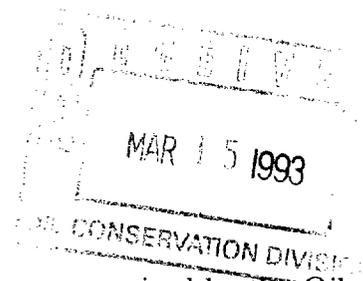


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10685

APPLICATION OF HANSON OPERATING
COMPANY FOR STATUTORY UNITIZATION,
EDDY COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by William F. Carr, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Hanson Operating Company, Inc.
Post Office Box 1515
Roswell, New Mexico 88202
Attn: Ken Hammonds

(505) 622-7330
name, address, phone and
contact person

ATTORNEY

William F. Carr
Campbell, Carr, Berge & Sheridan
Post Office Box 2208
Santa Fe, New Mexico 87504

(505) 988-4421

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

Hanson Operating Company, Inc., applicant in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Shugart Yates-Seven Rivers-Queen-Grayburg Pool underlying 1111.00 acres, more or less, of Federal and fee lands comprising portions of Township 18 South, Ranges 30 and 31 East, to be designated the Shugart Waterflood Unit Area. To be considered will be those matters required by the New Mexico Statutory Unitization Act, Subsection 70-7-1, et seq., N.M.S.A., 1978, and other provisions of the unit agreement and unit operating agreement.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

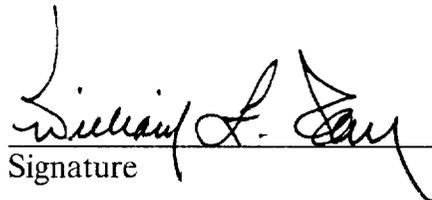
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Ken Hammonds, Landman	10 Min.	Approximately 6
Gary Fitzsimmons, Geologist	15 Min.	Approximately 7
David Sweeney, Petroleum Engineer	15 Min.	Approximately 4

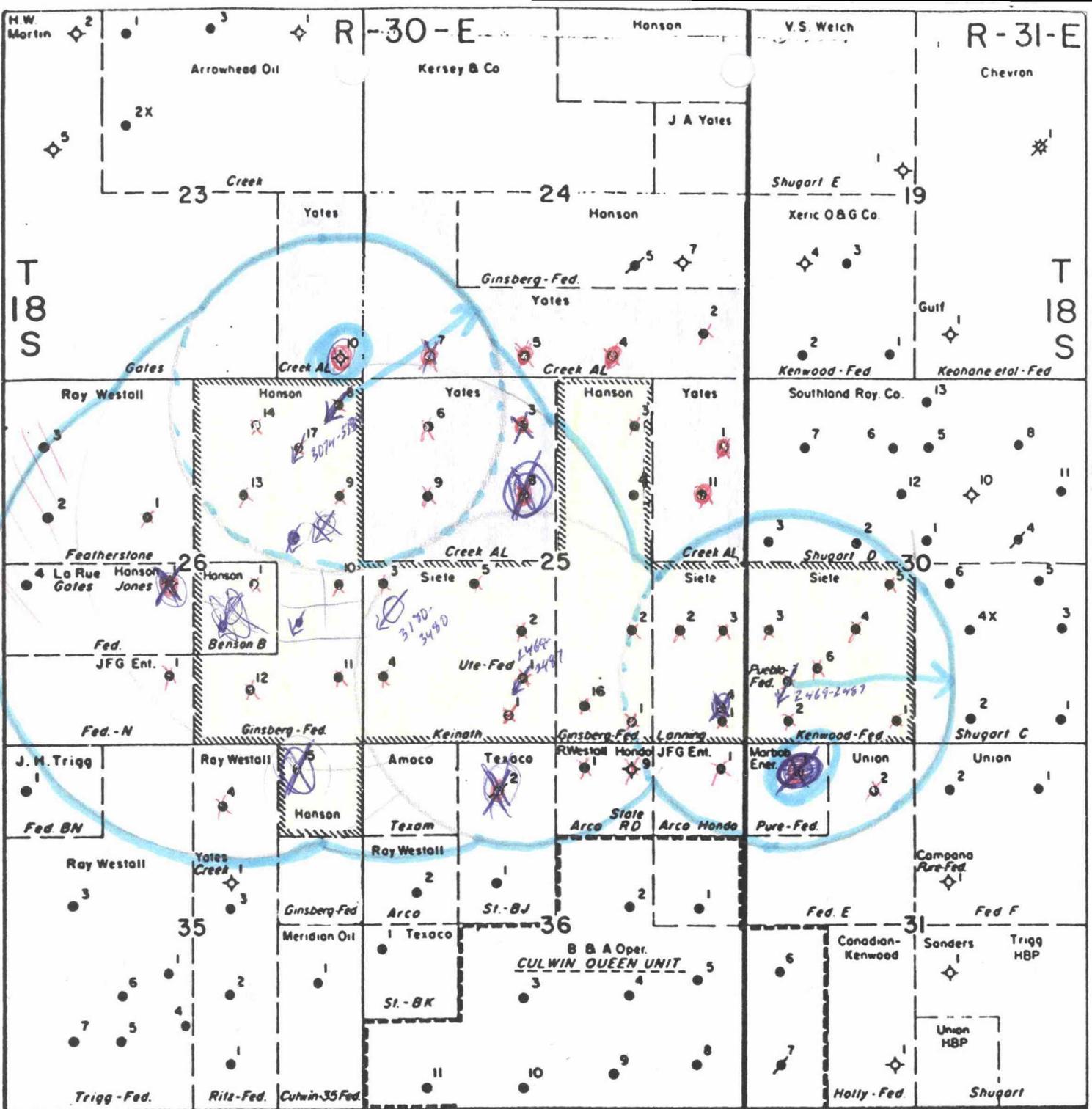
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

This case should be consolidated for hearing with Case 10686.


Signature



PROPOSED WATERFLOOD UNIT BOUNDARY

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

Hanson EXHIBIT NO. 1

CASE NO. 10685 and 10686

SCALE 1/4 1/2 1 MILE

HANSON OPERATING

UNIT AREA PLAT

HANSON-SIETE-YATES
PROPOSED WATERFLOOD UNIT
SHUGART FIELD
EDDY COUNTY, NEW MEXICO

FIGURE II