

HANSON OPERATING COMPANY, INC.

P.O. BOX 1515

ROSWELL, NEW MEXICO 88202-1515

PHONE AC 505-622-7330

March 1, 1993

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL WORKING AND ROYALTY INTEREST OWNERS AND ALL OFFSET OPERATORS

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

Pursuant to several meetings with the Bureau of Land Management, they have requested the name be changed to **BENSON SHUGART WATERFLOOD UNIT**. Additionally, in accordance with certain requirements and suggestions made by them in order to obtain their approval of the proposed waterflood, we are enclosing replacement Unit Agreement to take the place of the Unit Agreement submitted previously to you and contained within the brochure. The enclosed Unit Agreement is on the "approved form" and is necessary in order to obtain timely approval. The Bureau of Land Management has required that the Exhibit "A" in the prior Unit Agreement be re-named Exhibit "B". Likewise, the Exhibit "B" in the prior Unit Agreement must be re-named Exhibit "A". Please find enclosed these revised Exhibits which are Exhibits to both the Unit Agreement and the Unit Operating Agreement.

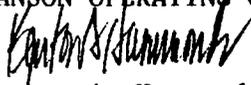
As you will note from the enclosures, the Bureau of Land Management has requested that we renumber the tracts and has required the deletion of the SE/4 NE/4 Section 35, T. 18 S., R. 30 E. from the Unit. This does not change the calculations of interest since the ownership interest is based upon prior production from the wells and future reserves and there was not a well on the land which was deleted.

The hearing date before the New Mexico Oil Conservation Division has been changed to March 18, 1993, at 8:00 o'clock a.m.

Should you have any questions with regard to the proposed Waterflood Unit or these changes, please do not hesitate to contact me.

Yours very truly,

HANSON OPERATING COMPANY, INC.


Kenton A. Hammonds
Landman

KAH:DR:lt:jmc
Enclosures

Hanson
10685 and 10686
6

NAMES & ADDRESS LIST - BENSON SHUGART WATERFLOOD UNIT
EDDY COUNTY, NEW MEXICO

FOR ALL ROYALTY, OVERRIDING ROYALTY, WORKING INTEREST OWNERS
AND OFFSET OPERATORS

OVERRIDING ROYALTY OWNERS

Mrs. Anne R. Hyman
Mrs. Lynne H. Drazin
9212 East Nassau Avenue
Denver, Colorado 80237-1921

Mrs. Ruth Gluck
Post Office Box 548
Las Cruces, New Mexico 88004-0548

Babe Development Co., Inc.
Post Office Box 758
Roswell, New Mexico 88202-0758

Mrs. Mary Louise Scott
2958 Sundown Road
Las Cruces, New Mexico 88001-4612

Mrs. Blanche Stidham
1021 East Cypress
Lompoc, California 93436

Ginsberg Investments
Post Office Box 100
Roswell, New Mexico 88202-0100

Mr. Bernard R. Ginsberg
Mrs. Mary Hannah Ginsberg
Trustees U/T/A Dated 1-24-85
Post Office Box 100
Roswell, New Mexico 88202-0100

Mr. Bernard R. Ginsberg, Trustee
Mabelle E. Ginsberg Trust
dated 1-8-85
Post Office Box 100
Roswell, New Mexico 88202-0100

Mr. Bernard R. Ginsberg, Trustee
Benjamin B. Ginsberg Trust
Post Office Box 100
Roswell, New Mexico 88202-0100

Mrs. Barbara Kruse Frankenfield
10328 Stoneflower Drive
Parker, Colorado 80134-9545

Mrs. Sandra Leigh Terry
Post Office Box 12617
El Paso, Texas 79912-0617

Mrs. Susan Lynn Terry
Post Office Box 1167
Santa Teresa, New Mexico 88008

First Baptist Church of Artesia
Post Office Box 1343
Artesia, New Mexico 88210

Immanuel Lutheran Church of Artesia
Post Office Box 1251
Artesia, New Mexico 88210

St. Paul's Protestant Episcopal
Church of Artesia
Post Office Box 1308
Artesia, New Mexico 88210

Mrs. Julia R. Keinath Calvert
905 Hermosa Drive
Artesia, New Mexico 88210

Ms. Sally R. Lanning
905 Hermosa Drive
Artesia, New Mexico 88210

Mr. Anthony D. Eckman
11915 Winterthur Lane #109
Reston, Virginia 22091

Mr. William G. Parker
Mrs. Nancy Parker (Strong) Halsell
Mrs. Sylvia S. Voorhies
Trustees of Testamentary Trust
U/L/W/T of T. R. Parker, Deceased
Post Office Box 1281
Medford, Oregon 97501

Ms. Deirdre Jean Joyce
14 Hullcrest Road
Shelburne, Vermont 05482

Canadian Kenwood Company
a Minnesota Limited Partnership
800 Marquette Avenue
Minneapolis, Minnesota 55402

