

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.)
_____)

ORIGINALREPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER 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

PAGE

Statement by Mr. Carr

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REPORTER'S CERTIFICATE

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E X H I B I T S

Identified

Admitted

Exhibit 1

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Exhibit 2

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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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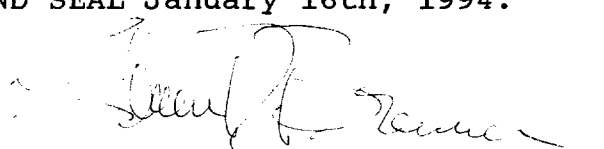
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter
and Notary Public, HEREBY CERTIFY that the foregoing
transcript of proceedings before the Oil Conservation
Division was reported by me; that I transcribed my notes;
and that the foregoing is a true and accurate record of the
proceedings.

I FURTHER CERTIFY that I am not a relative or
employee of any of the parties or attorneys involved in
this matter and that I have no personal interest in the
final disposition of this matter.

WITNESS MY HAND AND SEAL January 16th, 1994.


STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1994

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 10856,
heard by me on 6 January 1994.

, Examiner
Oil Conservation Division