

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 Property Code 4995 | ⁴ Property Name Shell State | ⁵ API Number 30 - 025-24866 |
| ⁹ Proposed Pool 1 Paddock | | ⁶ Well No. #1 |
| ¹⁰ Proposed Pool 2 | | |

7 Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|--------------|---------|-----------------------|---------------------------|------------------------|------------------------|---------------|
| UL or lot no. O | Section 36 | Township 21S | Range 36E | Lot Idn | Feet from the 660' | North/South line South | Feet from the 1650' | East/West line East | County 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 Paddock | ¹⁹ Contractor | ²⁰ Spud Date 10/31/2006 |
| 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 ~~Drinkard~~ ^{Blindery} formation and test the Paddock formation as follows:

1. MIRU pulling unit.
2. Pull rods and pump.
3. Install BOP.
4. Pull tubing.
5. Set CIBP at 5350' with 35' cement cap.
6. Perforate at 5126'-5190' 1 spf.
7. Acidize perms with 3,000 gallons 15% acid.
8. Swab test and evaluate.
9. 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 NMOC guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | | OIL CONSERVATION DIVISION | |
| Printed name: Carol J. Smith <i>Carol J. Smith</i> | | Approved by: <i>Chris Williams</i> | |
| Title: Production Analyst | | Title: OC DISTRICT SUPERVISOR/GENERAL MANAGER | |
| E-mail Address: hanson@dfn.com | | Approval Date: Expiration Date: | |
| Date: 10/27/2006 | Phone: 505-622-7330 | Conditions of Approval Attached <input type="checkbox"/> | |

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.

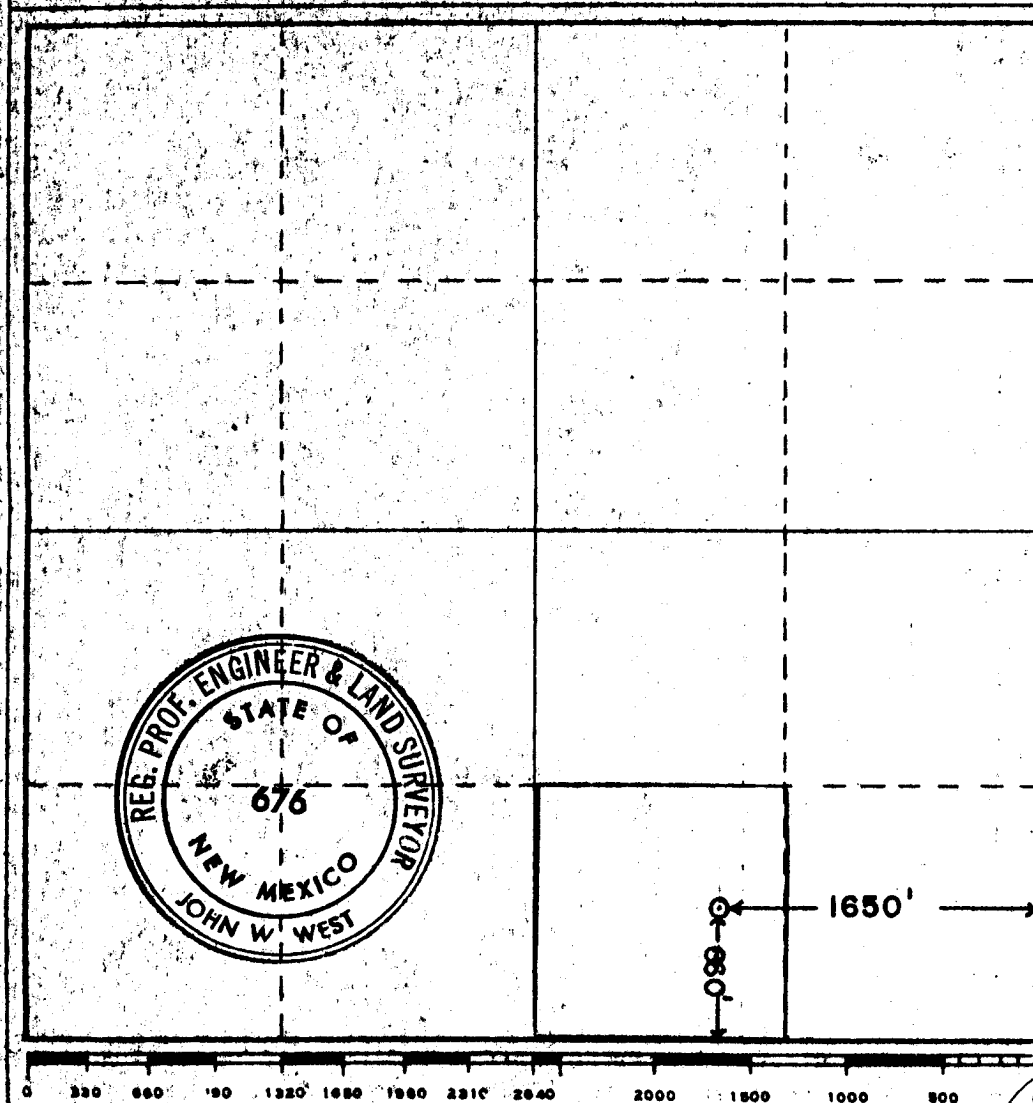
| | | | | | |
|--|---------------------------------------|-----------------------------|-------------------------|--------------------------------------|--|
| Operator HANSON OIL CORPORATION | | Lease SHELL ST. | | Well No. 1 | |
| Unit Letter O | Section 36 | Township 21 SOUTH | Range 36 EAST | County 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 Paddock | | Pool | Dedicated Acreage 40 Acres | |

