District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
Hanson Operating Company, Inc. P. O. Box 1515, Roswell, NM 88202-1515	9974
	[3] API Number 30 – 005-61493

[5] Property Code	[5] Property Name	[6] Well No.
303237	Hanlad AKZ State	#1

[9] Proposed Pool 1	[10] Proposed Pool 2
San Andres	

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	13	8S	27E		660'	South	660'	West	Chaves

[8] Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
P	O	R	S	3936' GR
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
N	2350'	San Andres		5/1/2011

Depth to Groundwater	Distance from nearest fresh water well	Distance from nearest surface water

Pit: Liner: Synthetic ☐ ____ mils thick Clay ☐ Pit Volume: ____ bbls

Drilling Method:

Closed-Loop System ☐

Fresh Water ☐ Brine ☐ Diesel/Oil-based ☐ Gas/Air ☐

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/4"	16"	54#	47'	4 yards	Circulated
12 1/2"	8 5/8"	24#	1400'	700	Circulated
7 7/8"	4 ½"	10.5#	6800'	650	4535'
	2 3/8"		6280'		

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Propose to recomplete and test the San Andres formation as follows:

1. MIRU pulling unit and install BOP. Pull 2 3/8" tubing and packer.
2. Set CIBP at 6200' and cap with 35' cement.
3. Set CIBP at 2350' and cap with 35' cement.
4. Perforate 8 squeeze holes at 2325'.
5. Set cement retainer at 2300'.
6. Pump 250 sacks Class "C" cement with 2% calcium chloride.
7. Run gamma ray log and collar locator to correlate depth.
8. Perforate San Andres at 2140'-2190' with 50 holes 1 spf.
9. Acidize with 10,000 gallons 20% acid.
10. Recover load. Test and evaluate.

RECEIVED
APR 27 2011
NMOCD ARTESIA

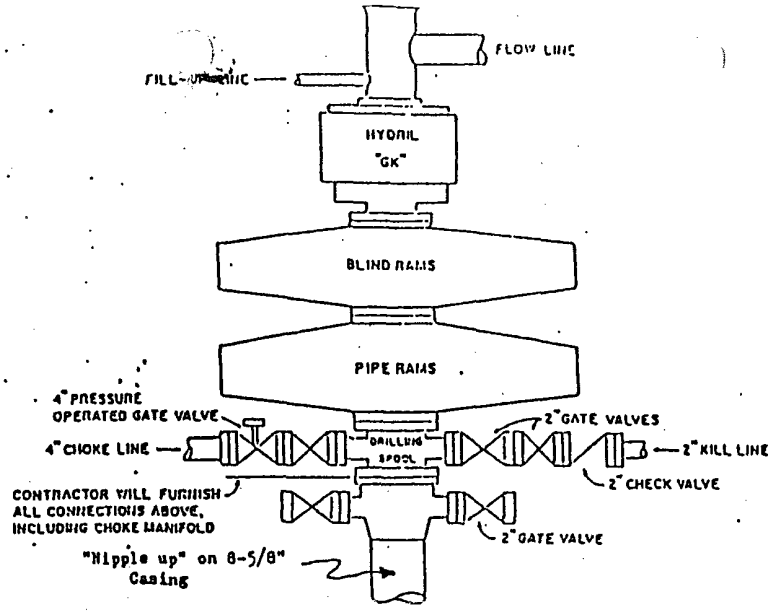
[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Signature: Carol J. Smith
Printed name: Carol J. Smith
Title: Production Analyst
E-mail Address: hanson@dfn.com
Date: 4/21/2011 Phone: 575-622-7330

OIL CONSERVATION DIVISION

Approved by: Jean Reen
Title: Geologist
Approval Date: 5/4/2011 Expiration Date: 5/4/2013

Conditions of Approval Attached ☐



MINIMUM WORKING PRESSURE 3000 PSI

CONTRACTED TO FURNISH

1. ALL EQUIPMENT ABOVE CASING HEAD HOUSING INCLUDING CHOKE MANIFOLD.
2. INDEPENDENT AUTOMATIC ACCUMULATOR 3000 PSI WP.
3. B.O.P. CONTROLS TO BE LOCATED NEAR DRILLER'S POSITION AND AT SAFE DISTANCE FROM THE WELL.
4. SPARE SET PIPE RAMS TO FIT PIPE IN USE.

