-25-89

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 JANUARY 25, 1989
Registered Professional Engineer and/or Land Surveyor <i>Ronald J. Eidson</i>
Certificate No. JOHN W. WEST, 676 RONALD J. EIDSON, 3239

31746

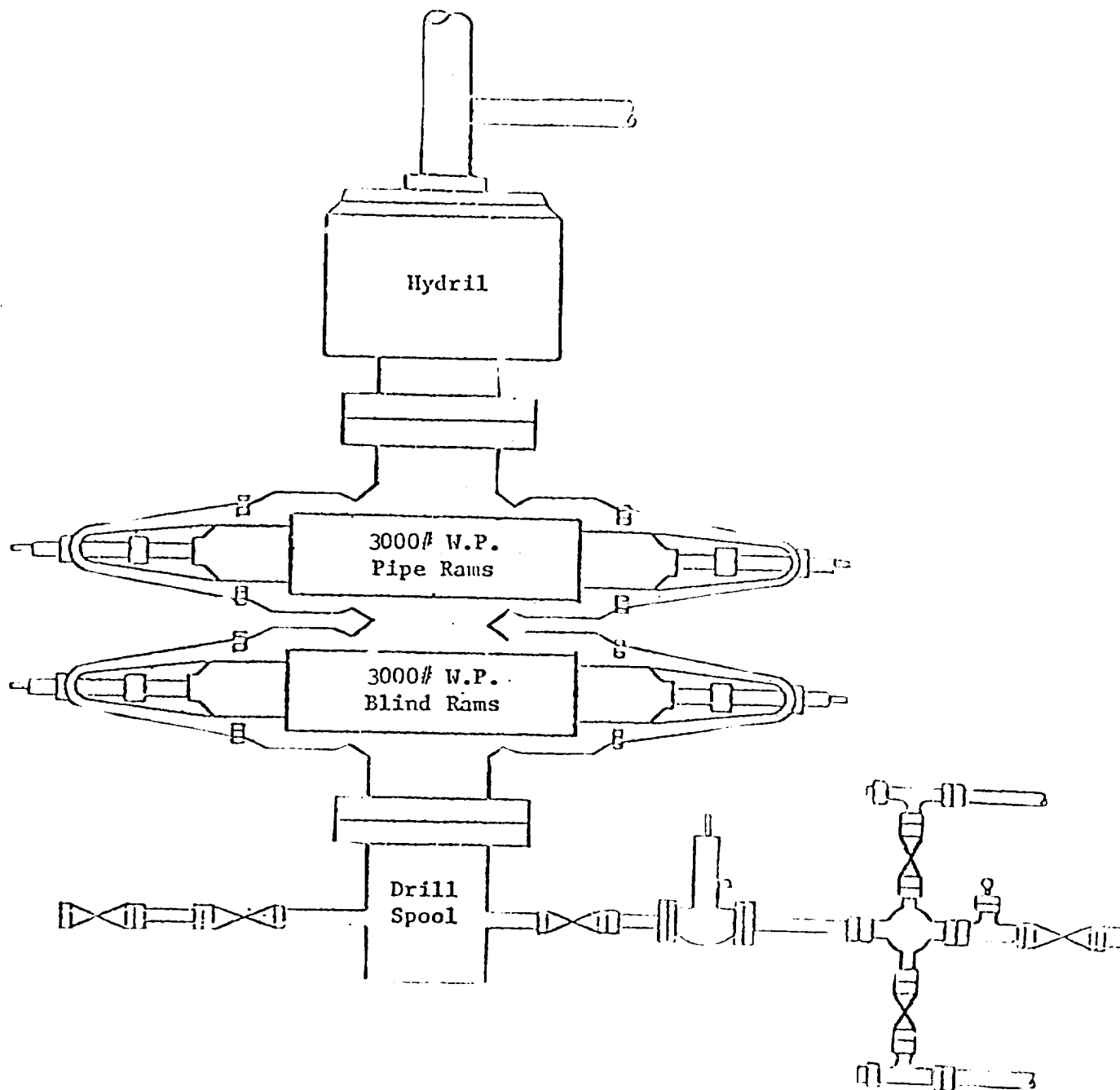


EXHIBIT D

Hanley Petroleum, Inc.
Hanley Federal No. 1
Sec. 7, T-18S, R-31E,
Eddy Co., New Mexico

Application For Drilling

Hanley Petroleum Inc.

