Form 9-331 C
(May 1963)

N. M. O. C. C. COPY

SUBMIT IN TRIPLICATE*
(Other instructions on reverse)

Form approved.
Budget Bureau No. 42-R1425.

30-015-22063

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

# APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL
OIL WELL [X] 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
1980' FSL & 1650' FEL
At proposed prod. zone

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O. C. C.
ARTESIA, OFFICE

5. LEASE DESIGNATION AND SERIAL NO.
NM 17574

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Fasken Federal

9. WELL NO.
#2

10. FIELD AND POOL, OR WILDCAT
Deleware ~~Undes.~~

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec 11, T 25-S, R 26-E

12. COUNTY OR PARISH
Eddy

13. STATE
NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
19 Miles south of Carlsbad, New Mexico

| 15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) | 16. NO. OF ACRES IN LEASE | 17. NO. OF ACRES ASSIGNED TO THIS WELL |
|---|---|---|
| 660' | 80 | 40 |
| 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. | 19. PROPOSED DEPTH | 20. ROTARY OR CABLE TOOLS |
| 990' | 2100' | Rotary |

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3311 G.L.

22. APPROX. DATE WORK WILL START*
March 15, 1977

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' | 175 sx. |

It is proposed to drill the above captioned well by a rotary to a depth sufficient to test the Deleware Sand. If commercial oil or gas is found, the well will be perforated and stimulated as conditions require. The above casing program will be followed. Blow out preventors will be used during drilling and completion operations.

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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 Ray Mills TITLE Vice President-Production DATE 1-24-77

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED
FEB 25 1977
/s/ Richard
R. L. RICHMAN
ACTING DISTRICT ENGINEER

THIS APPROVAL IS RESCINDED IF OPERATIONS ARE NOT COMMENCED WITHIN 3 MONTHS.
EXPIRES MAY 25 1977

*See Instructions On Reverse Side

N MEXICO OIL CONSERVATION COMMISS

# 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 | Lease | Well No. |
|---|---|---|
| HANSON OIL CORPORATION | Fasken-Federal | 2 |

| Unit Letter | Section | Township | Range | County |
|---|---|---|---|---|
| J | 11 | 25 South | 26 East | Eddy |

Actual Footage Location of Well:
1980 feet from the south line and 1650 feet from the east line

| Ground Level Elev. | Producing Formation | Pool | Dedicated Acreage: |
|---|---|---|---|
| 3311.1 | Deleware | Deleware Undes. | 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.

