

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

330' FWL and 1980' FSL

At proposed prod. zone

330' FWL and 1980' FSL

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

8 miles SE of White City, New Mexico

15. DISTANCE FROM PROPOSED*

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

330

18. DISTANCE FROM PROPOSED LOCATION*

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

1320

16. NO. OF ACRES IN LEASE

320

19. PROPOSED DEPTH

2100'

17. NO. OF ACRES ASSIGNED

TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

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

3371 GR

22. APPROX. DATE WORK WILL START*

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	120'	150 sx. circ.
7-7/8"	4-1/2"	9.5#	2100'	125 sx.

It is proposed to drill the above captioned well to a depth sufficient to test the Delaware formation. If commercial oil or gas is encountered, the above casing program will be followed to completion. The well would then be perforated and stimulated as conditions require. Blowout preventors will be used during drilling and completion operations.

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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.

24.

SIGNED

TITLE

Vice President/Production DATE Oct. 5, 1976

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

DECLARED WATER BASIN

APPROVED

APPROVED BY
CONDITIONS OF APPROVAL, IF ANY:TITLE
OPERATIONSTHIS APPROVAL IS RESCINDED IF OPERATIONS
ARE NOT COMPLETED WITHIN 3 MONTHS.
EXPIRES

APR 28 1977

See Instructions On Reverse Side

CEMENT BEHIND THE
CASING MUST BE CIRCULATEDNOTIFY USGS IN SUFFICIENT TIME TO
WITNESS CEMENTING THE CASING.

N MEXICO OIL CONSERVATION COMMISS.
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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ARTESIA, NEW MEXICO

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

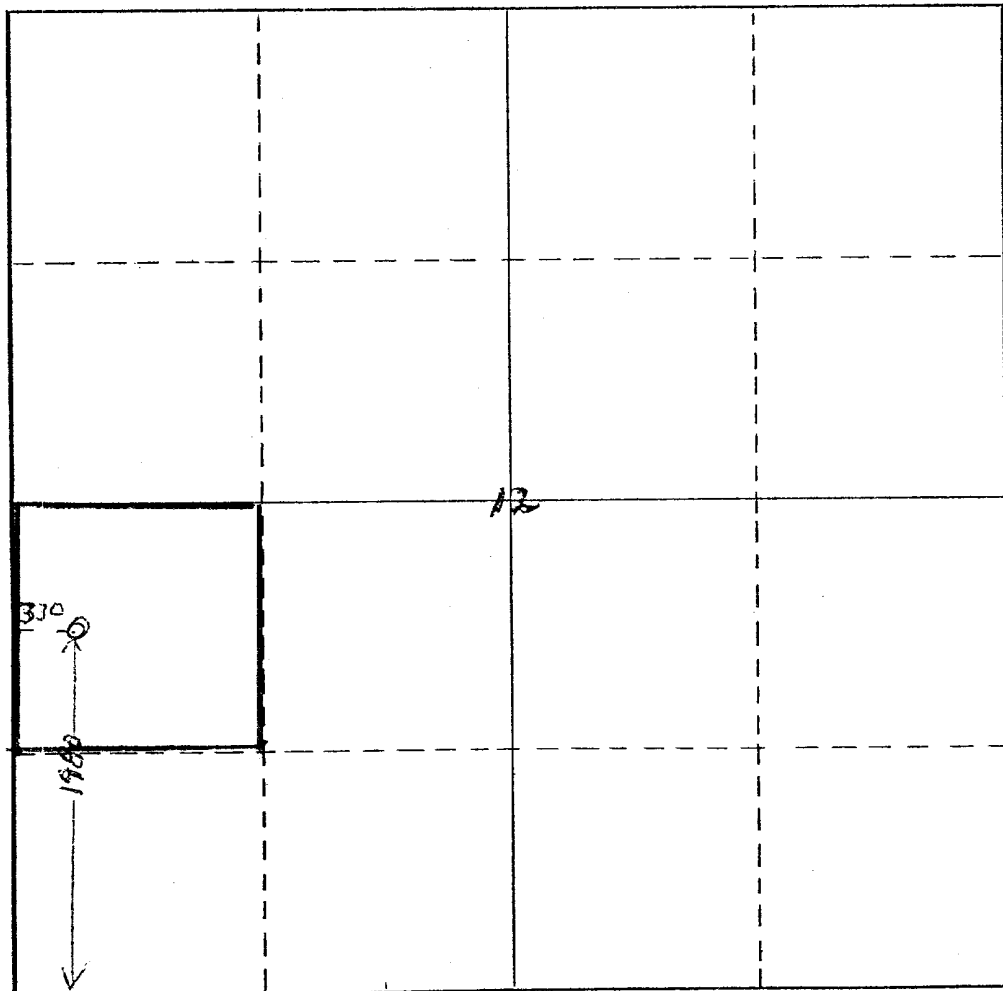
Operator Hanson Oil Corporation			Lease Gulf Federal		Well No. 2
Unit Letter L	Section 12	Township 25 S	Range 26 E	County	
Actual Footage Location of Well:					
330 feet from the West line and		1980 feet from the South line			
Ground Level Elev. 3371	Producing Formation Delware	Pool Delware Undesignated	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.

