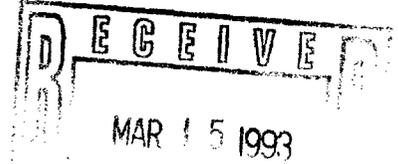


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 10686

APPLICATION OF HANSON OPERATING
COMPANY, INC. FOR APPROVAL OF
A WATERFLOOD PROJECT,
EDDY COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This Prehearing 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 authority to institute a waterflood project by injection of water into the Seven Rivers, Penrose and Middle Grayburg formations in its proposed Shugart Waterflood Unit Area (Division Case No. 10685) underlying portions of Sections 25 and 26, Township 18 South, Range 30 East, and Section 30, Township 18 South, Range 31 East.

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

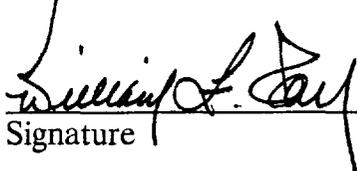
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
David Sweeney, Petroleum Engineer	10 Min.	Approximately 2

OPPOSITION

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

This case should be consolidated for hearing with Case 10685.

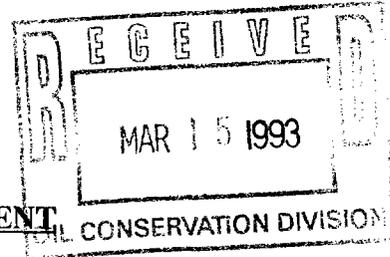

Signature

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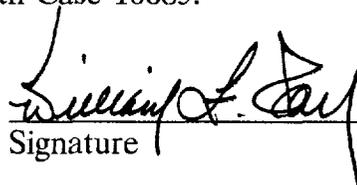
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Signature