

May 27, 2004

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 88201

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED
JUL 06 2009
HOBBS

CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-24866

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

B-1167

7. Lease Name or Unit Agreement Name

Shell State

8. Well Number

#1

9. OGRID Number

009974

10. Pool name or Wildcat

San Andres ; SW

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

Hanson Operating Company, Inc.

3. Address of Operator

P. O. Box 1515, Roswell, NM 88202-1515

4. Well Location

Unit Letter O : 660 feet from the South line and 1650 feet from the East line

Section 36 Township 21 South Range 36 East NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3493.2' GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☒

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

OTHER: Place on Production ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

14.

04/27/2009: SITP 1500#. Flow down in 30 minutes. Move pumpjack off location. Prep to P&A.

04/28/2009: Remove tanks. Good pressure. Prep to test and evaluate. SI.

05/08/2009: SICP 740#. Open up. Flow down to 100# in 30 minutes. FFL 2400'. SI. WOO.

05/19/2009: Connect flowlines. Place online at 1:00 PM. Test and evaluate.

06/03/2009: MIRU pumpjack. Waiting on motor.

06/05/2009: Start pumping unit. Place online.

06/12/2009: Test for 24 hours 2 BO, 662 MCF, 600 BW.

Cancel plug and abandon. Place on production.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Carol J. Smith

Type or print name Carol J. Smith

For State Use Only

TITLE Production Analyst

E-mail address: hanson@dfn.com

DATE 7/02/2009

Telephone No. 575-622-7330

APPROVED BY: [Signature]

TITLE PETROLEUM ENGINEER

DATE JUL 10 2009

Conditions of Approval (if any):