Ray Willis

Name

Vice President-Production

Position

Hanson Oil Corporation

Company

10-5-76

Date

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.

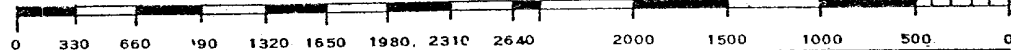
July 5, 1976

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

N. M. No. 220

Certificate No.



SURFACE USE AND OPERATION PLAN - HANSON OIL CORPORATION GULF FEDERAL #2

The following information and plan is submitted for the subject well by Hanson Oil corporation:

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U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

1. Existing roads in the vicinity of planned well are shown on the attached Exhibit #1. As shown, the planned well is approximately 19 miles South of Carlsbad, New Mexico. To reach subject well from Carlsbad, New Mexico, go South on Old Cavern Road. Follow this road due South until pavement ends; continue on caliche road across Black River; continue South on caliche road approximately 7 miles; turn West on unimproved road 1/4 mile; continue North on same unimproved road 1/2 mile to location.
2. The planned access road is shown on attached Exhibits #1 and #6. Only grading will be necessary on existing lease road. Terrain where the road is planned is rolling hills. No culverts will be necessary as only insignificant widely dispersed drainage could occur across the proposed route.
3. Location of existing wells in a three-mile radius are shown on attached Exhibit #2.
4. There is no production equipment on this lease at present. If production is established, we will build a tank battery on the drilling pad.
5. It is planned to drill the proposed well with a fresh water system. The water will be trucked over the access road as shown on Exhibit #1.
6. All construction materials will be of local origin and no surface materials will be disturbed except those necessary for the actual grading of the road and drilling site.
7. 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. Trash and garbage will be contained in an earthen pit and be buried following drilling operations. The drilling fluid will be left in the reserve pit and allowed to evaporate after any oil accumulation on the pit has been removed and hauled to the production facility for recovery. Drilling fluid residue (bentonite, drill solids, etc.) will be buried in the reserve pit after drilling operation and evaporation of water in the drilling fluid. Sewage will be collected in a pit at least 6' deep below an outside latrine, suitable chemical will be added to aid decomposition of the waste material and then back filled following completion of the well.
8. No ancillary facilities will be constructed.
9. Rig layout and cross section of the planned drilling site are shown on attached Exhibits #3 and #4. There are no plans to line the earthen reserve pit although it should seal quite rapidly with drill solids and bentonite. Water used for drilling is of discharge quality.

