



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

July 13, 2000

Lori Wrotenbery

Director

Oil Conservation Division

Ocean Energy Resources, Inc.

c/o James Bruce

P. O. Box 1056

Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Re: *Administrative Order NSP-1824/Division Case No. 12450*

Dear Mr. Bruce:

Division Administrative Order NSP-1824, dated July 10, 2000, which granted Ocean Energy Resources, Inc.'s ("Ocean") application filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on June 20, 2000 for the creation/activation of a non-standard 40-acre oil spacing and proration unit in the South Big Dog-Strawn Pool comprising the NW/4 SE/4 (Unit R) of irregular Section 2, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico for Ocean's proposed Townsend "2" State Well No. 11 to be drilled at a standard oil well location therein, is hereby placed in abeyance until further notice.

On July 10, 2000 Yates Petroleum Corporation ("Yates") filed with the Division an objection within the mandatory 20-day period. I was unaware of this objection since it was placed in the file in upcoming Case No. 12450. I apologize for my ineptness in this matter for not catching this before the administrative order was issued.

The Division further understanding that Ocean has agreed to a motion by Yates to continue Division Case No. 12450, which is the same application that was the subject of Order NSP-1824 filed by Ocean, to the Examiner's hearing scheduled for July 27, 2000.

Sincerely,

Michael E. Stogner

Engineer/Chief Hearing Officer

MES/mes

cc: William F. Carr, Legal Counsel for Yates Petroleum Corporation - Santa Fe
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe
Ms. Lyn Hebert, Legal Counsel - NMOCD, Santa Fe
NMOCD - Hobbs
File: Case No. 12450 ✓
NSP-1824