

12/13/99 | 1/3/00 | MS | MN | NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

Case 12323

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

12323

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL    NSP    DD    SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- DHC    CTB    PLC    PC    OLS    OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX    PMX    SWD    IPI    EOR    PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE  
P.O. BOX 1056  
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce  
Signature

Attorney for Applicant 12/13/99  
Title Date

Print or Type Name

**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)

December 13, 1999

*Case 12323*

Hand Delivered

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.C and 104.F, Ocean Energy Resources, Inc. ("Ocean") applies for administrative approval of an unorthodox gas well location for the following well:

Panther Martin State Com. Well No. 1  
Surface location: 2310 feet FSL & 1650 feet FWL  
Bottomhole location: 2040 feet FSL & 2280 feet FWL  
Lots 11-14 and SW $\frac{1}{4}$  of Irregular Section 3, Township 16  
South, Range 35 East, NMPM (320 acres)  
Lea County, New Mexico

The well will be drilled to test the Atoka and Morrow formations, at an approximate vertical depth of 12,250 feet. A Form C-102 for the well is being prepared, and will be submitted later. Applicant requests unorthodox location approval in both formations.

Ocean intends to re-enter and re-name the existing Chevron State Well No. 1, located at the above surface location, and directionally drill it to the above bottomhole location. A drilling prognosis is attached hereto as Exhibit A.

The well is in the Undesignated North Shoe Bar-Atoka Gas Pool and Undesignated Townsend-Morrow Gas Pool, which are both spaced on 320 acres, with wells to be located no closer than 660 feet to a quarter-quarter section line.

The unorthodox location is based on geologic reasons. Attached as Exhibit B is a structure map on top of the Morrow lime. Moving the well to the east of an orthodox location will place the well in the optimum location and increase the chance of encountering commercial quantities of hydrocarbons.

Attached as Exhibit C is a land plat of the area. Lots 9, 10, 15, 16, and the SE¼ of Section 3 are dedicated to the Parachute Adams Well No. 1, which is operated by David H. Arrington Oil & Gas, Inc. ("Arrington"). A copy of the notice letter to Arrington is attached as Exhibit D.

This application is submitted in duplicate. Please call me if you need anything further regarding this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

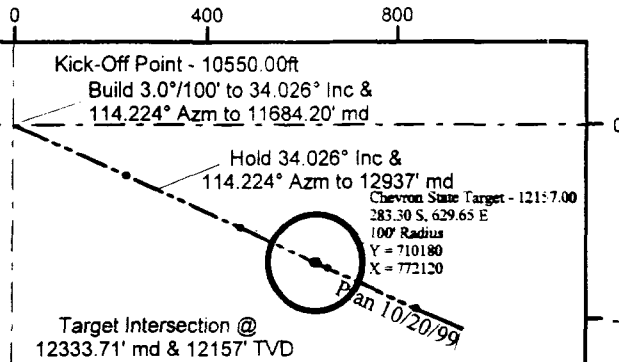
James Bruce

Attorney for Ocean Energy  
Resources, Inc.