ROYALTY OWNERS

Donald E. Blackmar Testamentary
Trust
Post Office Box 608
Roswell, New Mexico 88202-0608

The Pecos Abstract Co.
Post Office Box 629
Pecos, Texas 79772

WORKING INTEREST OWNERS

Hanson-McBride Petroleum Company
Post Office Box 1515
Roswell, New Mexico 88202-1515

Babe Development Co., Inc.
Post Office Box 758
Roswell, New Mexico 88202-0758

Mrs. Barbara Loffland Middleton
1114 Ridglea Bank Building
6300 Ridglea Place
Fort Worth, Texas 76116-5765

Mr. Thomas R. Loffland
Mrs. Barbara Loffland Middleton
Co-Trustees Margaret R. Loffland
Trust
1114 Ridglea Bank Building
6300 Ridglea Place
Fort Worth, Texas 76116-5765

Mr. Tom Loffland
1114 Ridglea Bank Building
6300 Ridglea Place
Fort Worth, Texas 76116-5765

McBride Oil & Gas Corporation
Post Office Box 1515
Roswell, New Mexico 88202-1515

Mr. Samuel S. Spencer
Post Office Box 2083
Roswell, New Mexico 88202-2083

Mr. Reagan S. Sweet
Post Office Box 1207
Roswell, New Mexico 88202-1207

Hanson Operating Company, Inc.
Post Office Box 1515
Roswell, New Mexico 88202-1515

Hilo Development Company
c/o Mr. Dale R. Gwilliam
Tempe City Center
1400 E. Southern Avenue #1040
Tempe, Arizona 85282-5679

Dr. Grover N. Shrader
1403 W. Lomita Blvd., Suite 301
Harbor City, California 90710-2076

Manzano Oil Corporation
Post Office Box 2107
Roswell, New Mexico 88202-2107

Siete Oil & Gas Corporation
Post Office Box 2523
Roswell, New Mexico 88202-2523

OPERATORS WITHIN THE BENSON SHUGART WATERFLOOD UNIT
AND OFFSET OPERATORS WITHIN ONE MILE OF THE UNIT BOUNDARY

Meridian Oil, Inc.
Post Office Box 51810
Midland, Texas 79710-1810

SDX Resources, Inc.
Post Office Box 5061
Midland, Texas 79704

Ray Westall
Post Office Box 4
Loco Hills, New Mexico 88255

Trigg Family Trust
Post Office Box 520
Roswell, New Mexico 88202-0520

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Manzano Oil Corporation
Post Office Box 2107
Roswell, New Mexico 88202-2107

JFG Enterprises
Post Office Box 100
Artesia, New Mexico 88210

C. E. LaRue and B. N. Muncy, Jr.
Post Office Box 196
Artesia, New Mexico 88210

Merit Energy Company
12221 Merit Drive, Suite 500
Dallas, Texas 75251

Mack Energy Corp.
Post Office Box 276
Artesia, New Mexico 88210

B & A Operating Co.
Post Office Box 136
Lovington, New Mexico 88260

Xeric Oil & Gas Company
Post Office Box 51311
Midland, Texas 79710

Ozark Exploration
Suite 1525
Two Turtle Creek Village
Dallas, Texas 75219

Siete Oil & Gas Corporation
Post Office Box 2523
Roswell, New Mexico 88202-2523

LAW OFFICES OF
SANDERS, BRUIN, COLL & WORLEY, P.A.

600 UNITED BANK PLAZA
400 NORTH PENNSYLVANIA AVENUE
ROSWELL, NEW MEXICO 88201
POST OFFICE BOX 550
ROSWELL, NEW MEXICO 88202-0550

JAMES L. BRUIN
T. T. SANDERS, JR.
OF COUNSEL

TELEPHONE
505-622-5440

TELECOPIER
505-622-5853

KELLY M. CASSELS
CHARLES H. COLL
CLARKE C. COLL *
ERIC J. COLL
STEVEN P. FISHER
RICHARD L. KRAFT
CLAY H. PAULOS **
DAMON RICHARDS **
MICHAEL H. STONE
MARK W. TAYLOR
MICHAEL T. WORLEY **

January 20, 1993

* ALSO LICENSED IN VIRGINIA
** ALSO LICENSED IN TEXAS

CERTIFIED MAIL

**TO: ALL WORKING AND ROYALTY INTEREST OWNERS WITHIN PROPOSED
UNIT BOUNDARIES (SEE ATTACHED LIST)**

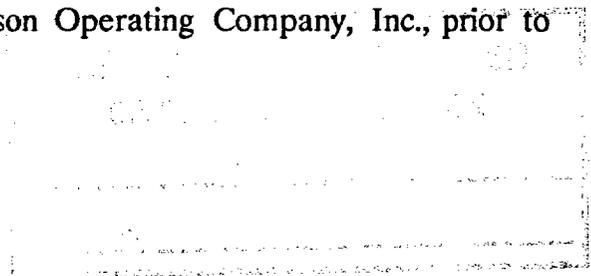
**RE: APPLICATION OF HANSON OPERATING COMPANY, INC. FOR
STATUTORY UNITIZATION, EDDY COUNTY, NEW MEXICO**