SURFACE USE AND OPERATIONS PLAN - HANSON OIL CORPORATION GULF FEDERAL #2 (Continued)

10. Following completion of drilling operations, all pits will be filled (after they dry up) and area surrounding the location leveled. We will then reseed using as much top soil as possible and utilizing seed types and quantities as recommended for this area by agronomist and the Bureau of Land Management. Top soil will be stored when the location is graded. Unused portions of the location will be reseeded. If the well is non-productive, the entire location and access road will be graded to conform with original topography, top soil spread and the entire location reseeded. All reseeding will be done with 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 operations in accordance with the recommended seasonal seeding periods.
11. The area around the drilling site has a gradual sloping trend to the southwest. A shallow draw runs adjacent to the location on the east side. Drainage is into said draw located approximately 450' east of the location. The surface supports a sparse growth of grass. The surface at the location is Federally owned.
12. The Hanson Oil Corporation representative conducting this drilling operation is:

Mr. Ray Willis
Post Office Box 1515
Roswell, New Mexico
88201

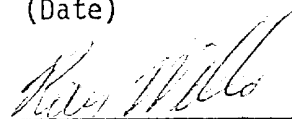
Phone: (505) 622-7330 OFFICE
(505) 622-7765 HOME

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.

10-5-76

(Date)



Ray Willis
Vice-President, Production

APPLICATION FOR DRILLING

HANSON OIL CORPORATION GULF FEDERAL #2

EDDY COUNTY, NEW MEXICO

In conjunction with permitting subject well for drilling in Section 12, Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, Hanson Oil Corporation submits the following ten points of pertinent information in accordance with U. S. G. S. letter of July 1, 1976:

1. The geologic surface formation is Rustler.
2. The estimated tops of geologic markers are as follows:

Top Salt:	1,130'
Base Salt:	1,695'
Top Delaware Lime:	1,898'
Top Delaware Sand:	1,960'
3. The depth at which water, oil or gas are expected to be encountered is:

1960'
4. Casing Program:

8-1/2" 24# K55 to 120' (used) Cement w/150 sx.
4-1/2" 9.5# K55 (new) Cement w/125 sx.
5. Blowout Preventers:

Ram type Series 900 with double hydraulic rams.
This is a Schaffer blowout preventer (2000# working pressure, 4000# test) with a Payne closing unit.
The fill, kill and choke lines are indicated on the blowout preventer specification sheet Exhibit #5.
6. Circulating Medium:

Earthen pits will be used to hold mud and cuttings and the drilling fluid as follows:

<u>0-1850'</u> Native, supplemented with aqua gel and lime or Quick-Gel			
<u>1850'-2050'</u> Mud up when indicated for hole conditions as follows: <table data-bbox="812 1691 1226 1787" style="margin-left: 100px;"><tbody><tr><td>Bring WT. to 8.9#</td></tr><tr><td>Bring Vis. to 38</td></tr><tr><td>Lower Water Loss to 10</td></tr></tbody></table>	Bring WT. to 8.9#	Bring Vis. to 38	Lower Water Loss to 10
Bring WT. to 8.9#			
Bring Vis. to 38			
Lower Water Loss to 10			