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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
10/27/2006

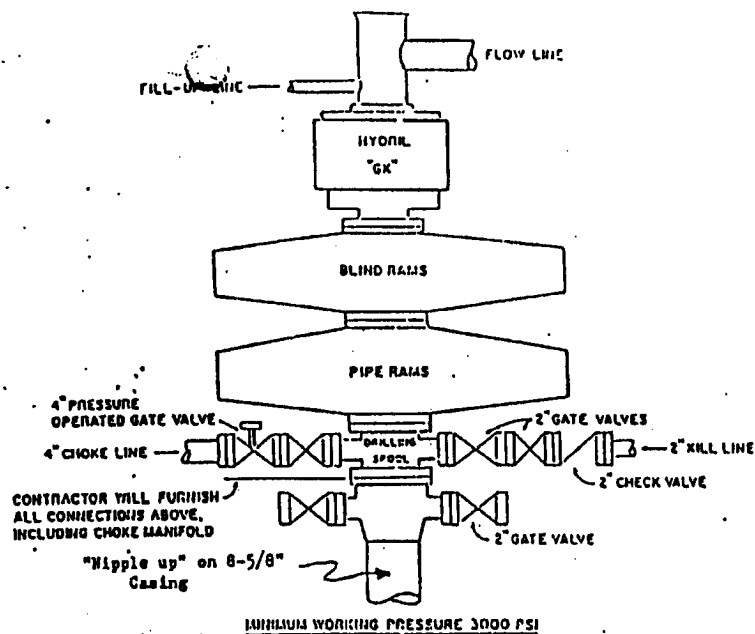
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
SEPTEMBER 18, 1974

Registered Professional Engineer and/or Land Surveyor

John W. West

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.

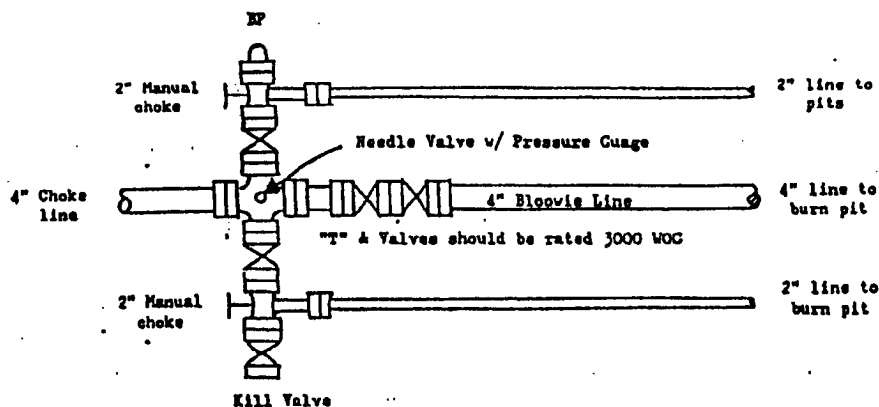
GENERAL NOTES

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.