Hanley Federal Well #1
660' FNL & 1932' FWL
Section 7, Township 18-S, Range 31-E
Eddy County, New Mexico

In conjunction with Form 3160-3, Application For Permit to Drill, Hanley Petroleum Inc. submits the following ten items of pertinent information in accordance with BIM Requirements:

1. The Geologic age of the surface formation is Quaternary.
2. The estimated tops of certain Geologic Markers are as follows:

Rustler	455'
Yates	1785'
Queen	2935'
San Andres	3935'
Delaware	4175'
Bone Spring	5106'
3. The estimated depths at which oil, water or gas are expected to be encountered are:

Ogallalla (water)	100'
Queen (oil)	2935'
Bone Spring (oil)	8300'
4. Casing Program: See attached Form 3160-3 and Exhibit E.
5. Blowout Equipment Specifications: See attached Form 3160-3 and Exhibit D.
6. Mud Program: See Exhibit F.
7. Auxiliary Equipment: A stubbing valve will be kept on rig floor to be used when Kelly is not in string. Upper & lower Kelly cocks will be in place and tested, and the wrench will be in a conspicuous place on the floor at all times.
8. Testing, Logging and Coring Programs:
 - A. DST's - None anticipated
 - B. Wireline logs
 - C. Cores - None anticipated
9. No abnormal pressures or temperatures are anticipated.
10. Anticipated starting date: As soon as possible.

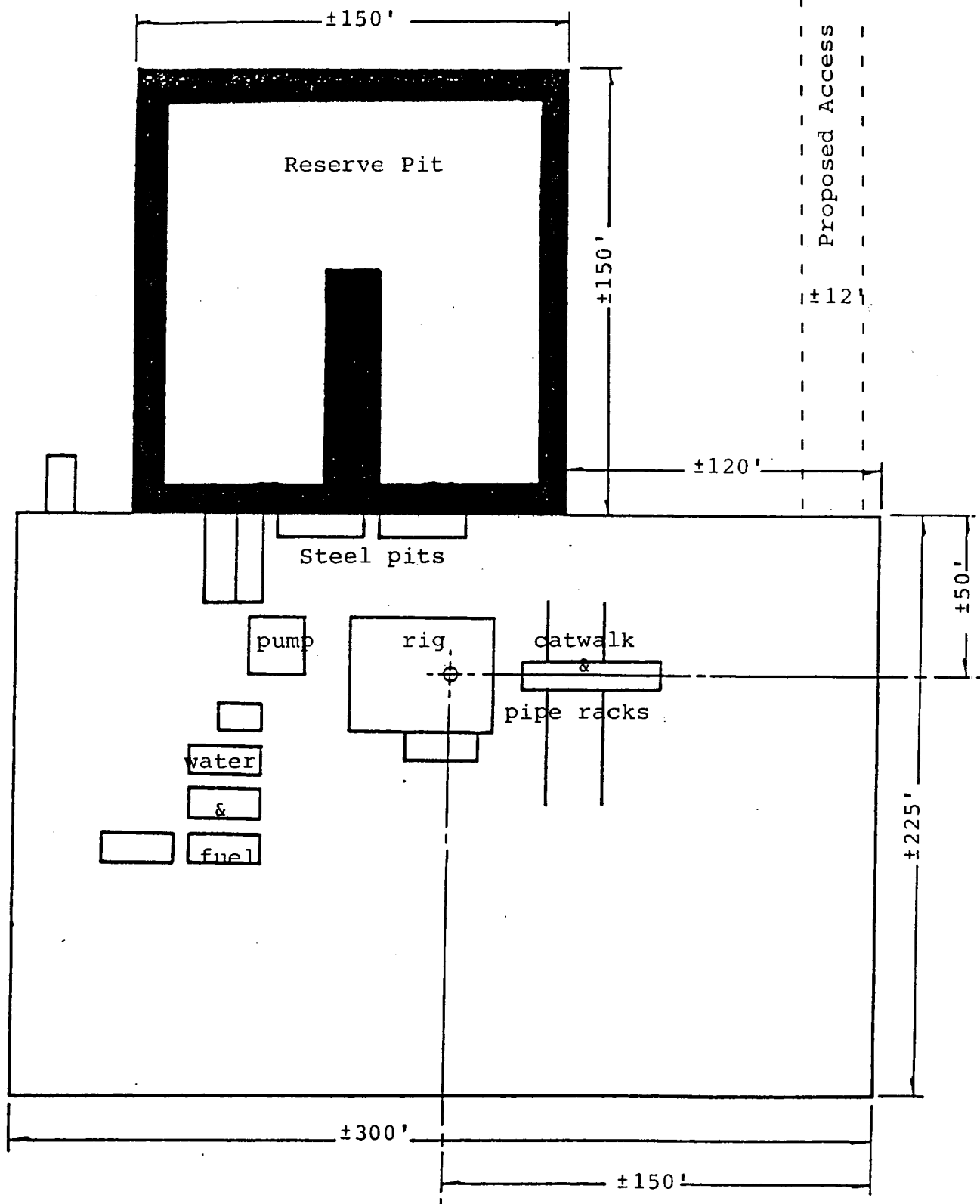


EXHIBIT C

HANLEY PETROLEUM, INC.
 Hanley Federal No. 1
 Sec. 7, T-18S, R-31E,
 Eddy Co., New Mexico

LOCATION LAYOUT