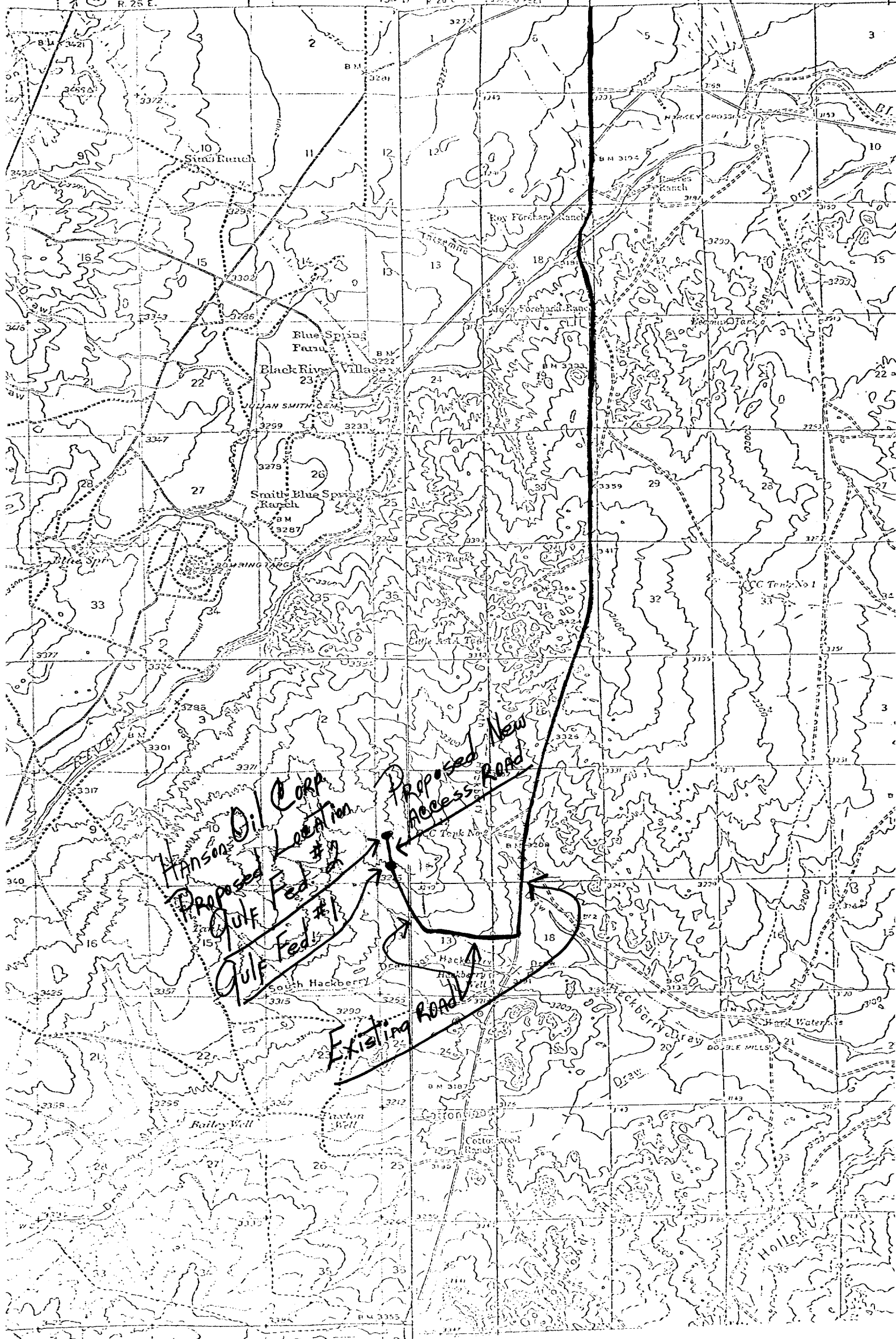
HANSON OIL CORPORATION GULF FEDERAL #2

EDDY COUNTY, NEW MEXICO

7. Auxiliary equipment, kelly cocks or floats at the bit will not be used in drilling the subject well. The mud system (pit level) will be monitored visually by the rig crew. A sub with a full opening valve for stabbing into drill pipe when the kelly is not in the string will be available on the drilling mud program.
8. No drillstem test will be taken. Cores are planned from 1900' - 2020' in the Delaware Lime and Delaware Sand. Gamma Ray caliper and Formation Density logs will be run from the base of the surface to total depth.
9. Anticipated bottom hole pressure (open) BHP.
10. Anticipated starting date is November 1, 1976, with completion of drilling operations on December 5, 1976. Perforating and stimulating of subject well will be immediately after drilling operations are finished.

104-15 p. 26 E

P. 27 E



SECTION PLAT

GULF FW 630

EXHIBIT "2."

SCALE 1 IN. = 800 FT.

SECTION 14

TOWNSHIP 25 South

RANGE 26 East

			①	CREE DRILLING GULF FED. #1		
		1 1			1 2	
	PROPOSED LOC. HANSON OIL CORP. FASKEI FED. #1		①	① HANSON OIL CORP. GULF FEDERAL #2		
				① HANSON OIL CORP. GULF FED. #1		
	PROPOSED LOC. HANSON OIL CORP. H-M FED. #1		①			
					M.P. GRACE ① SULPHATE SISTER #1	
	1 4				1 3	

EXHIBIT "3"