New Mexico  
Lea County  
Sec. 3-T16S-R35E  
Chevron State # 1

Scale: 1 inch = 400ft

Eastings



SHL = 2310' FSL  
1650' FWL  
from Sec. 3  
Y = 710458  
X = 771488

Northings  
Scale: 1 inch = 400ft

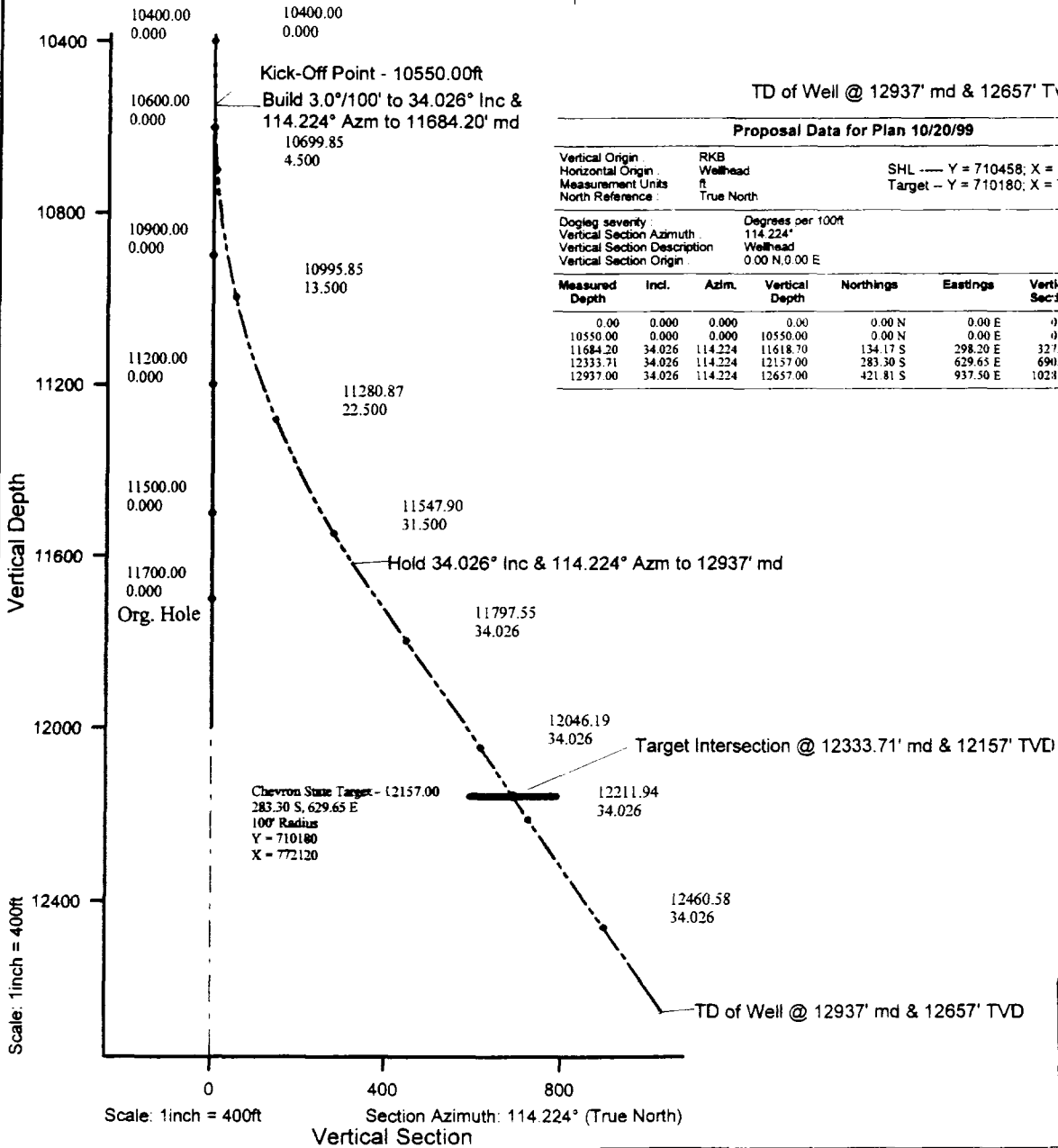
TD of Well @ 12937' md & 12657' TVD

**Proposal Data for Plan 10/20/99**

Vertical Origin	RKB	SHL	Y = 710458; X = 771488
Horizontal Origin	Wellhead	Target	Y = 710180; X = 772120
Measurement Units	ft		
North Reference	True North		
Dogleg severity	Degrees per 100ft		
Vertical Section Azimuth	114.224°		
Vertical Section Description	Wellhead		
Vertical Section Origin	0.00 N 0.00 E		

Measured Depth	Incl.	Azim.	Vertical Depth	Northings	Eastings	Vertical Section	Dogleg Rate
0.00	0.000	0.000	0.00	0.00 N	0.00 E	0.00	
10550.00	0.000	0.000	10550.00	0.00 N	0.00 E	0.00	0.000
11684.20	34.026	114.224	11618.70	134.17 S	298.20 E	327.00	3.000
12333.71	34.026	114.224	12157.00	283.30 S	629.65 E	690.44	0.000
12937.00	34.026	114.224	12657.00	421.81 S	937.50 E	1023.03	0.000

