



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 29, 2000

Ocean Energy Resources, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

#12401

Re: *Application of Ocean Energy Resources, Inc. to: (i) contract the horizontal boundaries of the South Big Dog-Strawn Pool by severing the S/2 SE/4 of Irregular Section 2 and the NE/4 of Section 11, both in Township 16 South, Range 35 East, NMPM, Lea County, New Mexico; (ii) create a new pool for the production of oil from the Strawn formation to comprise this severed acreage; (iii) promulgate special rules and regulation for this new pool including provisions for 80-acre spacing and designated well location requirements; (iv) establish a special top depth bracket allowable for this new pool of 750 barrels of oil per day for each unit; and (v) set a special limiting gas/oil ratio for this pool at 6,000 cubic feet of gas for per barrel of oil, or a casinghead gas allowable for each unit set at 4,500,000 cubic feet of gas per day. This application further requested that any over-production incurred on wells producing from the South Big Dog-Strawn Pool within this newly established pool boundary be cancelled.*

Dear Mr. Bruce:

My initial review of this application indicates a discrepancy that was not adequately addressed in your filing. The current boundaries of the South Big Dog-Strawn Pool comprise the following lands in Lea County, New Mexico:

Township 15 South, Range 35 East, NMPM

Section 32: W/2 SE/4

Township 16 South, Range 35 East, NMPM

Irregular Section 1: Lots 11 through 14

Irregular Section 2: Lots 2 through 16 and the SE/4

Irregular Section 3: Lots 9, 10, 15, and 16 and the SE/4

Section 11: NE/4

Section 12: NW/4.

Your application requested that the S/2 SE/4 of Irregular Section 2 and the NE/4 of Section 11 be severed from the South Big Dog-Strawn Pool and that this same area be utilized to create a new Strawn pool with special provisions that differ somewhat from the rules that govern the South Big Dog-Strawn Pool. This results in isolating the NW/4 of Section 12 from the remaining body of the South Big Dog-Strawn Pool. Therefore, your application as requested is incomplete and will not be docketed for hearing at this time. Please address this issue and resubmit your application accordingly. Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
Ms. Florene Davidson, NMOCD - Santa Fe

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

March 28, 2000

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Ocean Energy Resources, Inc., are an original and two copies of an application for pool creation, etc., and a proposed advertisement. Please set this matter for the April 20, 2000 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Ocean Energy
Resources, Inc.

OIL CONSERVATION DIV.
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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY RESOURCES,
INC. FOR POOL CREATION AND SPECIAL POOL
RULES, POOL CONTRACTION, AND CANCELLATION
OF OVERPRODUCTION, LEA COUNTY, NEW MEXICO.

No. _____

OIL CONSERVATION DIV.
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APPLICATION

Ocean Energy Resources, Inc. applies for creation of and special pool rules for the East Townsend-Strawn Pool, contraction of the South Big-Dog Strawn Pool, and cancellation of overproduction, and in support thereof, states:

1. Applicant is operator of the Townsend State Well No. 5, located 330 feet from the South line and 1520 feet from the East line (Unit W) of irregular Section 2, Township 16 South, Range 35 East, N.M.P.M.¹ The S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 2 is dedicated to the well.

2. The Townsend State Well No. 5 is completed in and producing from the Strawn formation, and is currently within the South Big-Strawn Pool. The South Big Dog-Strawn Pool was created by Division Order No. R-9722-C, and covers the following lands:

Township 15 South, Range 35 East, N.M.P.M.

Section 32: W $\frac{1}{2}$ SE $\frac{1}{4}$

Township 16 South, Range 35 East, N.M.P.M.

Section 1: Lots 11-14

Section 2: Lots 2-16, SE $\frac{1}{4}$

Section 3: Lots 9, 10, 15, 16, SE $\frac{1}{4}$

Section 11: NE $\frac{1}{4}$

3. Although the Townsend State Well No. 5 is within the South Big Dog-Strawn Pool, it is producing from a separate source of supply than other wells completed in the pool. As a result,

¹The well is at an unorthodox location approved by Division Administrative Order NSL-3870-A.

applicant requests the formation of a new Strawn pool, designated the East Townsend-Strawn Pool, initially comprised of the S½SE¼ of Section 2 and the NE¼ of Section 11, Township 16 South, Range 35 East, N.M.P.M. The South Big Dog-Strawn Pool should be contracted by deleting said acreage from that pool.

4. Applicant requests promulgation of special pool rules for the proposed East Townsend-Strawn Pool, including:

- (a) 80 acre spacing;
- (b) orthodox well locations no closer than 330 feet to a quarter section line and no closer than 1020 feet to another well in the pool;
- (c) a special depth bracket allowable of 750 barrels of oil per day; and
- (d) a gas:oil ratio of 6000 cubic feet of gas for each barrel of oil produced.

5. Applicant requests that any overproduction from wells in the proposed East Townsend-Strawn Pool be canceled.

6. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the relief requested above be granted.

Respectfully submitted,



James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Ocean Energy Resources,
Inc.

PROPOSED ADVERTISEMENT

Case _____: Application of Ocean Energy Resources, Inc. for pool creation and special pool rules, pool contraction, and cancellation of overproduction, Lea County, New Mexico. Applicant seeks the creation of the East Townsend-Strawn Pool, covering the S½SE¼ of Section 2 and the NE¼ of Section 11, Township 16 South, Range 35 East, NMPM, and the concomitant contraction of the South Big Dog-Strawn Pool, the promulgation of Special Pool Rules for the East Townsend-Strawn Pool, including provisions for 80-acre spacing, special well location requirements, a depth bracket allowable of 750 BOPD, and a gas:oil ratio of 6000 cubic feet of gas for each barrel of oil produced, and the cancellation of overproduction in the new pool. The proposed pool is centered approximately 3 miles west of Lovington, New Mexico.

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OIL CONSERVATION DIV.