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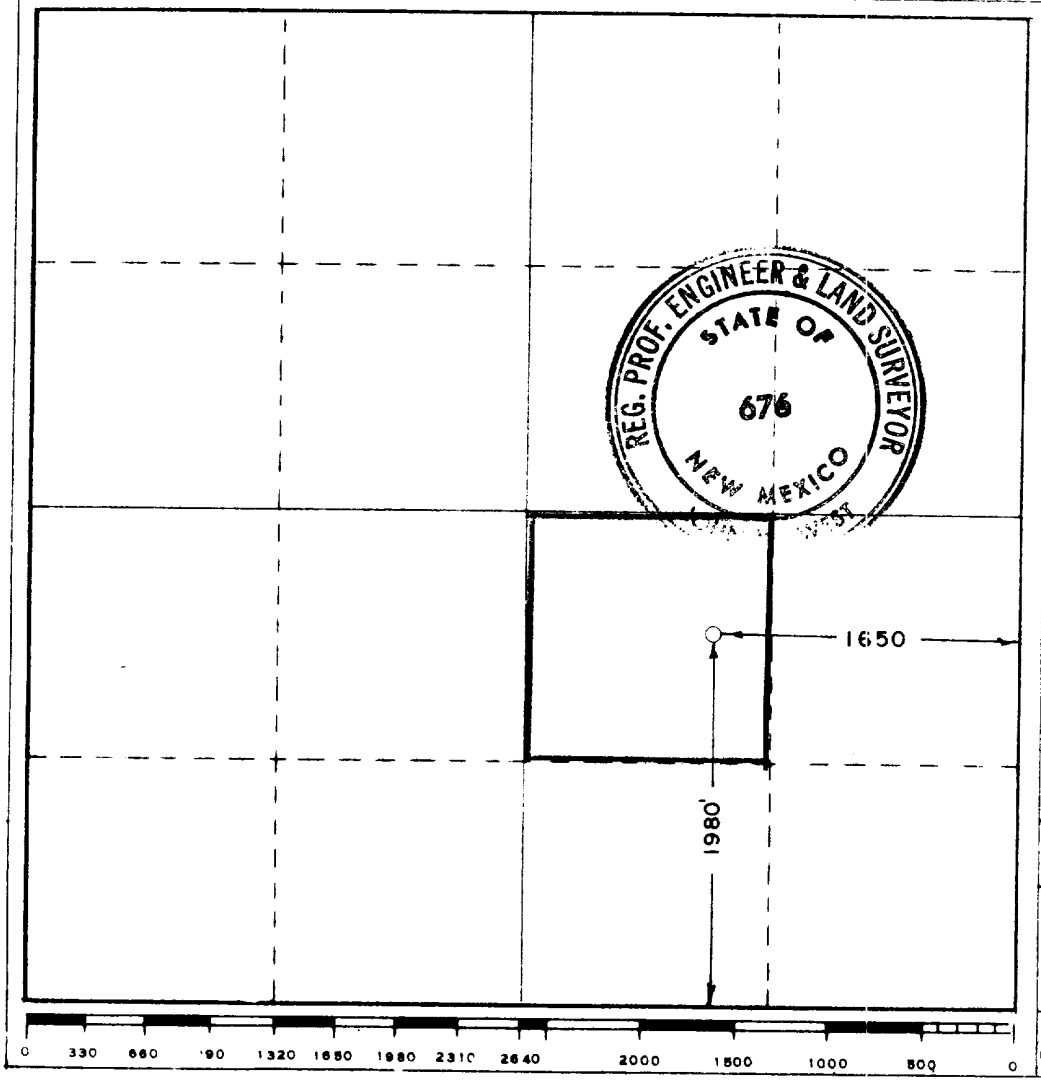


## CERTIFICATION

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

Name: Ray W. Willis

Position: Vice President - Production

Company: Hanson Oil Corporation

Date: January 24, 1977

*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: Jan. 18, 1977

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. 676

SURFACE USE AND OPERATIONS PLAN - HANSON OIL CORPORATION FASKEN FEDERAL #2

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

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 1/2 mile; continue north - northwesterly 3/4 mile; turn West 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 one-mile radius are shown on attached Exhibit #1.

4. There is production equipment on this lease at present. If production is established, we will use existing tank battery for this well.

5. It is planned to drill the proposed well with a brine water system. The water will be pumped from production facilities located on this lease.

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.

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ARTESIA, NEW MEXICO

SURFACE USE AND OPERATIONS PLAN - HANSON OIL CORPORATION FALLEN 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 west side. Drainage is into said draw located approximately 450' west 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.

1-24-77
(Date)

Ray Willis
Vice-President, Production

APPLICATION FOR DRILLING

HANSON OIL CORPORATION FASKEN FEDERAL #2

EDDY COUNTY, NEW MEXICO

In conjunction with permitting subject well for drilling in Section 11, 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 Deleware Lime: | 1,898' |
| Top Deleware Sand: | 1,960' |

3. The depth at which water, oil or gas are expected to be encountered is:

1,960'

4. Casing Program:

8 1/2" 24# K55 to 120' (Used) Cement w/150 sx.
4 1/2" 9.5# K55 (New) Cement w/175 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:

0 - 1850' Native, supplemented with aqua gel and lime or Quick-Gel

1850' - 2050' Mud up when indicated for hole conditions as follows:

Bring WT to 8.9#
Bring VIS to 38
Lower Water Loss to 10

HANSON OIL CORPORATION FASKEN 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 rig floor.

