

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-015-23544

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC-068282-B	
b. TYPE OF WELL OIL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Hanson Oil Corporation		7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR P. O. Box 1515, Roswell, New Mexico 88201		8. FARM OR LEASE NAME Hanson Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1650' FNL & 1650' FEL, Sec. 25, T.26S, R.31E At proposed prod. zone 1650' FNL & 1650' FEL		9. WELL NO. #18	
11. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 18 miles from Northeast of Orla, Texas		10. FIELD AND POOL, OR WILDCAT Mason Delaware North	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 990'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA UL 3 Sec. 25, T.26S, R.31E	
16. NO. OF ACRES IN LEASE 640'		12. COUNTY OR PARISH Eddy	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE N.M.	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 950'		19. PROPOSED DEPTH 4300'	
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* Rig Availability	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3134.14' G.L.		22. APPROX. DATE WORK WILL START* Rig Availability	

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#	450'	150 sx CIRCULATE
7-7/8"	4-1/2"	9.5#	4300'	175 sx

It is proposed to drill the above captioned well from surface to 4300' with a rotary rig. If commercial oil or gas is found, the above casing program will be followed. Blowout preventors will be used during drilling and completion operations.

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7. HAVE 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 oil surface locations and measured and true vertical depths. Give blowout prevention program, if any.

SIGNED G. H. Stewart TITLE Vice-Pres., Drilling & Prod. DATE 10-22-80

(This space for Federal or State office use)

PERMIT NO. (Orig. 384) GEORGE H. STEWART

APPROVAL DATE

ACTING DISTRICT ENGINEER

DATE NOV 14 1980

CONDITIONS OF APPROVAL, IF ANY:

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

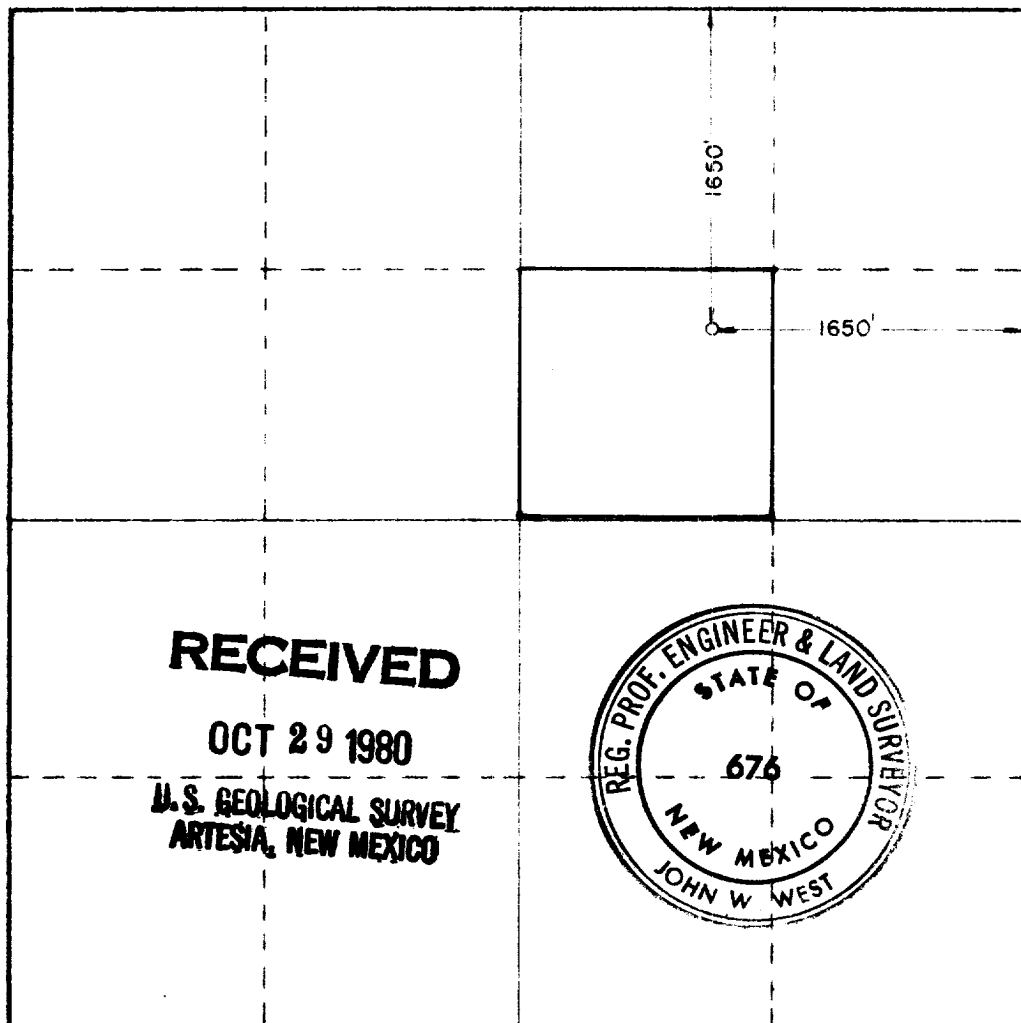
Operator Hanson Oil Corp.			Lease Hanson Fed.			Well No. 18		
Unit Letter G	Section 25	Township 26 South		Range 31 East	County Eddy			
Actual Footage Location of Well: 1650 feet from the north line and 1650 feet from the east line								
Ground Level Elev. 3134.14	Producing Formation Delaware			Foot North			Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 22, 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

