

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

Form C-101

May 27, 2004

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

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 Hanson Operating Company, Inc. P. O. Box 1515, Roswell, NM 88202-1515		² OGRID Number 9974
		³ API Number 30 - 025-24866
⁴ Property Code 4995	⁵ Property Name Shell State	⁶ Well No. #1
⁹ Proposed Pool 1 Drinkard		¹⁰ Proposed Pool 2

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
O	36	21S	36E		660'	South	1650'	East	Lea

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 P	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3493.2 GL
¹⁶ Multiple N	¹⁷ Proposed Depth 6853'	¹⁸ Formation Drinkard	¹⁹ Contractor	²⁰ Spud Date 9/8/2006
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: _____ Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8 5/8"	24#	1160'	450	Circulated
7 7/8"	5 1/2"	15.5#	6853'	450	3800'

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 abandon the Blinbry formation and test the Drinkard formation as follows:

1. MIRU pulling unit and install BOP.
2. Pull rods, pump and tubing.
3. Drill out CIBP at 6025' to 6853' PBTD.
4. Perforate at 6659'-6795' 2 spf.
5. Acidize existing perfs at 6499'-6582' with 3,000 gallons 15% acid.
6. Acidize perfs at 6659'-6795' with 5,000 gallons 15% acid.
7. Swab test and evaluate.
8. Place on production.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway
Plugback

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 ☐.

Printed name: Carol J. Smith

Title: Production Analyst

E-mail Address: hanson@dfn.com

Date: 9/1/2006

Phone: 505-622-7330

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: SEP 11 2006

Expiration Date:

Conditions of Approval Attached ☐

OC DISTRICT SUPERVISOR/GENERAL MANAGER

NEW MEXICO OIL CONSERVATION COMMISSION
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.

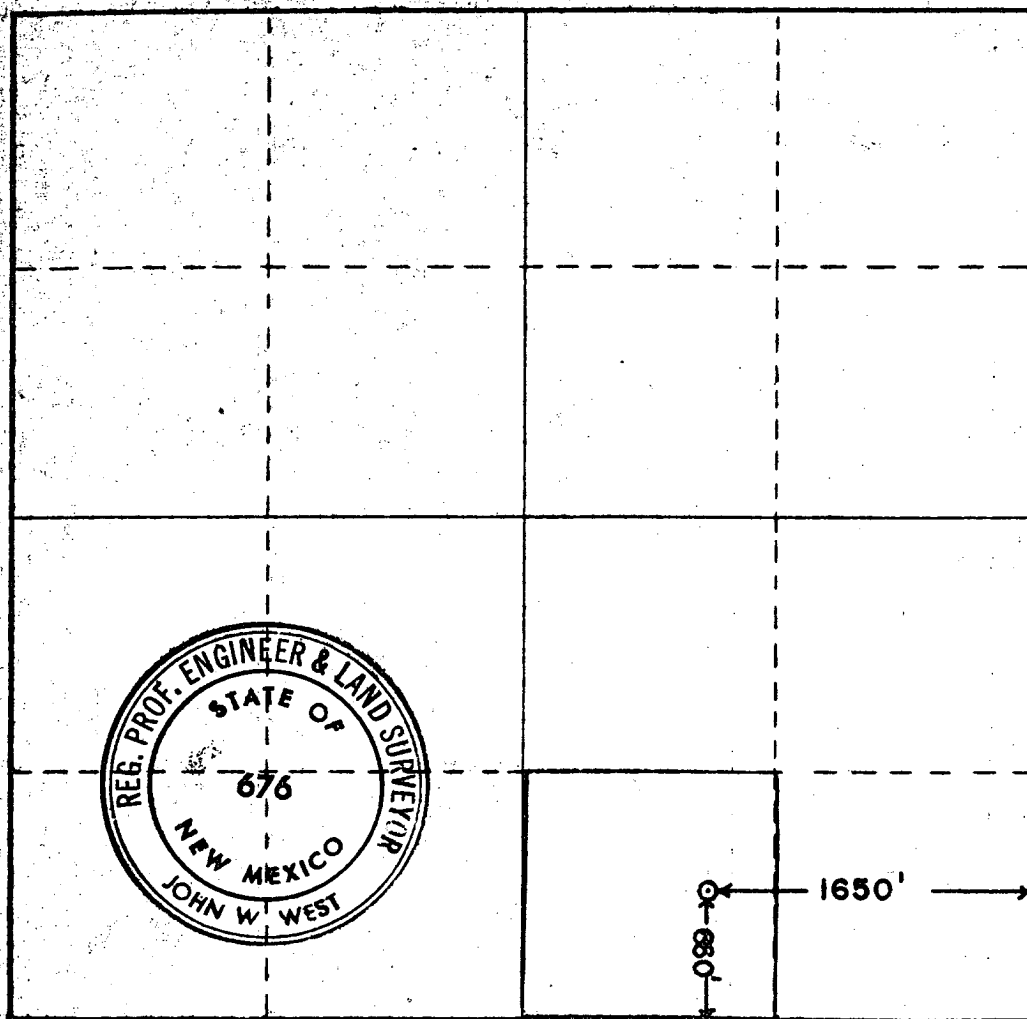
Operator HANSON OIL CORPORATION			Lease SHELL ST.		Well No. 1
Unit Letter O	Section 36	Township 21 SOUTH	Range 36 EAST	County LEA	
Actual Footage Location of Well: 660 feet from the SOUTH line and 1650 feet from the EAST line					
Ground Level Elev. 3493.2	Producing Formation Drinkard		Pool Undes.	Dedicated Acreage 40 Acres	