LEASE, GULF FEDERAL

CROSS SECTION OF DRILLING SITE

WELL: #2

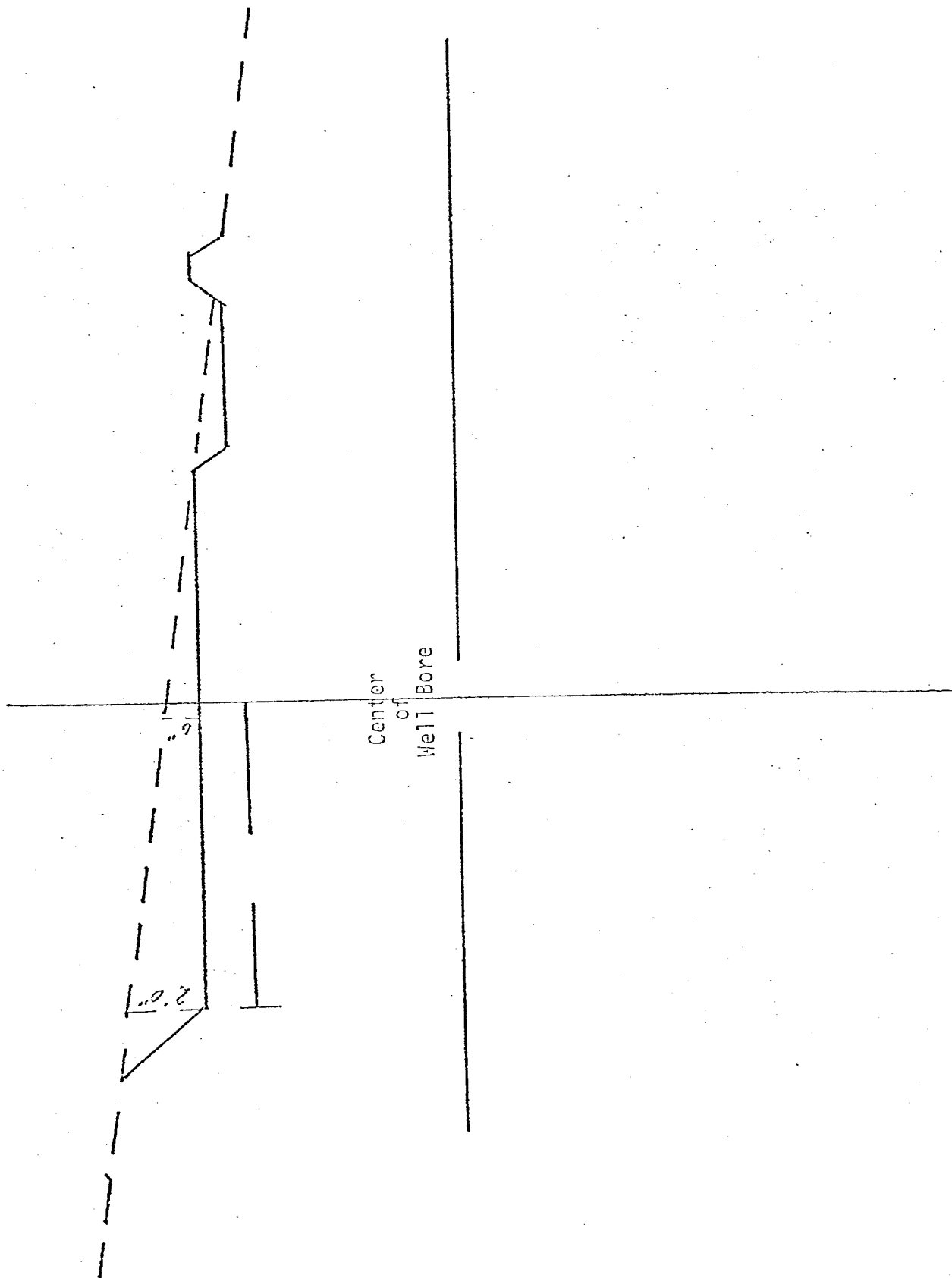
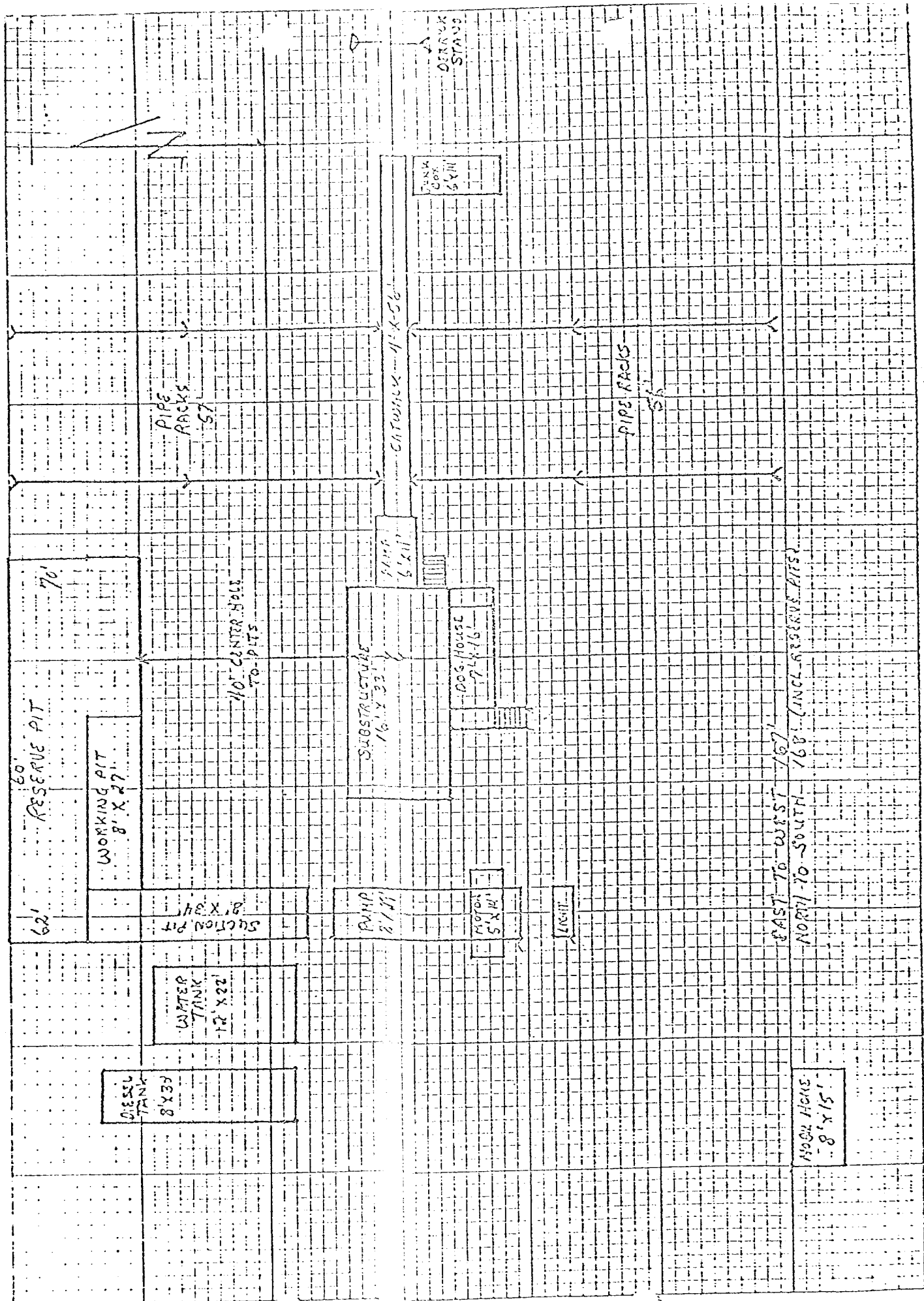
