



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P.O. Box 1397

Roswell, New Mexico 88202-1397



IN REPLY
REFER TO:

RECEIVED MAR 13 1993

NMNM88499X
3180 (065)

Sanders, Bruin, Coll & Worley, P. A.
Attention: Mr. Damon Richards
P. O. Box 550
Roswell, NM 88202-0550

MAR 09 1993

Gentlemen:

Your application of March 3, 1993, filed with the BLM on behalf of Hanson Operating Company, Inc., requests the designation of the Benson Shugart Waterflood Unit area, embracing 911.00 acres, more or less, Eddy County, New Mexico, as logically subject to secondary operations under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Hanson Operating Company, Inc., Benson Shugart Waterflood Unit, Eddy County, New Mexico, is hereby designated as a logical unit area for the purpose of conducting secondary recovery operations and has been assigned No. NMNM88499X. This designation is valid for a period of one year from the date of this letter.

Waterflooding will be limited to the following interval: That interval defined as the correlative interval between 1,800 feet and 3,500 feet beneath the surface of the ground as found in the Compensated Density Log of the Ginsberg Federal No. 13 located 1650 feet from the North line and 1800 feet from the East line, Section 26, T. 18 S., R. 30 E., NMPM, Eddy County, New Mexico, which includes the Sugart Yates, Seven Rivers, Queen, Penrose and Grayburg formations.

Your basis for allocation of unitized substances is acceptable. Your proposed use of the Form of Agreement for Waterflood Units will be accepted with the modifications and corrections requested by the Bureau of Land Management and shown in red on the enclosed Form of Agreement and Exhibit B.

If conditions are such that further modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

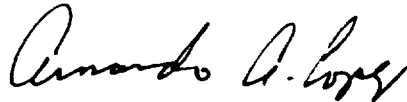
In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

Please submit three executed copies of the agreement with your application for final approval. You will also need to submit an initial plan of operations at that time. We are returning three copies of the unit agreement that were submitted as only two copies are needed at this time.

Hanson
10685 and 10686

Inasmuch as this unit agreement involves Fee land, we are sending a copy of this letter to the New Mexico Oil Conservation Division.

Sincerely,

A handwritten signature in cursive script, appearing to read "Armando A. Lopez".

Armando A. Lopez
Assistant District Manager,
Minerals

Enclosures