

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 30-025-28490 |
| ⁵ Property Code 4979 | ⁶ Property Name Max Gutman | ⁸ Well No. #8 |
| ⁹ Proposed Pool 1 Paddock | | ¹⁰ Proposed Pool 2 Wildcat McKnight, Glorieta |

Surface Location

| | | | | | | | | | |
|-------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot no E | Section 19 | Township 22S | Range 38E | Lot Idn | Feet from the 1980' | North/South line North | Feet from the 560' | East/West line West | County Lea |
|-------------------|---------------|-----------------|--------------|---------|------------------------|---------------------------|-----------------------|------------------------|---------------|

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 A | ¹² Well Type Code O | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code P | ¹⁵ Ground Level Elevation 3330' GL |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 7513' | ¹⁸ Formation Granite Wash | ¹⁹ Contractor | ²⁰ Spud Date 7/30/2007 |
| Depth to Groundwater ~ 140' | | Distance from nearest fresh water well | | Distance from nearest surface water |
| Pit Liner Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume 25 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"/> | | | | |

Proposed Casing and Cement Program

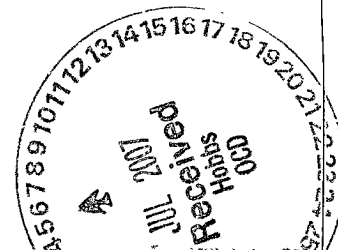
| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 17 1/2" | 13 3/8" | 42# | 350' | 375 | Surface |
| 12 1/4" | 8 5/8" | 24# | 2468' | 1300 | Surface |
| 7 7/8" | 5 1/2" | 20# & 17# | 7513' | 1455 | Surface |

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 complete and test the Paddock, McKnight and Glorieta formations as follows:

1. RU pulling unit. Pull rods and pump. Install BOP. Pull out of hole with tubing.
2. Set RBP at 5300'. Circulate hole clean.
3. Perforate Paddock formation at 5132' - 5210'.
4. Perforate McKnight/Glorieta formation at 5082' - 5114'.
5. Acidize perms with 10,000 gallons 20% acid.
6. Flow back, swab and evaluate.
7. Place on production.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway
Adding



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: 7/3/2007 |
| Phone: 505-622-7330 |

| | |
|---|------------------|
| OIL CONSERVATION DIVISION | |
| Approved by Chris Williams | |
| OC DISTRICT SUPERVISOR/GENERAL MANAGER | |
| Title: | |
| Approval Date: JUL 06 2007 | Expiration Date: |
| Oil Conservation Division Conditions of approval: Approval for drilling ONLY --- CANNOT produce Downhole Commingled until DHC is approved in Santa Fe. | |

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--|---|---|
| ¹ API Number 30-025-28490 | ² Pool Code 49210 | ³ Well Name Paddock, McKnight ^{wildcat}, Glorieta, Blinbry, Granite Wash |
| ⁴ Property Code 4979 | ⁵ Property Name Max Gutman | ⁶ Well Number #8 |
| ⁷ OGRID No. 009974 | ⁸ Operator Name Hanson Operating Company, Inc. | ⁹ Elevation 3330' GL |

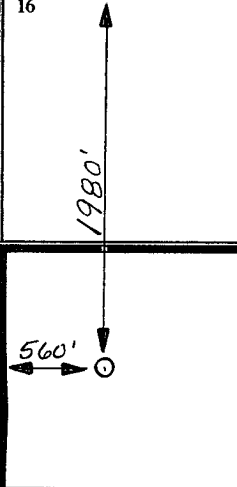
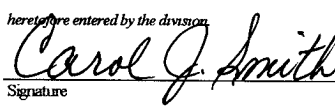
¹⁰ Surface Location

| | | | | | | | | | |
|---------------------------|----------------------|-----------------------------|-------------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|
| UL or lot no. E | Section 19 | Township 22 South | Range 38 East | Lot Idn | Feet from the 1980 | North/South line North | Feet from the 560 | East/West line West | County Lea |
|---------------------------|----------------------|-----------------------------|-------------------------|---------|------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------|

