

CASE FILE

PHONE 505 - 623-5053
400 N. KENTUCKY AVE.
POST OFFICE BOX 1737
ROSWELL, NEW MEXICO
88202-1737

HANAGAN
PETROLEUM
CORPORATION

October 15, 1993

Case 20889

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Attention: Mr. Roy Johnson

RE: APPLICATION FOR DISCOVERY ALLOWABLE
Hanagan Petroleum Corporation
Charlie State #1
Section 7 - T13S - R28E
Chaves County, New Mexico

Dear Mr. Johnson:

As per Rule 509, I have attached the following exhibits and information:

1. Exhibit 1 - Map on 1"=1000' scale showing all wells and lessees of recorded within two miles of the referenced well.
2. Electric log showing producing formation and other pertinent information applicable to referenced well. There are no wells producing from this formation, or any other formation, within the two mile area.
3. Exhibit 3 - Subsurface Structural Map that depicts the structure as mapped on the top of the Siluro - Devonian Formation. Once again, there is no nearby production to show separation between.
4. Exhibit 4 - Structural Cross Section running roughly from West to East demonstrating the difference in structural position between the referenced well and the nearest production from this formation which occurs over 7 miles away at the Rachael Exploration #1 Rachael "29" Federal well that is currently the western most producer in the Lone Wolf, South Field.
5. Copies of all formation pressures tests taken on this well.

6. Copy of certified mail stub showing that the application has been sent to the only recorded lessee within a one mile radius of this well.
7. I have submitted two copies of all of the above referenced exhibits to the Artesia office of the NMOCD and these have been verbally approved by Mark Ashley.

The attached information should prove without a doubt that this well is in no way related to any existing field and should show sufficient evidence that this well qualifies as a New Field Discovery and should receive the appropriate Oil Discovery Allowable.

Should you need any further information, please feel free to give me a call at 623-5053.

Sincerely,

HANAGAN PETROLEUM CORPORATION

A handwritten signature in dark ink, appearing to read "Michael G. Hanagan", is written over a horizontal line.

Michael G. Hanagan
Vice President