8. No drillstem test will be taken. Cores are planned from 1900' - 2020' in the Deleware Lime and Deleware 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

   Based on offsetting BHP data, the BHP in subject well is anticipated to be approximately 2,400 PSI

10. Anticipated starting date is March 15, 1977, with completion of drilling operations on April 5, 1977. Perforating and stimulating of subject well will be immediately after drilling operations are finished.

HANSON OIL CORPORATION

EXHIBIT "3"

LEASE: Fasken Federal

WELL: #2

CROSS SECTION OF DRILLING SITE

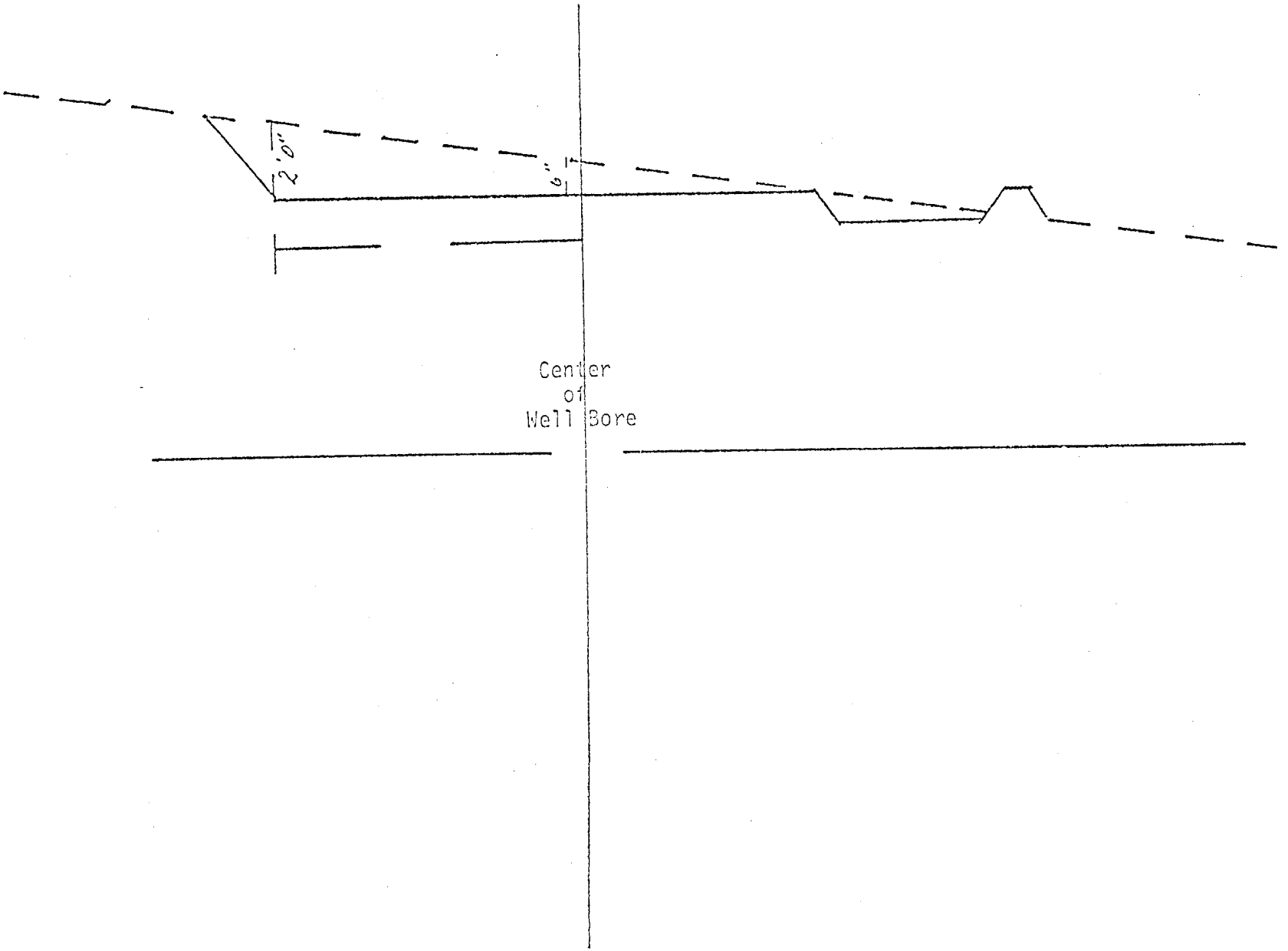

Exhibit "4"