¹¹ Bottom Hole Location If Different From Surface

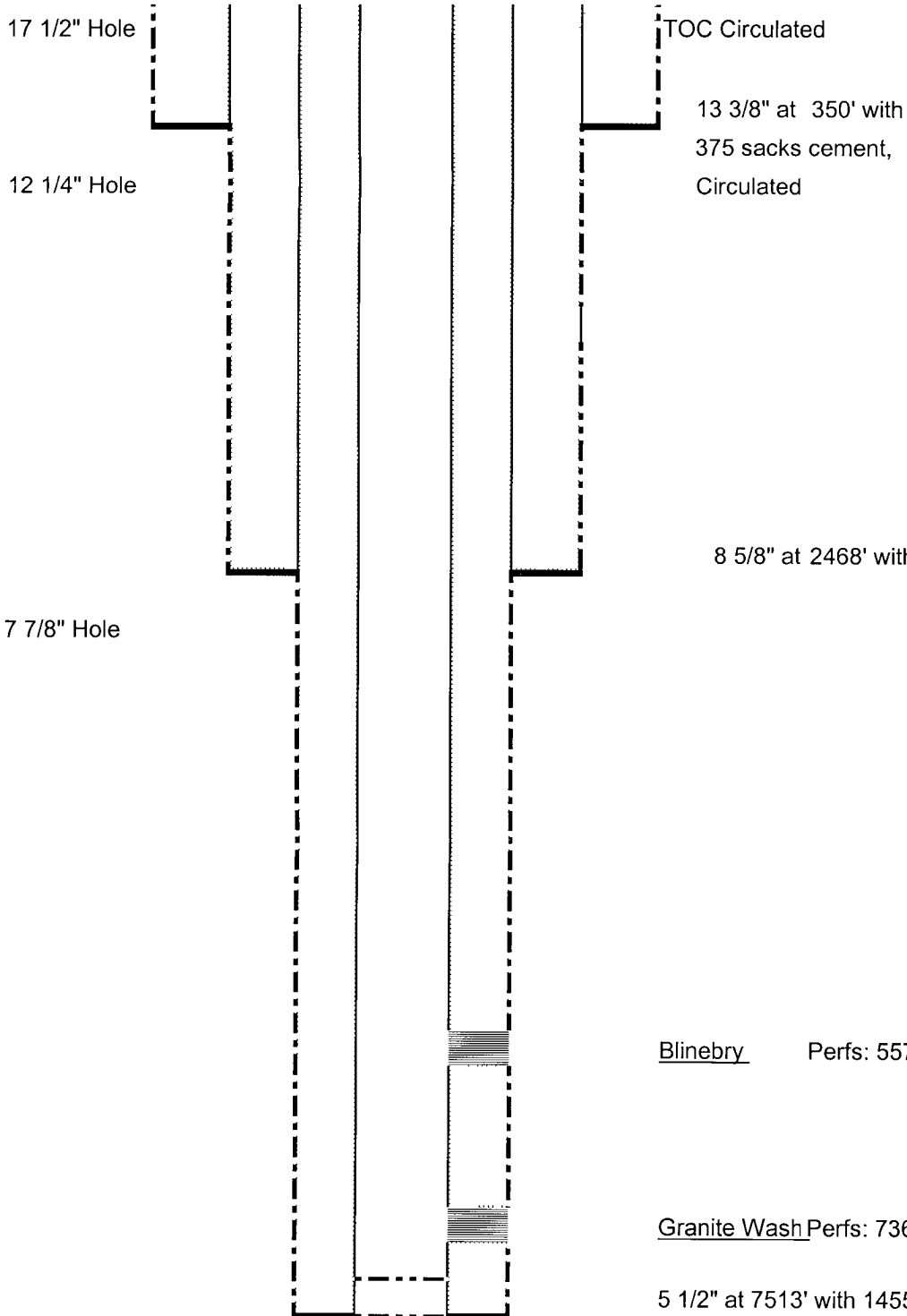
| | | | | | | | | | |
|--|-------------------------------|----------------------------------|-------------------------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| ¹² Dedicated Acres 40 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. | | | | | | |

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

| | | | | |
|--|--|--|--|--|
| ¹⁶  | | | | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereinafter entered by the division.</i>  7/3/2007 Signature Date Carol J. Smith Printed Name |
| | | | | ¹⁸ SURVEYOR CERTIFICATION <i>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 belief.</i> October 12, 1983 Date of Survey Signature and Seal of Professional Surveyor Refer to Original Plat 676 Certificate Number |
| | | | | |
| | | | | |