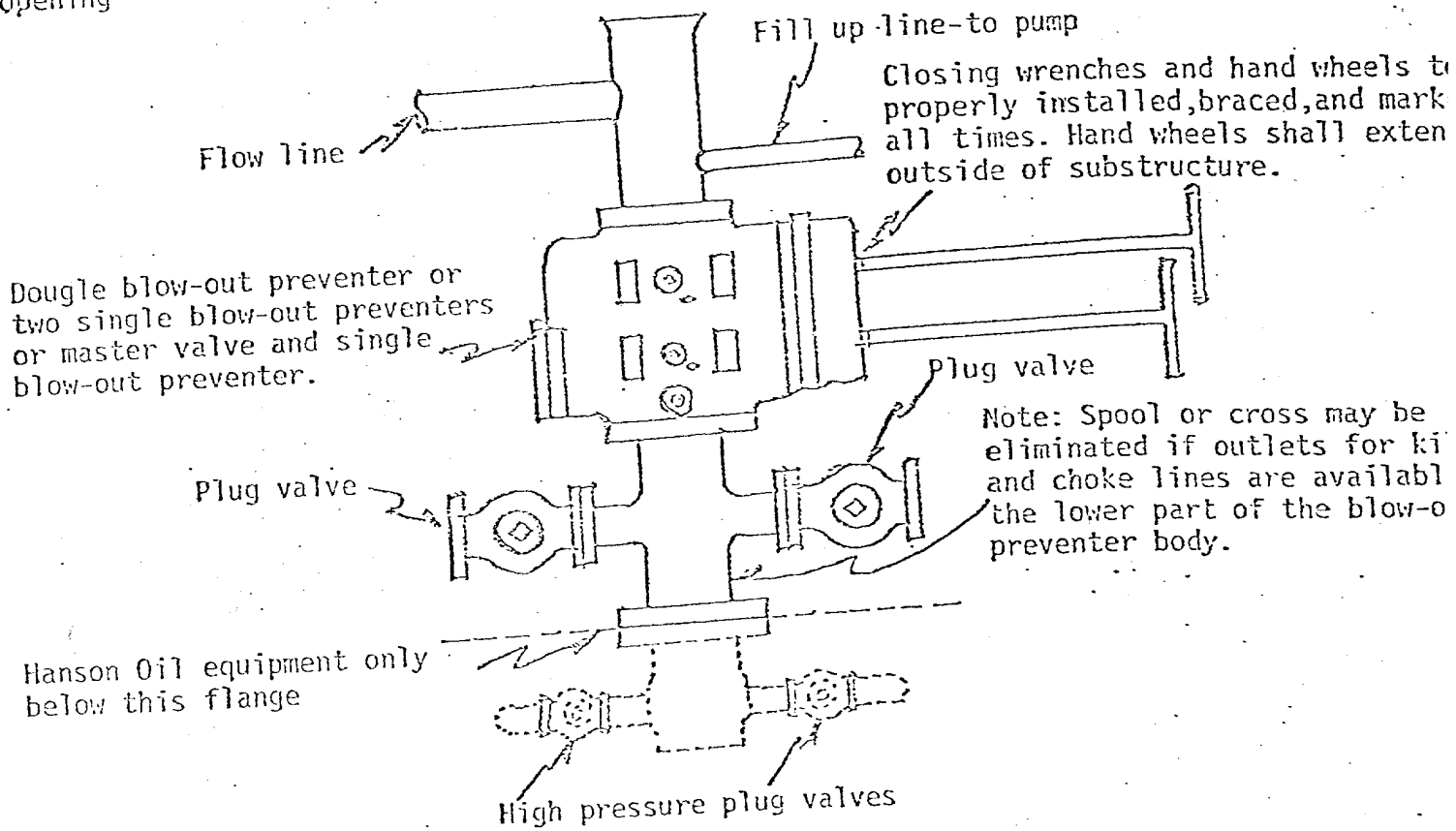