HANSON OIL CORPORATION

Lease Fasken Federal #2

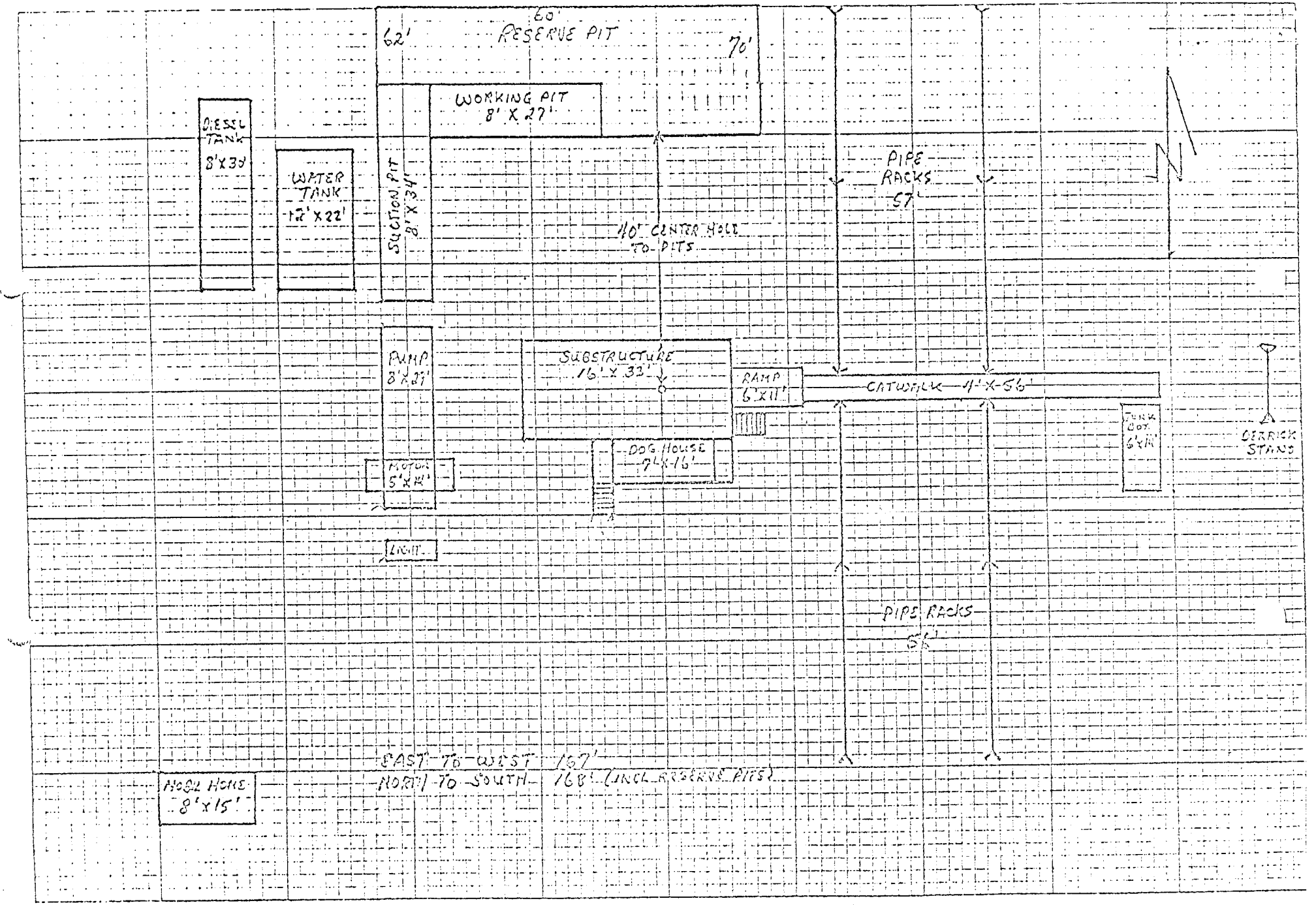

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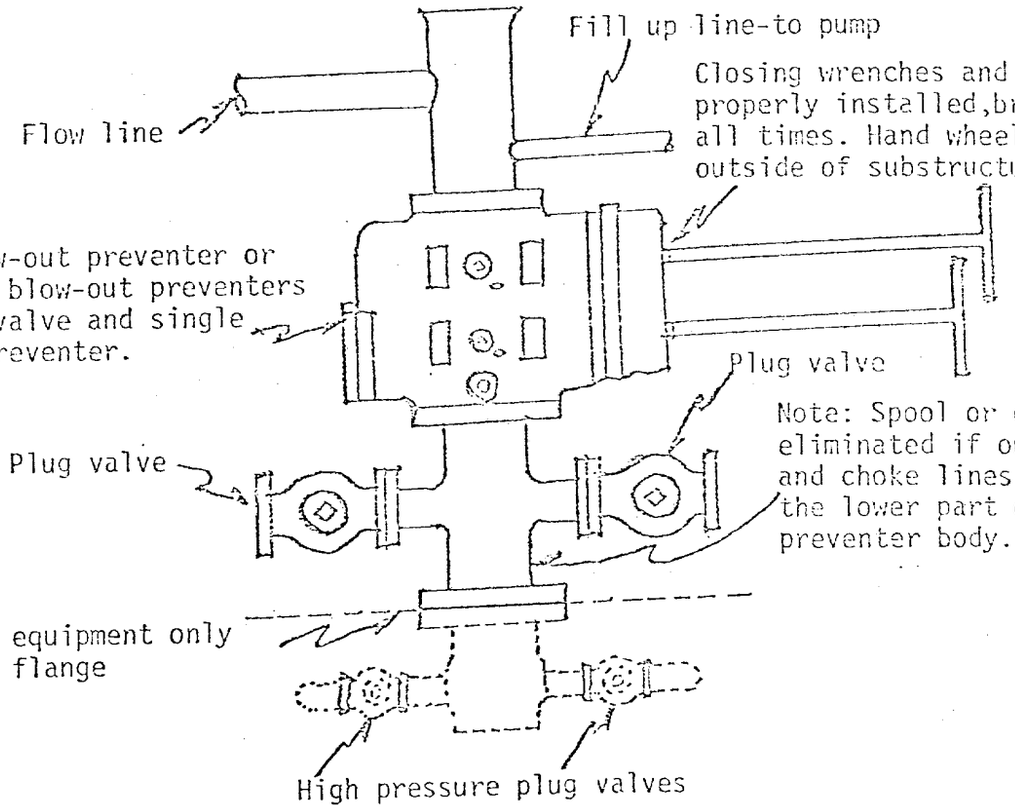
EXHIBIT "5" MINIMUM BLOW-OUT PREVENTER REQUIREMENTS

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 cond 2,000#W.P.(4,000 P.S.I.test)minim
2. Equipment through which bit must shall be as large as inside diame of the casing that is being drill through.
3. Nipple above blow-out preventer s be same size as casing being dril

EXHIBIT "6"

HANSON OIL CORPORATION

LEASE: Fasken Federal

WELL: #2

CROSS-SECTION OF PLANNED ACCESS ROAD