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 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.

Carol J. Smith

Name

Carol J. Smith

Position

Production

Company

Hanson Operating Co.

Date

9/1/2006

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.

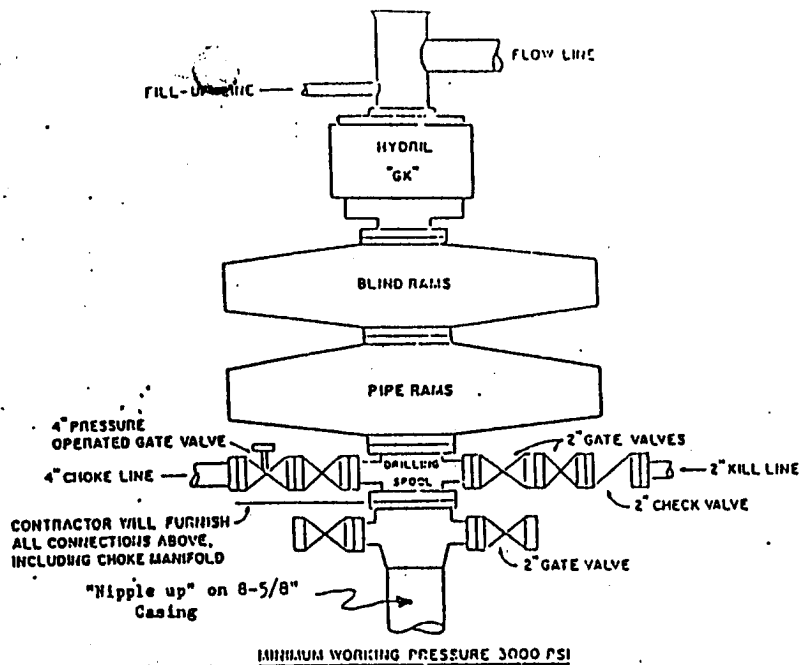
Date Surveyed

SEPTEMBER 18, 1974

Registered Professional Engineer and/or Land Surveyor

Certificate No.

676



CONTRACTOR TO FURNISH

1. ALL EQUIPMENT ABOVE CASING HEAD HOUSING INCLUDING CHOKER 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.

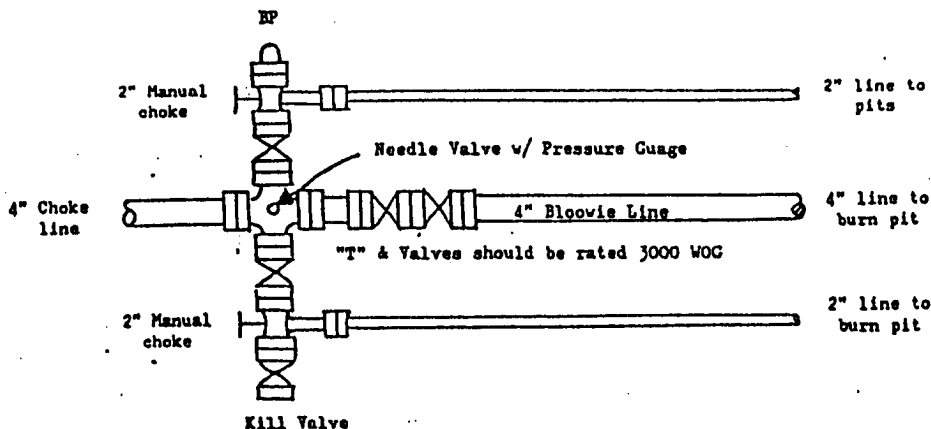
GENERAL NOTES

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. CHOKER 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. CHOKER 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

CHOKER 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.