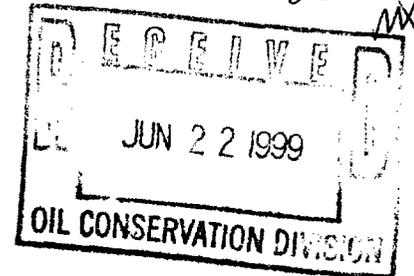


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June 21, 1999

Via Fax and U.S. Mail

Mark Ashley  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Case No. 12181; Application of David H. Arrington Oil and Gas, Inc. ("Arrington") for an unorthodox location and for an exception to Division Rule 104.D(3) for simultaneous dedication, Lea County, New Mexico

Dear Mr. Ashley:

Ocean Energy, Inc. ("Ocean") requests a two week continuance of the above case, currently scheduled for the June 24th Examiner hearing. The reasons for this request are as follows:

1. Ocean is a diagonal offset working interest owner in the E½ of Section 10, operated by Yates Petroleum Corporation ("Yates"). Because Yates is the operator, Ocean was not directly notified of the application, and has had insufficient time to prepare for hearing.
2. Yates has objected to the application. Ocean has just learned that Arrington and Yates have been in discussions about possible settlement of this dispute, but have not yet been able to discuss this matter with Arrington and Yates.<sup>1</sup> These discussions may have an effect on Ocean's position in this matter.

For the above reasons, Ocean requests that the hearing on this matter be continued to July 8th.

Due to the limited time before hearing, I have not been able to discuss this request with Mr. Kellahin.

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<sup>1</sup>Ocean called Arrington's office this morning, but the principal witnesses for the hearing are unavailable until tomorrow.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above the printed name.

James Bruce

Attorney for Ocean Energy, Inc.

cc: W. Thomas Kellahin (via fax)  
William F. Carr (via fax)  
Laura B. Smith (via fax)