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August 27, 2002

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Case 12932

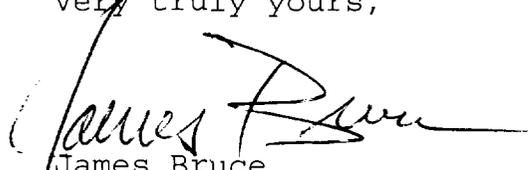
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for a non-standard unit, together with a proposed advertisement, filed on behalf of Ocean Energy, Inc. Please set this matter for the September 19, 2002 Examiner hearing. Thank you.

The application and advertisement are also on the enclosed disk under "OEI."

Very truly yours,


James Bruce

Attorney for Ocean Energy, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY,
INC. FOR A NON-STANDARD GAS
SPACING AND PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.

No. 12932

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APPLICATION

Ocean Energy, Inc. applies for approval of a non-standard gas spacing and proration unit in the Strawn formation comprised of the SE $\frac{1}{4}$ of Section 28, Township 20 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is operator of the Burton Flat Deep Unit Area (the "Unit Area").

2. The Burton Flat Deep Unit Well No. 13 (API No. 30-015-21125), located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 28, was originally completed in the Morrow formation, and was within the Morrow Participating Area (Seventh Revision) for the Unit Area.

3. The well has been re-completed in the Strawn formation (Saladar-Strawn Gas Pool), and applicant applied to the Commissioner of Public Lands (the "Commissioner") and the Bureau of Land Management (the "BLM") to create a Strawn participating area for the well. However, both the Commissioner and the BLM denied the application because the well was deemed non-commercial.

4. The well unit is comprised of State of New Mexico Lease L-6322-4.

5. Under the Unit Operating Agreement for the Unit Area, all working interest owners in the Unit Area shared in the cost of drilling the well, and they all share in production from the well. It would be inequitable at this time to require them to share

production from the well.

6. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, Applicant requests approval of a non-standard gas spacing and proration unit in the Strawn formation for the Burton Flat Deep Unit Well No. 13.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

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

Attorney for Ocean Energy, Inc.

PROPOSED ADVERTISEMENT

Case 12932: Application of Ocean Energy, Inc. for a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order approving a non-standard gas spacing and proration unit in the Saladar-Strawn Pool comprised of the SE $\frac{1}{4}$ of Section 28, Township 20 South, Range 28 East, N.M.P.M. The unit will be dedicated to applicant's existing Burton Flat Deep Unit Well No. 13, located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of the section. The unit is located approximately 9 miles north-northeast of Carlsbad, New Mexico.

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