

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 - 025-24921
⁴ Property Code 4995	⁵ Property Name Shell State	⁶ Well No #2
⁹ Proposed Pool 1 San Andres		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no. J	Section 36	Township 21S	Range 36E	Lot Idn	Feet from the 1980'	North/South line South	Feet from the 1650'	East/West line East	County Lea
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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
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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 3496.9 GL
¹⁶ Multiple N	¹⁷ Proposed Depth 5350'	¹⁸ Formation Paddock	¹⁹ Contractor	²⁰ Spud Date 11/26/2007
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

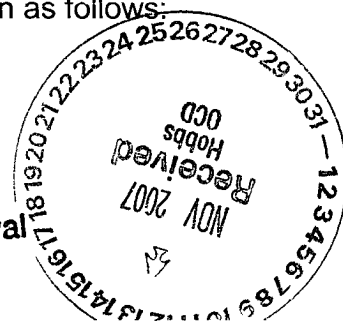
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8 5/8"	24#	1160'	550	Circulated
7 7/8"	5 1/2"	15.5#	6885'	1100	2400'

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 Paddock formation and test the San Andres formation as follows:

1. MIRU pulling unit and install BOP.
2. Pull rods, pump and tubing.
3. Set CIBP at 4200' capped with 35' of cement.
4. Perforate San Andres formation at 4000'-4120' with 50 holes.
5. Acidize perfs with 5,000 gallons 20% acid.
6. Place on production. Test and evaluate.

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 <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: NOV 15 2007 Expiration Date:	
Date: 11/8/2007	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

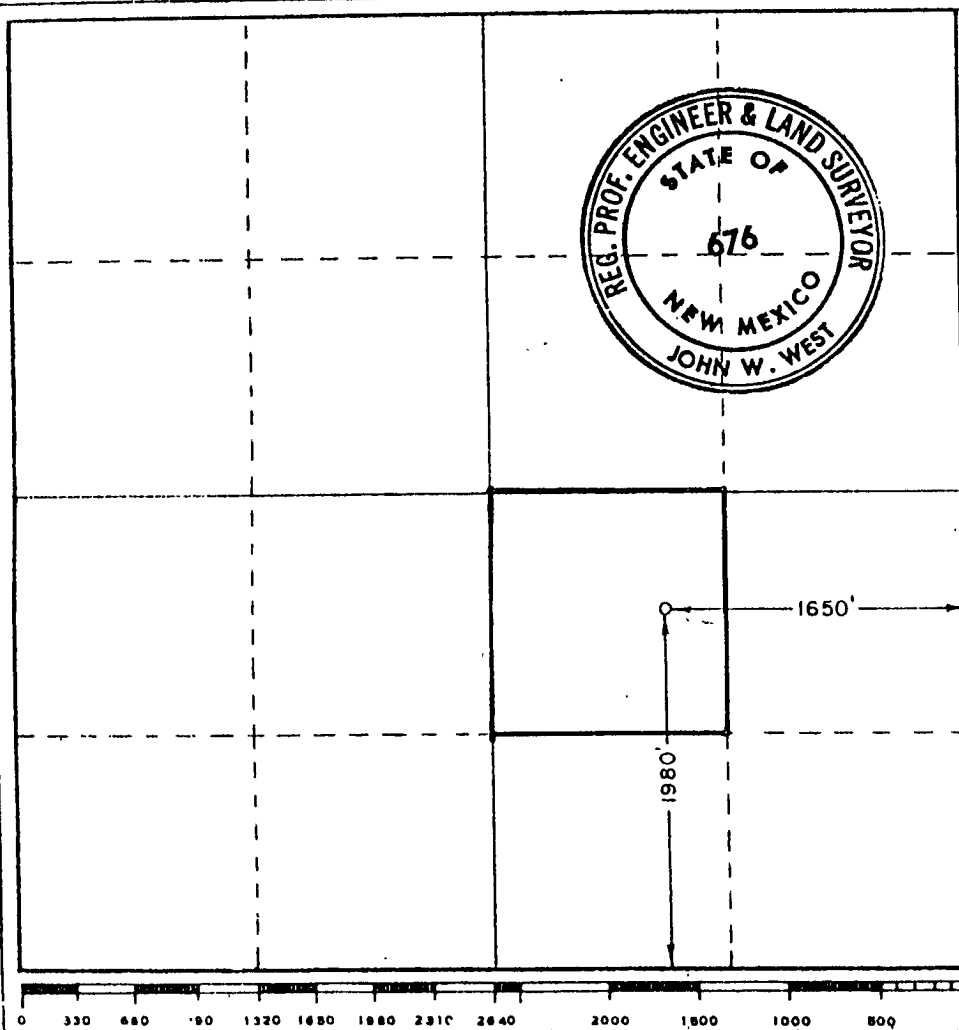
Operator Hanson Oil Corporation			Lease Shell State		Well No. 2
Unit Letter J	Section 36	Township 21 South	Range 36 East	County Lea	
Actual Footage Location of Well: 1980 feet from the South line and 1650 feet from the East line					
Ground Level Elev. 3496.9	Producing Formation San Andres		Pool	Dedicated 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 Analyst