9-20-80

Registered Professional Engineer and/or Land Surveyor

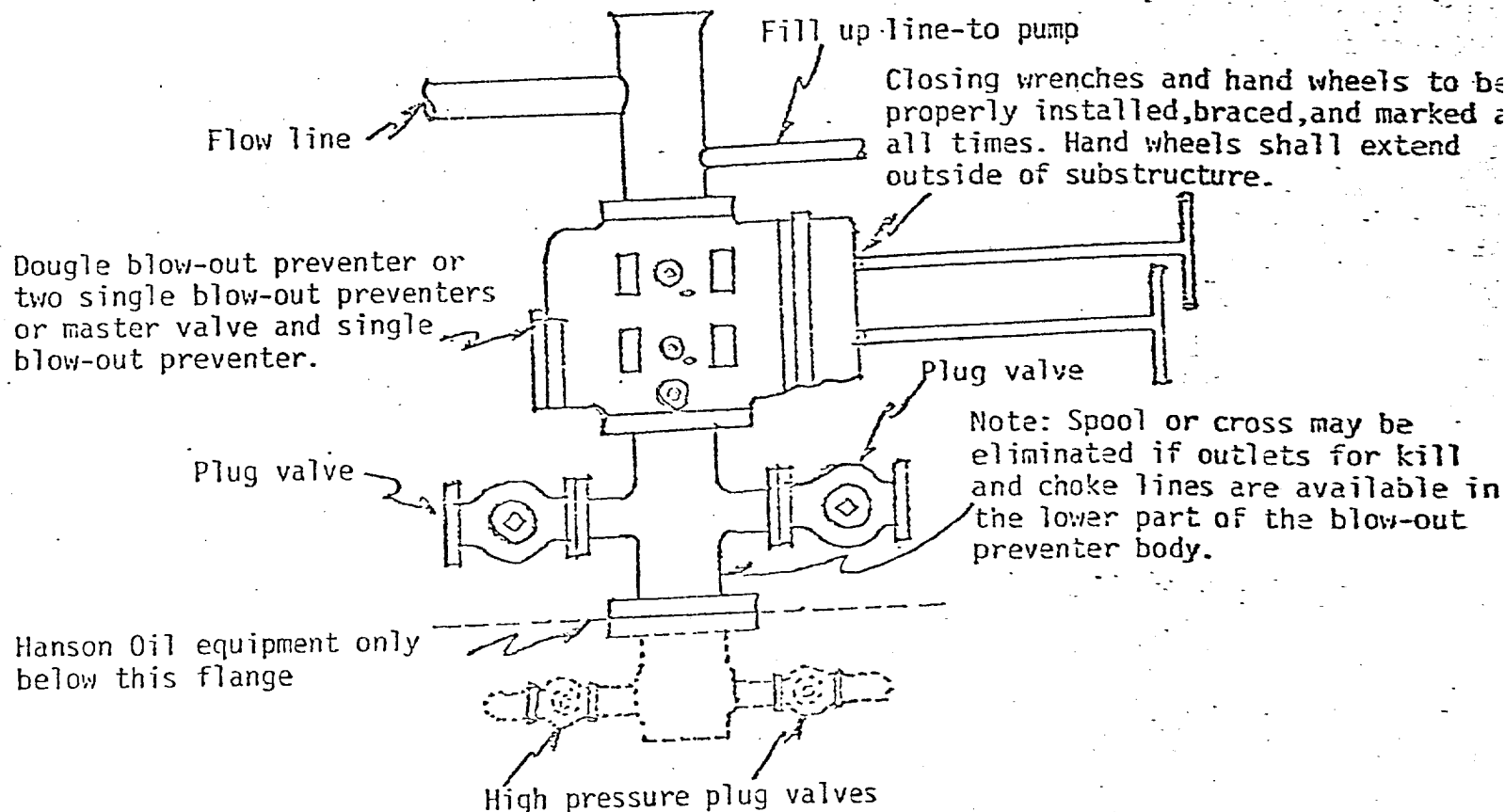
John W. West
 Certificate No. **JOHN W. WEST**
PATRICK A. ROMERO
Ronald J. Eldson