WELLBORE DIAGRAM

| | | | |
|-----------|--|-----------------|------------------------|
| WELL NAME | Max Gutman #8 | FIELD | Blinebry, Granite Wash |
| LOCATION | 1980' FNL & 560' FWL, E-Section 19-22S-38E, Lea County, NM | | |
| GL | 3330' | ZERO | KB 3343' |
| SPUD DATE | 12/1/1983 | COMPLETION DATE | 1/7/1984 |
| COMMENTS: | API #30-025-28490 | | |



CASING PROGRAM

| | |
|--------------------------|-------|
| 13 3/8" 42# K55 | 350' |
| 8 5/8" 24# J55 ST&C | 2468' |
| 5 1/2" 20#, 17# N80 LT&C | 7513' |

BEFORE

8 5/8" at 2468' with 1300 sacks cement, Circulated

Blinebry Perfs: 5579'-5971' 37 holes

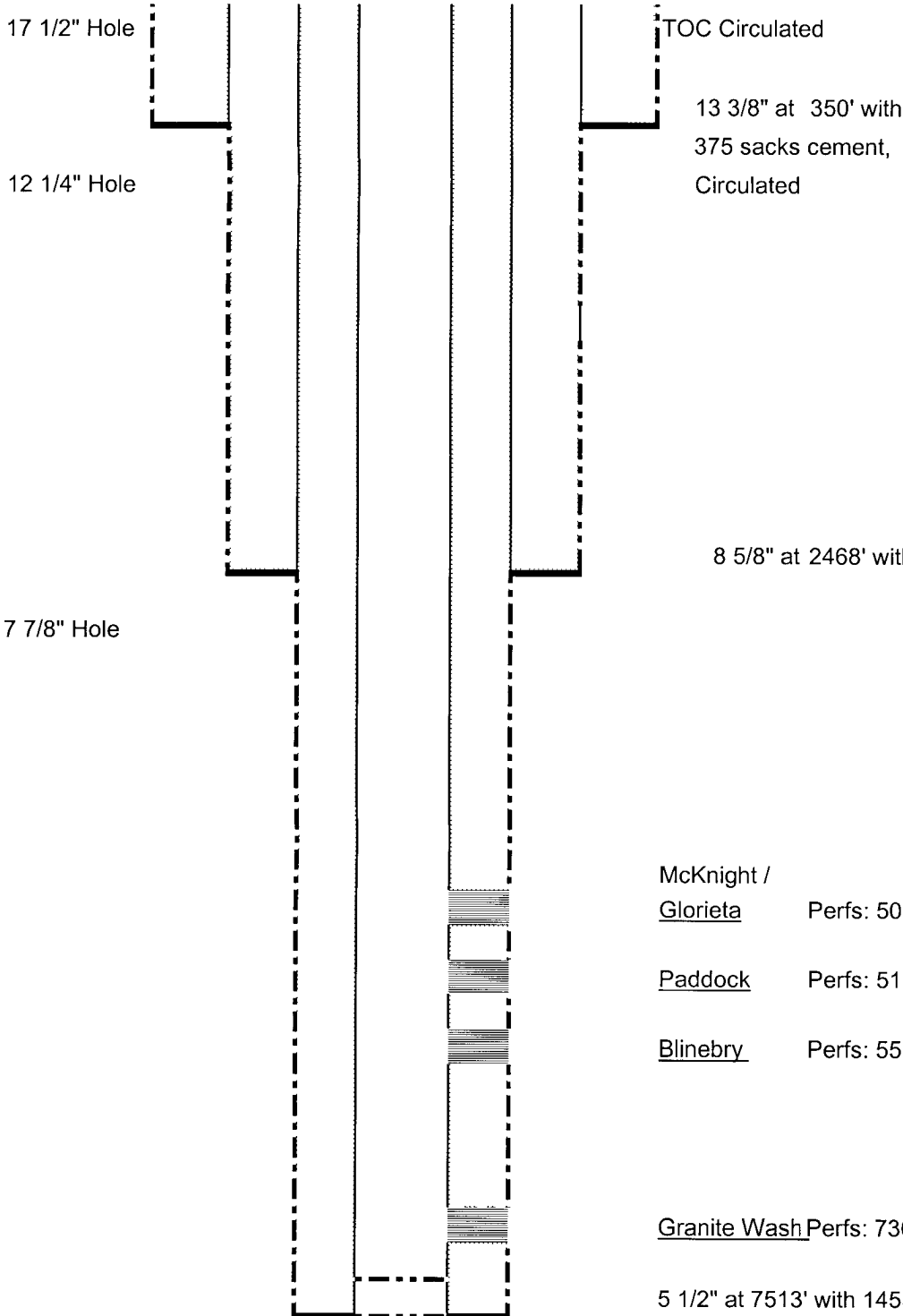
Granite Wash Perfs: 7362'-7475' 18 holes