As you are aware, Hanson Operating Company, Inc. proposes a Waterflood in the Shugart Field, covering portions of Sections 25, 26, and 35, Township 18 South, Range 30 East, NMPM, and a part of Section 30, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico, which will comprise 1,111 total acres. Enclosed please find a brochure which contains a Design and Cost Estimate as well as an Authority for Expenditure. It also contains a copy of the Unit Agreement and Unit Operating Agreement. In the pocket on the back cover of the brochure you will find several copies of documents to be signed by you.

If you are a Working Interest Owner, you will find copies of an Authority for Expenditure and a Ratification and Joinder of Unit Agreement and Unit Operating Agreement. Please execute two copies of the AFE and two copies of the Ratification. Please execute the Ratification in the presence of a Notary Public because it must be notarized in order to be effective. Please return the four executed documents in the prepaid postage envelope which can also be found in the pocket of the back cover of the brochure.

If you are a Royalty Interest Owner or Overriding Royalty Interest Owner, you will only find copies of the Ratification and Joinder of Unit Agreement and Unit Operating Agreement. Please execute two of the copies, have them notarized, and return them in the prepaid postage envelope which is provided for your convenience.

Please return these executed documents to Hanson Operating Company, Inc., prior to February 15, 1993.



January 20, 1993

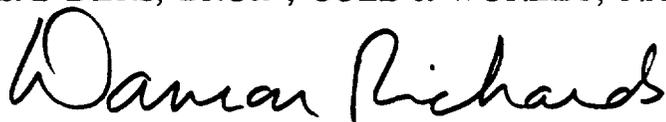
We contemplated whether to send the brochure and wait for two or three weeks for responses, and then send out Notices of the Application for Statutory Unitization; however, we decided that those of you who have already decided to sign the documents would not want to receive a duplication of the Application at a later date. We decided to send this letter as Notice of the Application in order to save postage and waste of paper; thus, you will find enclosed an Application for Statutory Unitization. The Exhibits which are referenced in the Application are contained in the brochure.

Pursuant to the Rules and Regulations of the Oil Conservation Division of New Mexico, notice is given to you of the above-referenced Application. You may protest the proposed Application by appearing at the hearing of this Application which will be heard on March 4, 1993, beginning at the hour of 8:15 a.m. at the Offices of the Oil Conservation Division, State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico. Of course, should you decide not to join the Unit and should you decide to protest the Application, we would like to hear from you in order to determine whether we can address your concern prior to the hearing.

Should you have any questions with regard to the proposed Waterflood Unit, please do not hesitate to contact me or please feel free to contact Ken Hammonds at Hanson Operating Company, Inc., Post Office Box 1515, Roswell, New Mexico, 88202-1515, telephone number (505) 622-7330.

Very truly yours,

SANDERS, BRUIN, COLL & WORLEY, P.A.



Damon Richards

DR:lt

Attachments

dr/oil/ocd.let

NAMES & ADDRESSES - SHUGART WATERFLOOD UNIT - EDDY COUNTY, NEW MEXICO

FOR ROYALTY & OVERRIDING ROYALTY INTEREST OWNERS

RATIFICATIONS

Mrs. Anne R. Hyman Mrs. Lynne H. Drazin 9212 East Nassau Avenue Denver, Colorado 80237-1921	Mr. Bernard R. Gluck Mrs. Ruth Gluck Post Office Box 548 Las Cruces, New Mexico 88004-0548
Mrs. Mary Charlene Conlee Personal Representative Estate of Marie L. Rapkoch, Dec'd 1060 Rainbow Drive Las Cruces, New Mexico 88005-3833	Mrs. Mary Louise Scott 2958 Sundown Road Las Cruces, New Mexico 88001-4612
Mrs. Blanche Stidham 1021 East Cypress Lompoc, California 93436	Ginsberg Investments Post Office Box 100 Roswell, New Mexico 88202-0100
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Ms. Sally R. Lanning 905 Hermosa Drive Artesia, New Mexico 88210	Mrs. Jean A. Nelson, P. R. Estate of Ruby P. Pior, Dec'd 8281 Windham Drive Mentor, Ohio 44060

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Mrs. Nancy Parker (Strong) Halsell
Mrs. Sylvia S. Voorhies
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U/L/W/T of T. R. Parker, Deceased
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800 Marquette Avenue
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Post Office Box 2077
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