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MAR . 3 2003  
Oil Conservation Division

March 3, 2003

Hand Delivered

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

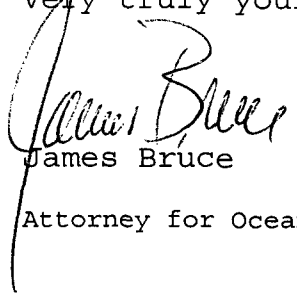
*Case 13035*

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Ocean Energy, Inc. Please set this matter for the March 27, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk under "OEI-PAD.17."

Very truly yours,

  
James Bruce

Attorney for Ocean Energy, Inc.

PARTIES BEING POOLED

Chevron U.S.A. Inc.  
15 Smith Road  
Midland, Texas 79705

Attention: Denise K. Beckham

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Oil Conservation Division

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY,  
INC. FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

No. 13035

APPLICATION

Ocean Energy, Inc. applies for an order pooling all mineral interests from the surface to the base of the of the Lower Mississippian Lime underlying the W $\frac{1}{2}$  of Section 17, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W $\frac{1}{2}$  of Section 17, and has the right to drill a well thereon.

2. Applicant proposes to drill its Eidson Ranch State Com. "17" Well No. 1, at an orthodox location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  (Unit C) of the section, and seeks to dedicate the following acreage to the well:

(a) The NW $\frac{1}{4}$  of Section 17 for all pools or formations developed on 160-acre spacing within that vertical extent; and

(b) The W $\frac{1}{2}$  of Section 17 for all pools or formations developed on 320-acre spacing within that vertical extent, including the Townsend-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$  of Section 17 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the


well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 17, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W½ of Section 17, from the surface to the base of the Lower Mississippian Lime;
- B. Naming applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

  
James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Ocean Energy, Inc.

PROPOSED ADVERTISEMENT

Case 13035: Application of Ocean Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Lower Mississippian Lime underlying the following described acreage in Section 17, Township 16 South, Range 35 East, NMPM, and in the following manner: The W½ of Section 17 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Townsend-Morrow Gas Pool; and the NW¼ of Section 17 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The unit is to be dedicated to applicant's Eidson Ranch State Com. "17" Well No. 1, to be drilled at an orthodox location in the NE¼NW¼ of Section 17. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 8 miles west-southwest of Lovington, New Mexico.

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