Exhibit 17
7.19.14 x 7



MINIMUM BLOW-OUT PREVENTER REQUIREMENTSEXHIBIT "5"

Drilling nipple to be so constructed that it can be removed, without use of a welder, through 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, all fittings must be in good condition and tested to 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 must be same size as casing being drilled through.
4. All fittings to be flanged.
5. Safety Valve (2" minimum opening) must be at sub or connection to drill pipe floor at all times.

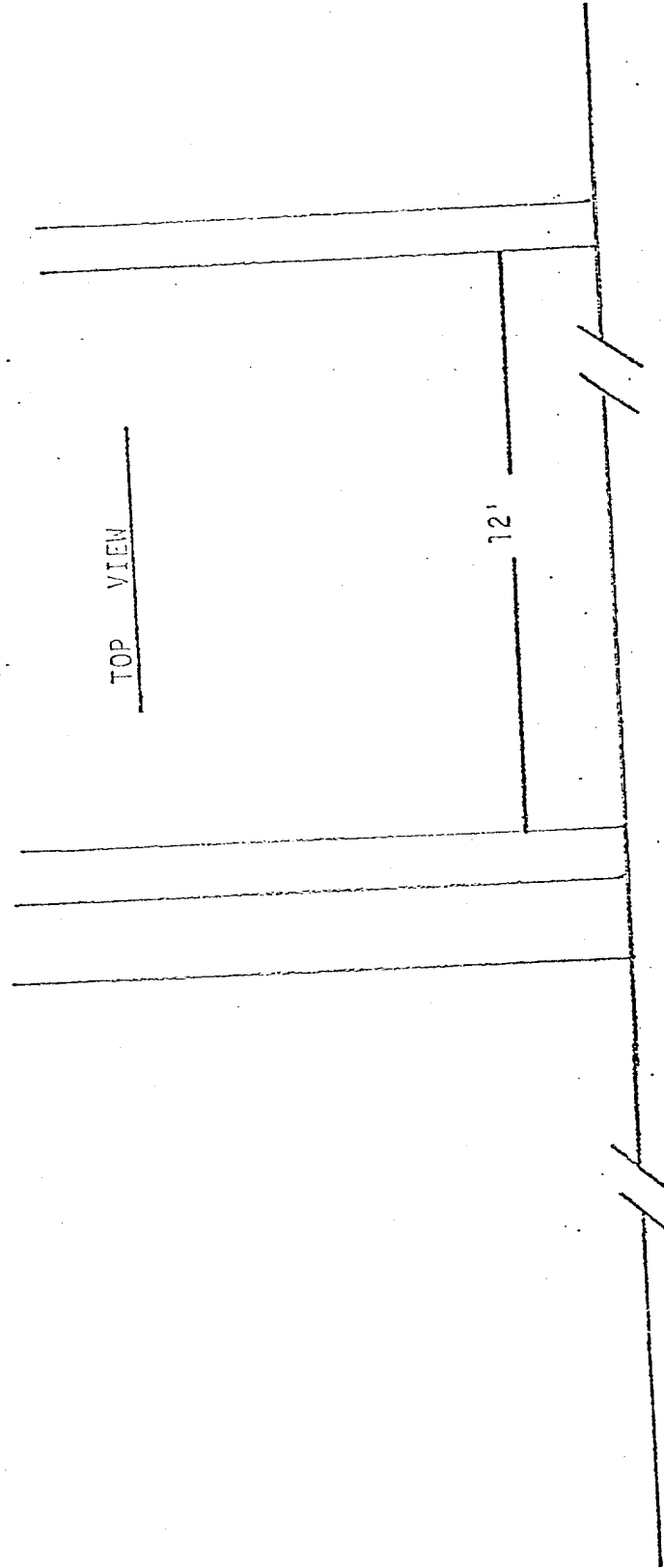
HANSON OIL CORPORATION

LEASE: GULF FEDERAL

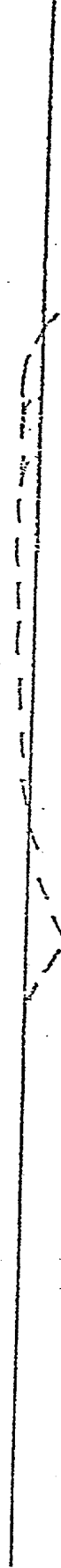
WELL: #2

CROSS-SECTION OF PLANNED ACCESS ROAD

EXHIBIT "6"



CROSS - SECTION



EXISTING SURFACE
PLANNED SURFACE AFTER GRADING