676
6663
3239

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

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 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) w/ sub or connection to drill pipe on floor at all times.

APPLICATION FOR DRILLING

HANSON OIL CORPORATION HANSON FEDERAL #18

EDDY COUNTY, NEW MEXICO

In conjunction with permitting subject well for drilling in Section 25, Township 26 South, Range 31 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 Aluvium sand.
2. The estimated tops of geologic markers are as follows:

Rustler	1560'
Top Salt	1990'
Base Salt	3800'
Top Delaware Lime	4170'
Top Delaware Sand	4200'

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

4170'

4. Casing Program:

8-5/8" 24# K-55 to 450' (Used), cemented w/150 sx
4-1/2" 9.4# K-55 to 4300' (New), cemented 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 - See Exhibit #5.

6. Circulating Medium:

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

1-4100' Native, supplemented with aqua gel and lime or Quick-Gel

4100'-4300' Mud up when indicated for hole conditions as follows:

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

APPLICATION FOR DRILLING (Continued)

HANSON OIL CORPORATION HANSON FEDERAL #18

EDDY COUNTY, NEW MEXICO

7. The auxiliary equipment, kelly cocks and floats 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 for stabbing into drill pipe when the kelly is not in the string will be available on the rig floor at all times.
8. No drillstem test or cores will be taken. GammaRay 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 2500 PSI
10. Anticipated starting date is per rig availability. Perforating and stimulating of subject well will be immediately after drilling operations are finished.

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SURFACE USE AND OPERATIONS PLAN

HANSON OIL CORPORATION HANSON FEDERAL

U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

EDDY COUNTY, NEW MEXICO

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 47 miles Southeast of Carlsbad, New Mexico. To reach subject well from Carlsbad, New Mexico, go South on U.S. Highway 285; follow this highway Southeasterly for 6 miles; turn East on State Highway 128; follow said highway 27 miles; turn South on County highway towards Orla, Texas; continue South for 14 miles; turn West on lease road; continue on lease road approximately 1 mile; turn North on lease road past Hanson Federal North Mason #7 and continue, turning east to location right before Hanson Federal North Mason #9.
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 relatively flat. 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 production equipment on this lease at present. If production is established from this well, we will use existing tank battery for new production.
5. It is planned to drill the proposed well with brine water system. Water will be from the disposal system currently in use for this lease. Additional storage will be at drillsite in the form of two 500 barrel tanks. Water will be pumped from salt water disposal to location.
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 operations 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.

SURFACE USE AND OPERATIONS PLAN (Continued)

HANSON OIL CORPORATION HANSON FEDERAL #18

EDDY COUNTY, NEW MEXICO

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. Plans are to line the earthen reserve pit with polyethylene.
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 effort 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. There are no large draws on hills near the location. Drainage is to the southwest. 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. A. J. Deans
P. O. Box 1515
Roswell, New Mexico 88201

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.