COMPANY TO FURNISH

1. WELLHEAD EQUIPMENT.
2. WEAR BUSHING, IF REQUIRED.

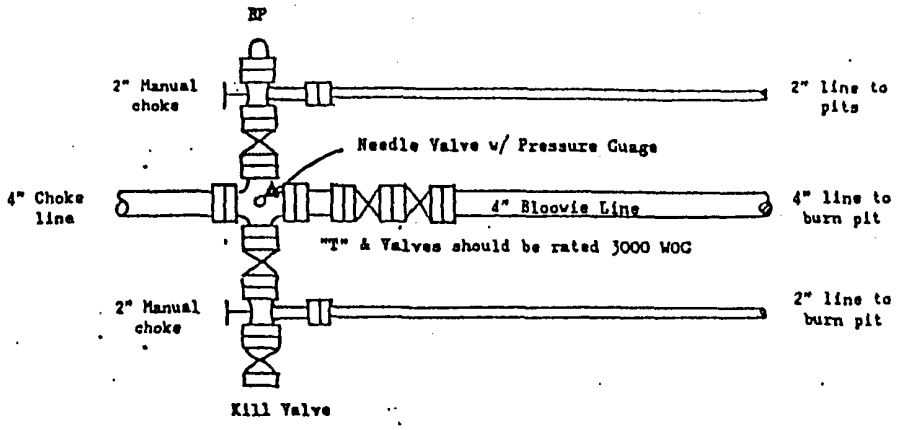
GENERAL NOTES

1. ALL VALVES, PIPING, FLANGES ETC. MUST HAVE MINIMUM WORKING PRESSURE EQUAL TO WORKING PRESSURE OF PREVENTERS. VALVES MUST BE OF THE FULL OPENING TYPE.
2. CONTROLS TO BE OF STANDARD DESIGN AND EACH MARKED SHOWING OPEN AND CLOSED POSITION.
3. CHOKE MANIFOLD AS SHOWN IN APP. 18 AND 19 REPLACEABLE PARTS AND WRENCHES TO BE CONVENIENTLY LOCATED FOR IMMEDIATE USE.
4. ALL VALVES TO BE EQUIPPED WITH HANDWHEELS.
5. CHOKE LINES MUST BE SUITABLY ANCHORED.
6. DEVIATIONS FROM THIS DRAWING MAY BE MADE ONLY WITH THE PERMISSION OF THE COMPANY.

MINIMUM BLOWOUT PREVENTER REQUIREMENTS

NORMAL PRESSURE SERVICE

CHOKE MANIFOLD SETUP



The above Manifold Hookup Design will meet minimum requirement by the Operator. Drilling Contractor to supply choke line and choke manifold. Operator to supply downstream lines from manifold assembly to pits.

