

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 1555, Roswell, New Mexico

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

At surface

330' FNL & 1650' FEL

At proposed prod. zone

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)

330'

16. NO. OF ACRES IN LEASE

320'

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.

1090'

19. PROPOSED DEPTH

2100'

20. ROTARY OR CABLE TOOLS

Rotary

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

3285 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 Delaware Sand. If commercial oil or gas found, the well will be perforated and stimulated as conditions require. The above casing program will be followed. Blow out preventers 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

DATE

APPROVED BY
CONDITIONS, IF ANY:

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THIS APPROVAL IS RESCINDED IF OPERATIONS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 O-12H
 Supersedes O-12H
 Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator HANSON OIL CORPORATION			Lease HM-Federal		Well No. 2
Unit Letter B	Section 14	Township 25 South	Range 26 East	County Eddy	
Actual Footage Location of Well: 330 feet from the north line and 1650 feet from the east line					
Ground Level Elev. 3284.9	Producing Formation Deleware	Pool Deleware Undes.		Estimated Acreage 40	

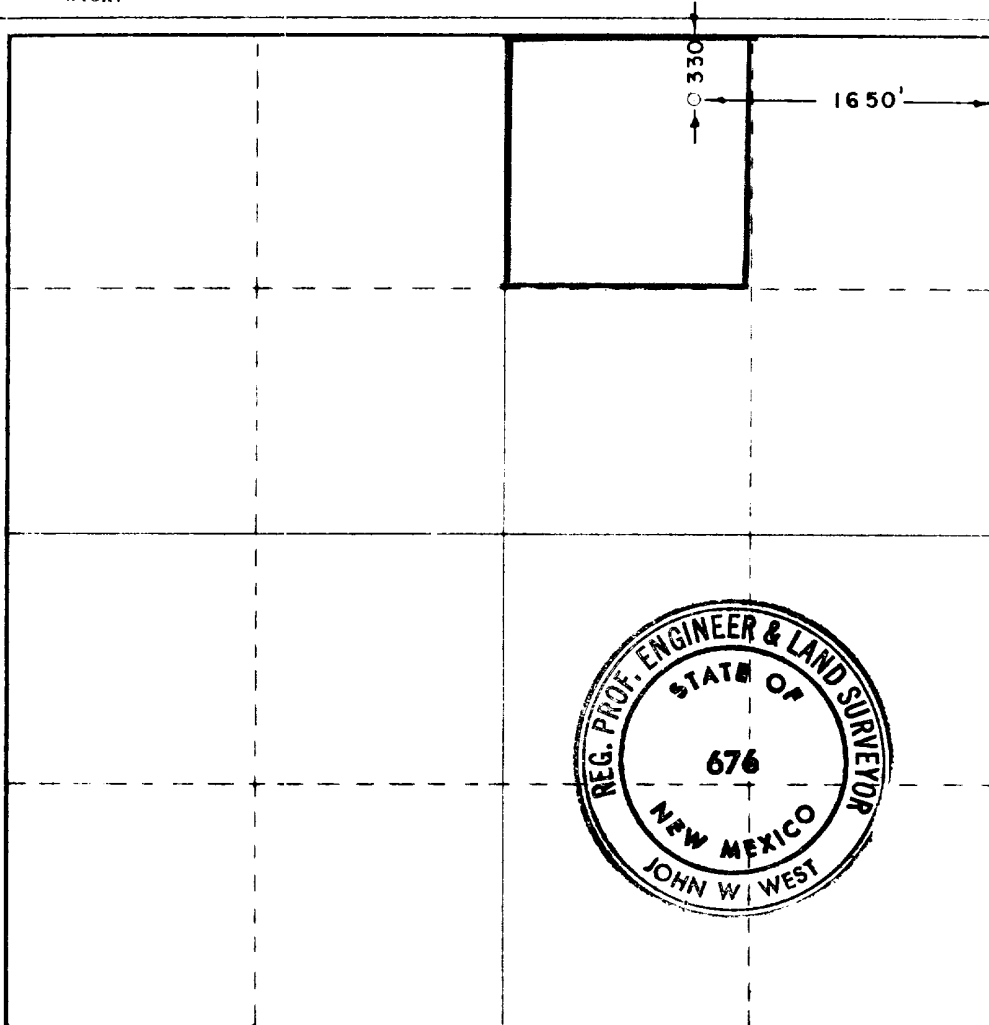
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the interest thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is 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. West*
 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 H-M 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 on same unimproved road 1/4 mile; turn West on 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 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 the tank battery located at the #1 well.
5. It is planned to drill the proposed well with a brine water system. The water will be pumped from present production facilities.
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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U. S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