11-22-80
(Date)

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



United States Department of the Interior

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GEOLOGICAL SURVEY

SPECIAL APPROVAL STIPULATIONS

NOV 18 1980

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN:

O. C. D.
ARTESIA, OFFICE

HANSON OIL CORPORATION
Hanson Federal No. 18
SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 25 T. 26S R. 31E
Eddy County New Mexico
Lease No. LC-068282-B

18

THE SPECIAL STIPULATIONS CHECK MARKED BELOW ARE APPLICABLE TO THE ABOVE-DESCRIBED WELL AND APPROVAL OF THIS APPLICATION TO DRILL IS CONDITIONED UPON COMPLIANCE WITH SUCH STIPULATIONS. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE SPECIAL STIPULATIONS PURSUANT TO TITLE 30 CFR 290.

- ☒ A. 8 7/8" surface casing should be set in the Rustler Anhydrite formation and cement circulated to the surface. If surface casing is set at a lesser depth, the _____ casing must be cemented from the casing shoe to the surface or cemented to the surface through a stage tool set at least 50 feet below the top of the Rustler after cementing around the shoe with sufficient cement to fill to the base of the salt section.
- ☐ B. Before drilling below the 8 7/8" casing, the blowout preventer assembly will consist of a minimum of ~~one annular type~~ and two ram type preventers.
- ☐ C. Casing protectors will be run on drill pipe while drilling through the _____ casing. Protectors will be of sufficient number and of sufficient outside diameter to protect the casing.
- ☐ D. Minimum required fill of cement behind the _____ casing is to _____
- ☐ E. After setting the 8 7/8" casing string and before drilling into the DELAWARE formation, the blowout preventers and related control equipment shall be pressure tested to rated working pressures ~~by an independent service company~~. Any equipment failing to test satisfactorily shall be repaired or replaced. ~~This office should be notified in sufficient time for a representative to witness the tests and shall be furnished a copy of the pressure test report.~~
- ☐ F. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be installed and operating before drilling into the _____ formation and used until production casing is run and cemented. Monitoring equipment shall consist of the following:
- (1) A recording pit level indicator to determine pit volume gains and losses.
 - (2) A mud volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
 - (3) A flow sensor on the flow-line to warn of an abnormal ~~and~~ returns from the well.
- ☒ G. All pits containing toxic liquids will be fenced and covered with a fine mesh netting, if necessary for the protection of livestock or wildlife.
- ☒ H. Above ground permanent structures and equipment shall be painted in accordance with the Painting Guidelines. The paint color is to simulate:
- ☐ Sandstone Brown, Fed. Std. 595-20318 or 30318
- OR ☒ Sagebrush Gray, Fed. Std. 595-26357 or 36357
- ☐

- ☒ I. A kelly cock will be installed and maintained in operable condition.
- ☒ J. The ARTESIA Sub-District Office is to be notified in sufficient time for a representative to witness:
- (a) Spudding ✓
- (b) Cementing casing
- _____ inch
- _____ inch
- _____ inch
- (c) ~~BOP~~ tests
- ☐ K. A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the U. S. Geological Survey, P. O. Box 26124, Albuquerque, New Mexico 87125. The effective date of the agreement must be prior to any sales.
- ☐ L. A Gamma Ray-Compensated Neutron log is required from the base of the salt section to the surface with cable speed not to exceed 30 feet per minute.
- ☒ M. At least one working day prior to constructing the well pad, access roads and/or related facilities, the operator or dirt contractor shall notify the authorized officer (Bureau of Land Management, CARLSBAD area). He shall also notify the Authorized Officer within two working days after completion of earth-moving activities.
- ☒ N. All access roads constructed in conjunction with the drilling permit (APD) will be limited to a 12 foot wide driving surface, excluding turn-arounds. Surface disturbance associated with construction and/or use of the road will be limited to 20 feet in width. If well is a producer, all roads will be adequately drained to control runoff and soil erosion. Drainage facilities may include ditches, water bars, culverts and/or any other measures deemed necessary by the authorized officer of the BLM. The following is a general guide for the spacing of water bars:

% Slope

less than 2%	200 ft.
2% to 4%	100 ft.
4% to 5%	75 ft.
more than 5%	50 ft.

- ☒ O. Other special stipulations

a. Any permanent pit containing waste oil must be fenced and covered with mesh wire.

b. NO CONSTRUCTION MATERIAL, for the PAD OR ROAD will be REMOVED FROM FEDERAL LANDS OR MINERALS.