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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. 10,856  
APPLICATION OF HANSON OPERATING )  
COMPANY, INC. )

**ORIGINAL**

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

January 6, 1994

Santa Fe, New Mexico

JAN 28 1994

This matter came on for hearing before the Oil Conservation Division on Thursday, January 6th, 1994, at Morgan Hall, State Land Office Building, 310 Old Santa Fe Trail, Santa Fe, New Mexico, before Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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I N D E X

January 6th, 1994  
Examiner Hearing  
CASE NO. 10,856

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Statement by Mr. Carr	3
REPORTER'S CERTIFICATE	6

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E X H I B I T S

	Identified	Admitted
Exhibit 1	5	
Exhibit 2	5	

\* \* \*

A P P E A R A N C E S

FOR THE DIVISION:

ROBERT G. STOVALL  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Building  
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.  
Attorneys at Law  
By: WILLIAM F. CARR  
Suite 1 - 110 N. Guadalupe  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:41 a.m.:

3           EXAMINER STOGNER: Call next case, Number 10,856.

4           MR. STOVALL: Application of Hanson Operating  
5   Company, Inc., for a high-angle/horizontal directional  
6   drilling pilot project and for special operating rules  
7   therefor, Roosevelt County, New Mexico.

8           EXAMINER STOGNER: Call for appearances.

9           MR. CARR: May it please the Examiner, my name is  
10   William F. Carr with the Santa Fe law firm Campbell, Carr,  
11   Berge and Sheridan.

12           I represent Hanson Operating Company, and I have  
13   a statement to present to the Examiner.

14           EXAMINER STOGNER: Okay, Mr. Carr.

15           MR. CARR: May it please the Examiner, as you are  
16   aware, in October of 1993 Hanson Operating Company drilled  
17   its Tuxedo Federal Number 1 well 1990 from the south line  
18   and 2004 feet from the east line in Section 17, Township 8  
19   South, Range 37 East, in Roosevelt County, New Mexico.

20           The well was originally drilled as a straight  
21   hole. Hanson was unable to make a successful well in the  
22   San Andres formation.

23           At that time they contacted both the Hobbs and  
24   Santa Fe offices of the Oil Conservation Division and were  
25   given a verbal authorization to continue drilling and to

1 attempt to drill a horizontal well in this formation.

2 The authorization, however, was limited. Hanson  
3 was to drill at its own risk, and they were advised that no  
4 allowable would be assigned for the well until there was a  
5 hearing notice and an order approving the horizontal well.

6 As you also know, they were unable to make a  
7 horizontal well, although they worked on the well for over  
8 60 days.

9 I have presented to you, Mr. Examiner, two  
10 documents. One is a copy of a sundry notice, approved by  
11 the BLM on December 13th, which approved a plugging program  
12 for the horizontal portion of the wellbore and also  
13 authorized Hanson to leave the well in a temporarily  
14 abandoned status for a twelve-month period of time, during  
15 which they can determine whether or not they want to  
16 attempt a Bough C completion with this well.

17 The second document is a gyro survey which  
18 describes the horizontal portion of the wellbore.

19 Since we have been unsuccessful in our attempts  
20 to make a well to date, we would request that Exhibits 1  
21 and 2 be taken into the file on this matter and that Case  
22 10,058 [sic] then be dismissed.

23 EXAMINER STOGNER: Thank you, Mr. Carr. We'll  
24 take your motion for dismissal under advisement and issue  
25 an order that that would be appropriate, or notify you if

1 there's anything further.

2 MR. CARR: If you need any additional  
3 information, we'll be happy to provide it.

4 EXAMINER STOGNER: Do you have anything further,  
5 Mr. Stovall, on this?

6 MR. STOVALL: Not me.

7 EXAMINER STOGNER: Thank you, sir.

8 MR. CARR: Thank you, Mr. Stogner.

9 (Thereupon, these proceedings were concluded at  
10 8:43 a.m.)

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