SURFACE USE AND OPERATIONS PLAN - HANSON OIL CORPORATION H-M 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 reseeded 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

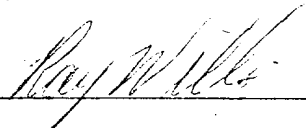
Phone: (505) 622-7330 OFFICE
(505) 622-7765 HOME

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 H-M FEDERAL #2

EDDY COUNTY, NEW MEXICO

In conjunction with permitting subject well for drilling in Section 14, 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:

1,960'
4. Casing Program:

8 5/8" 24# K55 to 120' (Used) Cement w/150 sx. (Circ.)
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:

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

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 Delaware Lime and Delaware Sand. Gamma-Ray caliper and Formation Density logs will be run from the base of the surface to toal 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 1, 1977, with completion of drilling operations on March 20, 1977. Perforating and stimulating of subject well will be immediately after drilling operations are finished.

EXHIBIT "3"

HANSON OIL CORPORATION

LEASE: H-M Federal

WELL: #2

CROSS SECTION OF DRILLING SITE

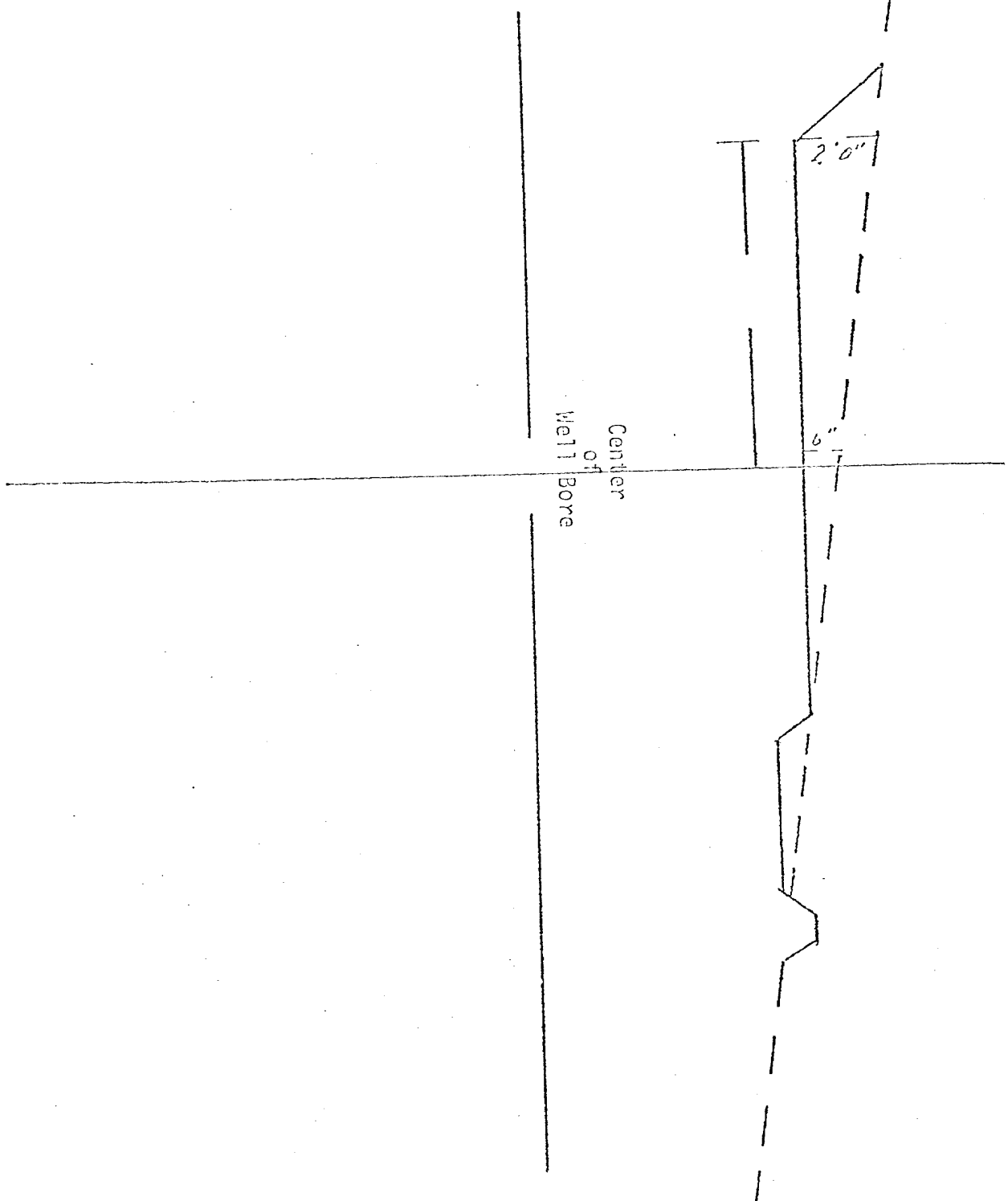
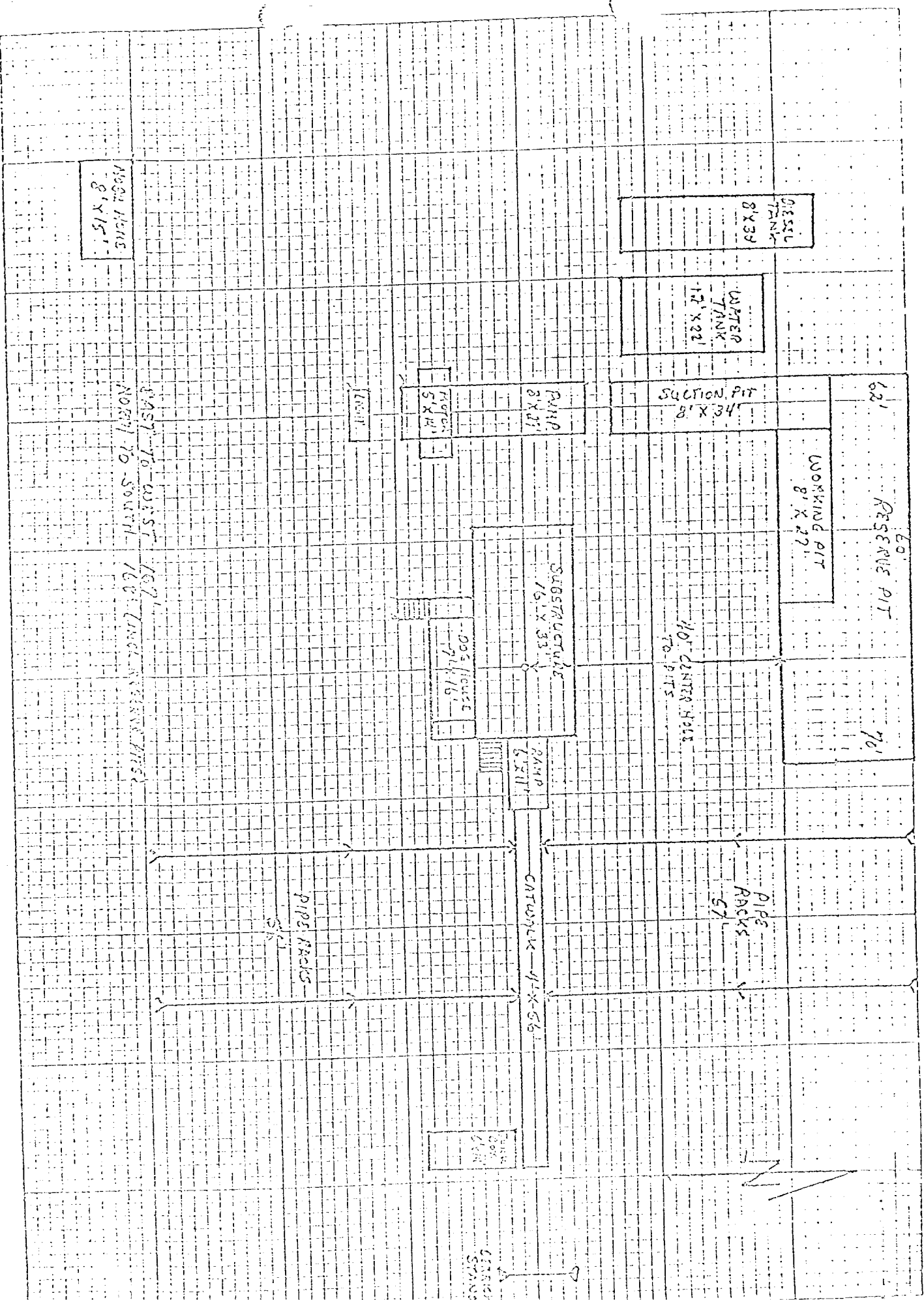