WELLBORE DIAGRAM

WELL NAME Hanlad AKZ State #1 FIELD Palma Mesa

LOCATION 660' FSL & 660' FWL, M-Section 13-8S-27E, Chaves County, New Mexico

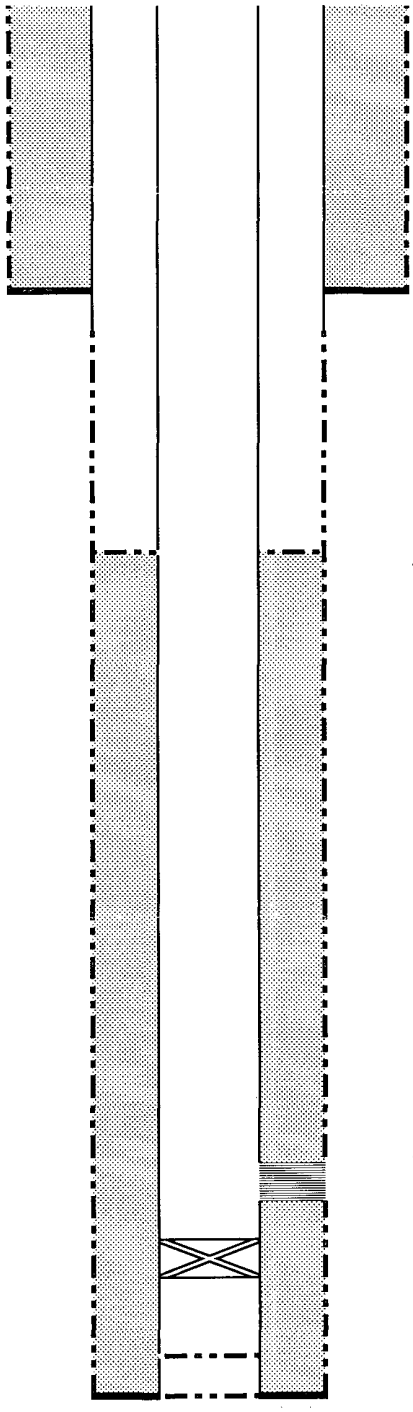
GL 3936' ZERO KB

SPUD DATE 4/1/1982 COMPLETION DATE 7/9/1982

COMMENTS: API #30-005-61943

CASING PROGRAM

8 5/8" 24# J-55 ST&C	1400'
4 1/2" 15.5# J-55 ST&C	6800'



Not to Scale

4/21/2011

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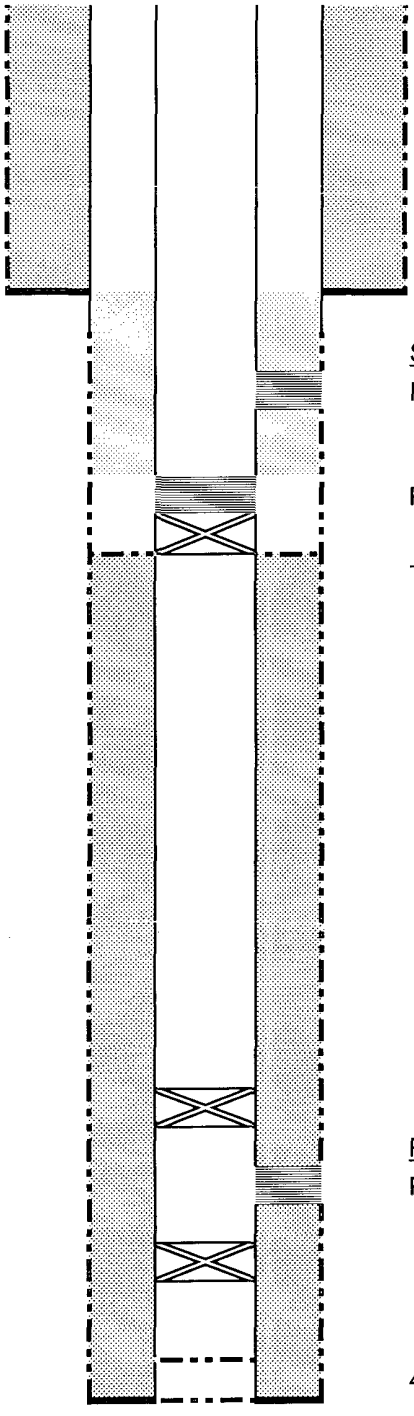

CASING PROGRAM

8 5/8" 24# J-55 ST&C	1400'
4 1/2" 15.5# J-55 ST&C	6800'

8 5/8" at 1400' w/700 sx cement (Circ)

San Andres

Perfs: 2140'-2190' 50 holes

AFTER

Perf: 2325' 8 holes Squeeze with 250 sx cement

TOC at 4535' by CBL

Penn

Perfs: 6327'-6411' 18 holes

4 1/2" at 6800' w/650 sx cement

Not to Scale

4/21/2011