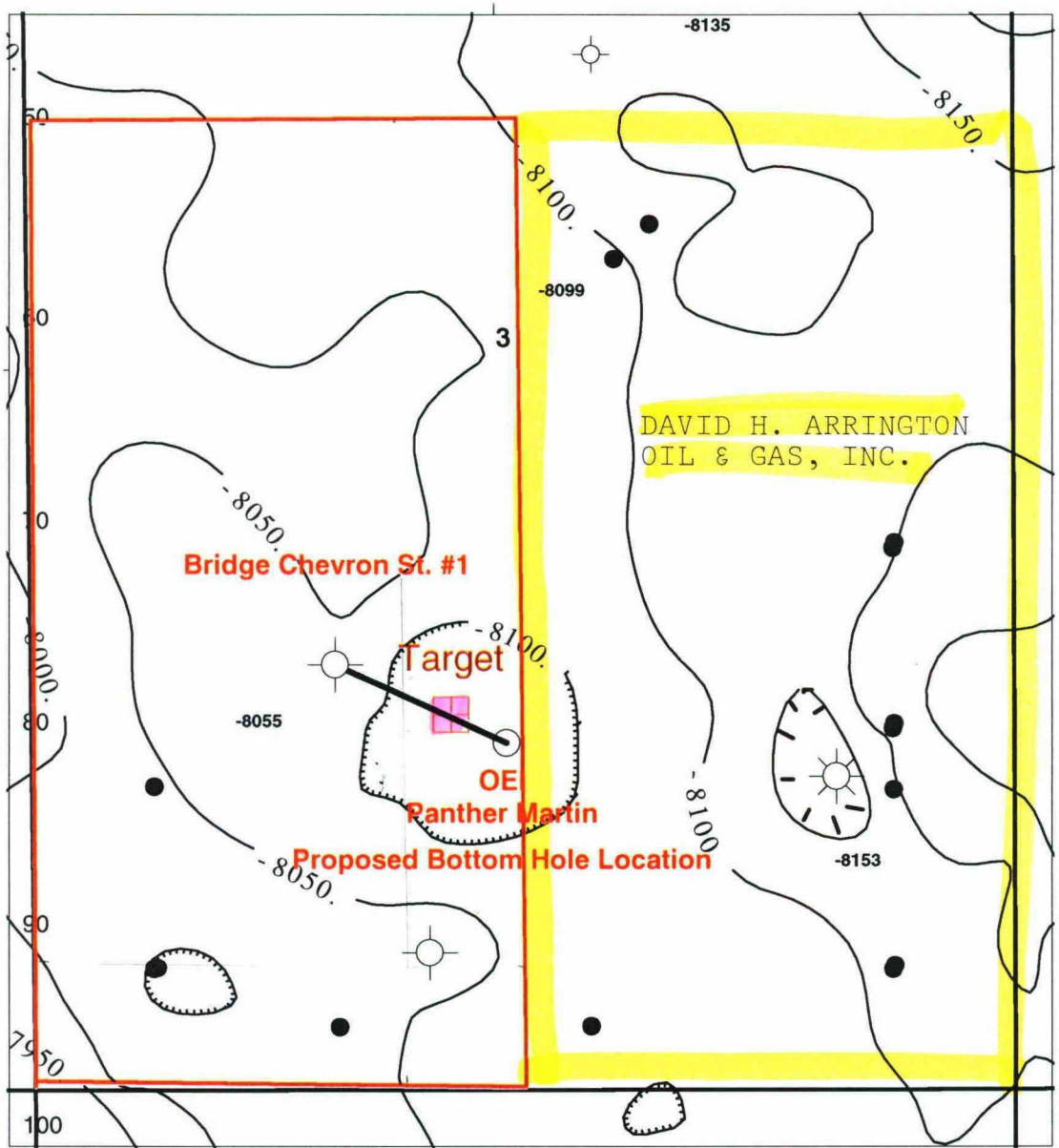


**EXHIBIT**

**A**

Prepared: \_\_\_\_\_ Checked: \_\_\_\_\_ Approved: \_\_\_\_\_

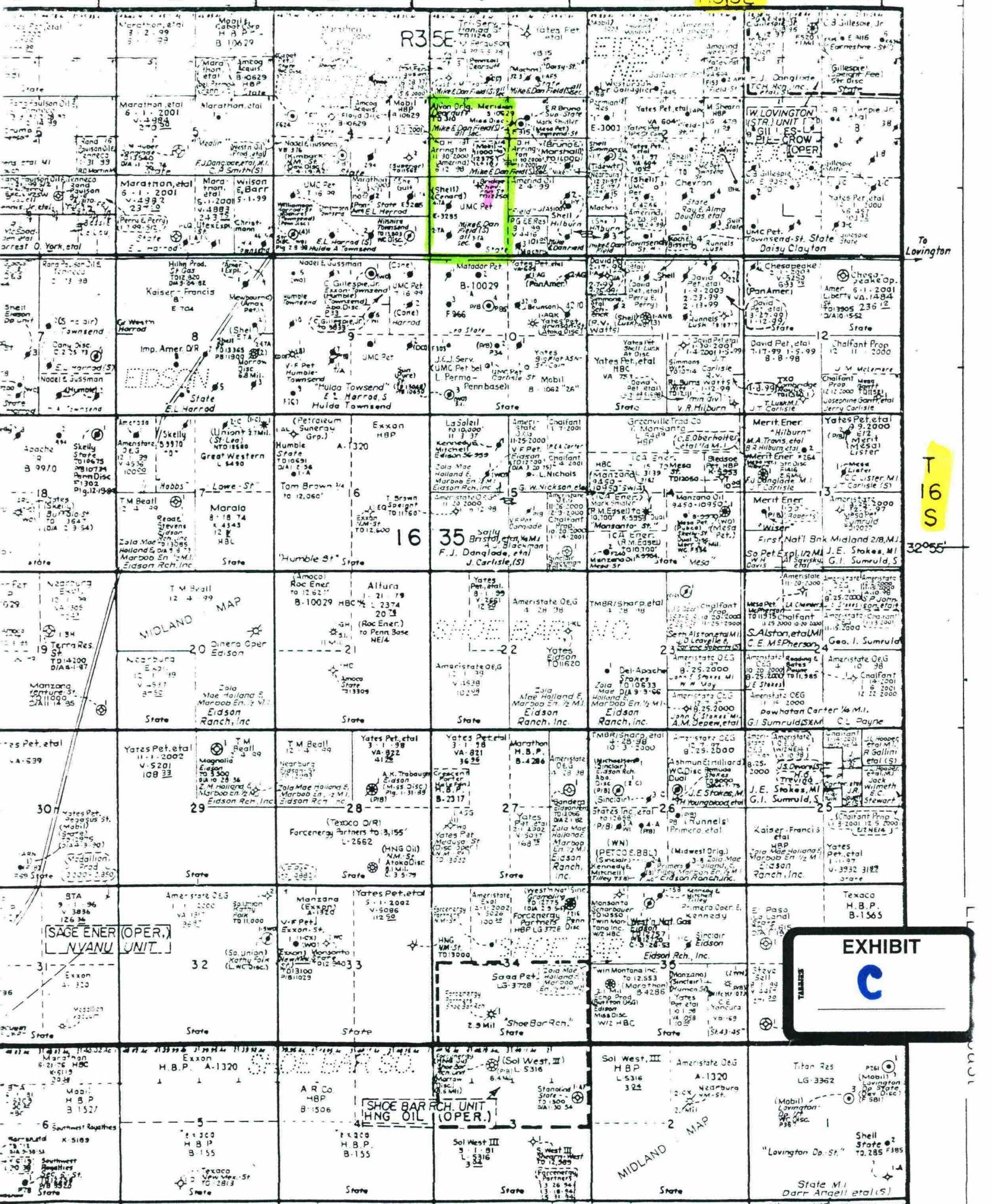
XY:



Ocean Energy, Inc.  
Morrow Lime Structure  
1" = 1000' CI = 50' 12/7/99

EXHIBIT  
**B**





To Lovington

T 16 S

32°55'

EXHIBIT

C

MIDLAND MAP

SHOE BAR RCH. UNIT (OPER.)

SAGE ENER (OPER.)

NYANU UNIT

**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)

December 13, 1999

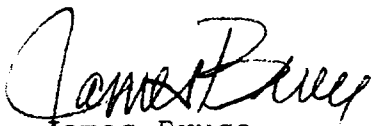
**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

David H. Arrington Oil & Gas, Inc.  
P.O. Box 2071  
Midland, Texas 79702

Gentlemen:

Enclosed is a copy of an administrative application for an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Ocean Energy Resources, Inc., regarding a well in Section 3, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico. If you object to the location, you must notify the Division in writing no later than Monday, January 3, 2000 (2040 South Pacheco Street, Santa Fe, New Mexico 87505; attention: Michael E. Stogner). Failure to object will preclude you from contesting the location at a later date.

Very truly yours,

  
James Bruce  
Attorney for Ocean Energy  
Resources, Inc.