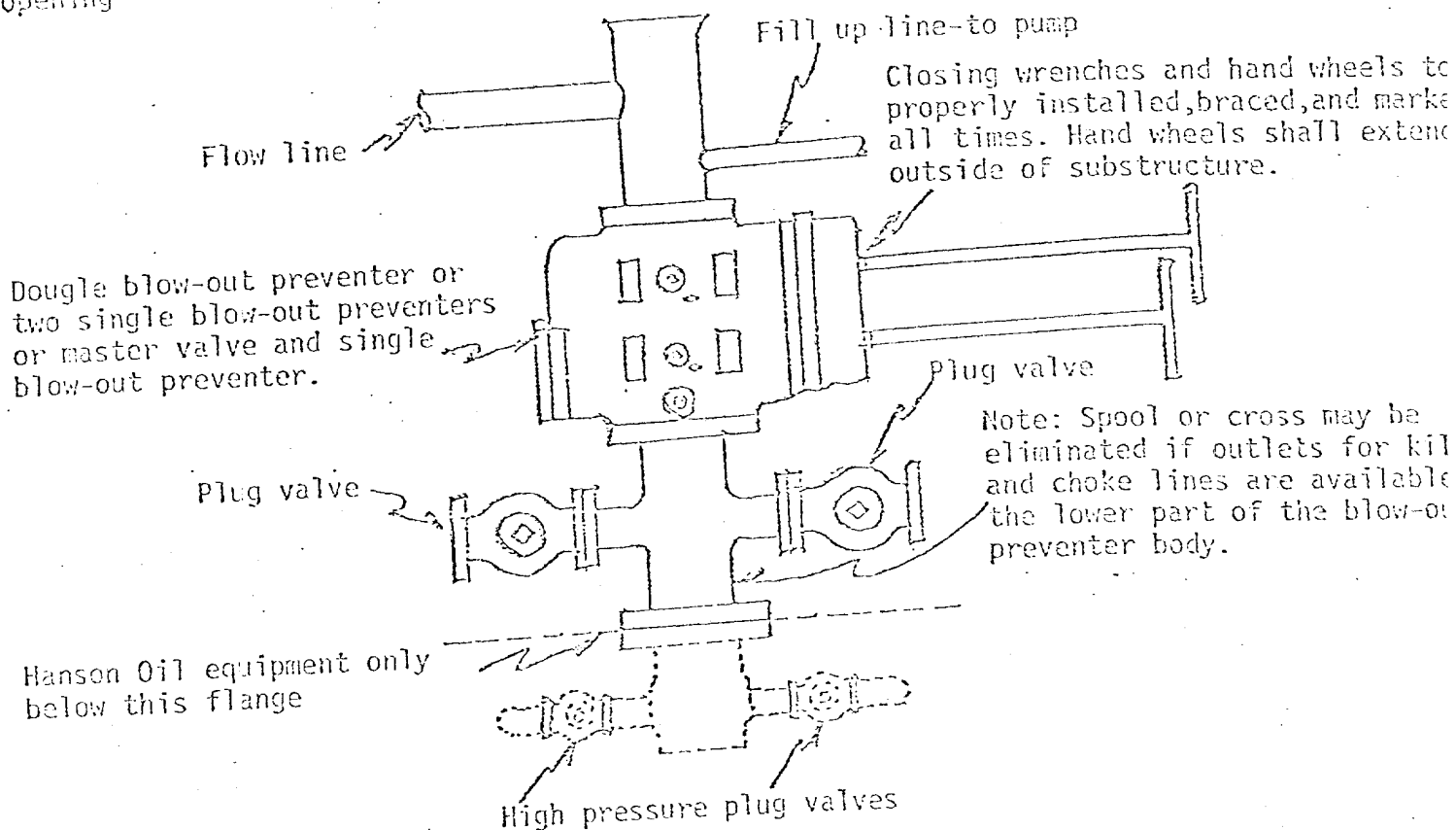
Exhibit H



MINIMUM BLOW-OUT PREVENTER REQUIREMENTS

EXHIBIT "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 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) sub or connection to drill pipe must be at floor at all times.

EXHIBIT "6"

HANSON OIL CORPORATION

LEASE: H-M Federal

WELL: #2

CROSS-SECTION OF PLANNED ACCESS ROAD

TOP VIEW

12'

CROSS - SECTION

EXISTING SURFACE
PLANNED SURFACE AFTER GRADING

10000 23 MI.
 2 (CIVIC CENTER) 13 MI.
 3 ARMY AIR FIELD 7 MI.
 (EDDY COUNTY)

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