Company

Hanson Operating Co., Inc

Date

11/8/2007

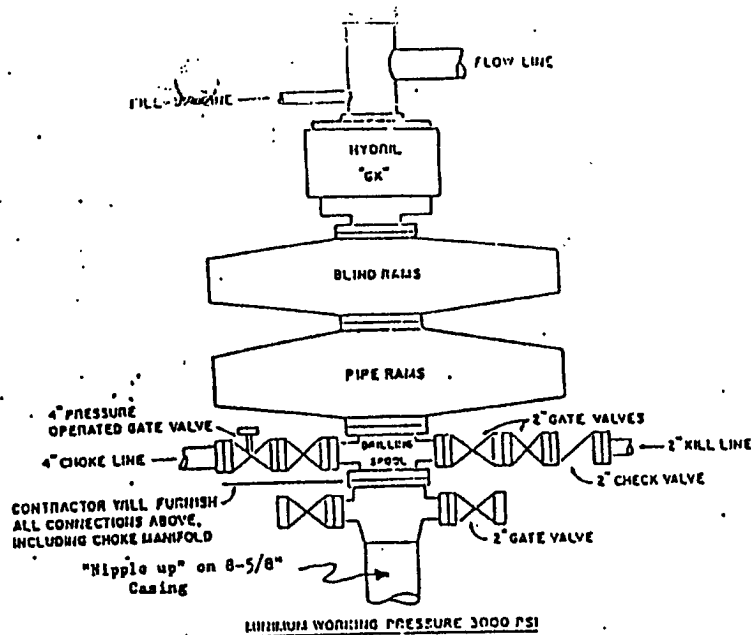
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

November 26, 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.

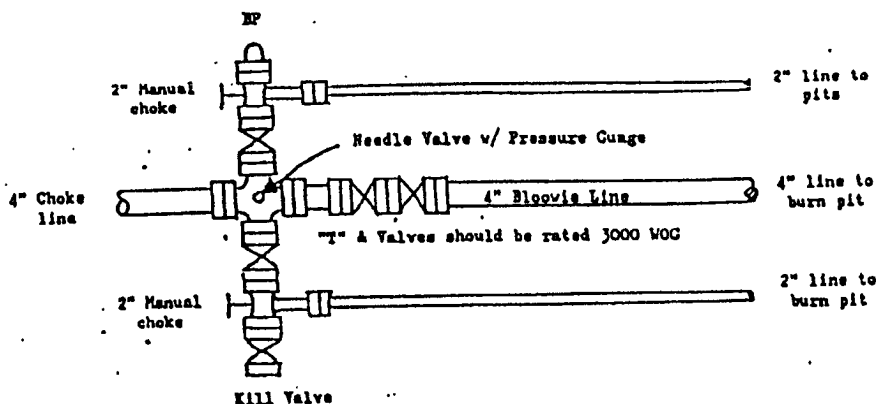
GENERAL NOTES

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.