5 1/2" at 7513' with 1455 sacks cement, Circulated

Not to Scale
7/3/2007

WELLBORE DIAGRAM

| | | | |
|-----------|--|-----------------|------------------------|
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| | |
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| 13 3/8" 42# K55 | 350' |
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AFTER

8 5/8" at 2468' with 1300 sacks cement, Circulated

McKnight /

Glorieta

Perfs: 5082'-5114' 24 holes

Paddock

Perfs: 5132'-5210' 30 holes

Blinebry

Perfs: 5579'-5971' 37 holes

Granite Wash

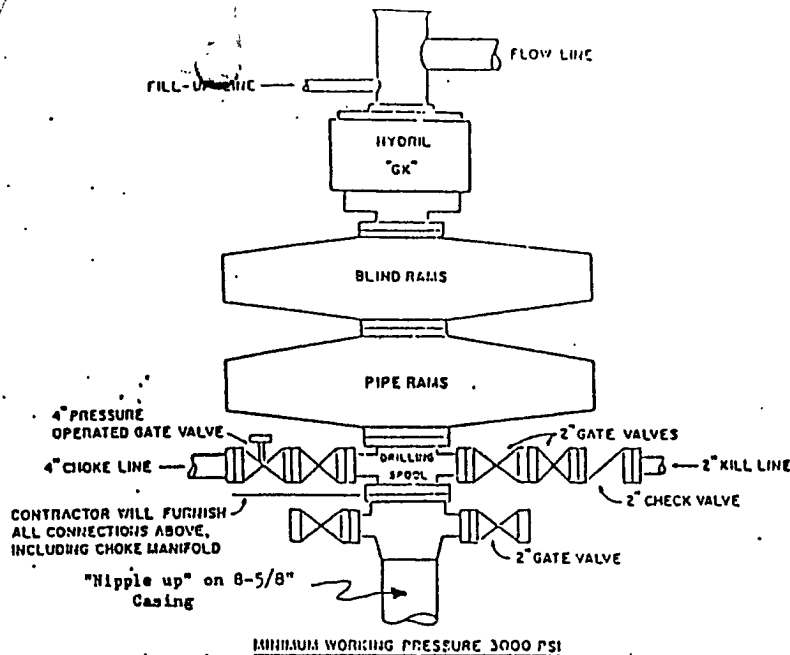
Perfs: 7362'-7475' 18 holes

5 1/2" at 7513' with 1455 sacks cement, Circulated

TD 7513'

Not to Scale

7/3/2007



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 RAIS TO FIT PIPE IN USE.

COMPANY TO FURNISH

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

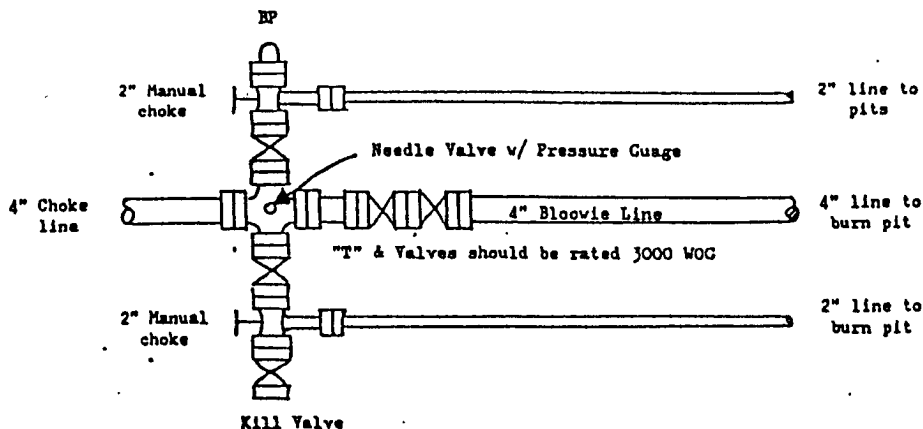
GENERAL NOTES

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 IS REPLACABLE 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.