

JAMES BRUCE

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December 13, 1999

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,

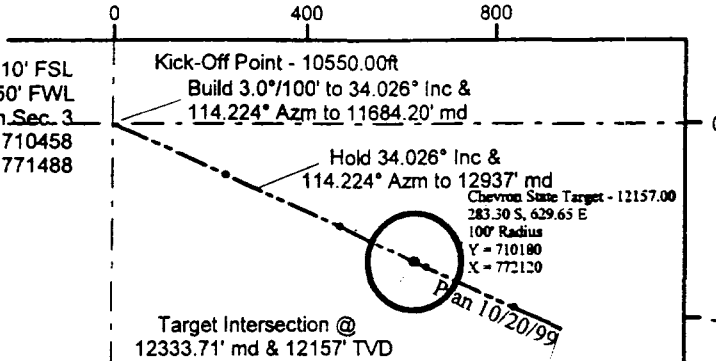


James Bruce
Attorney for Ocean Energy
Resources, Inc.

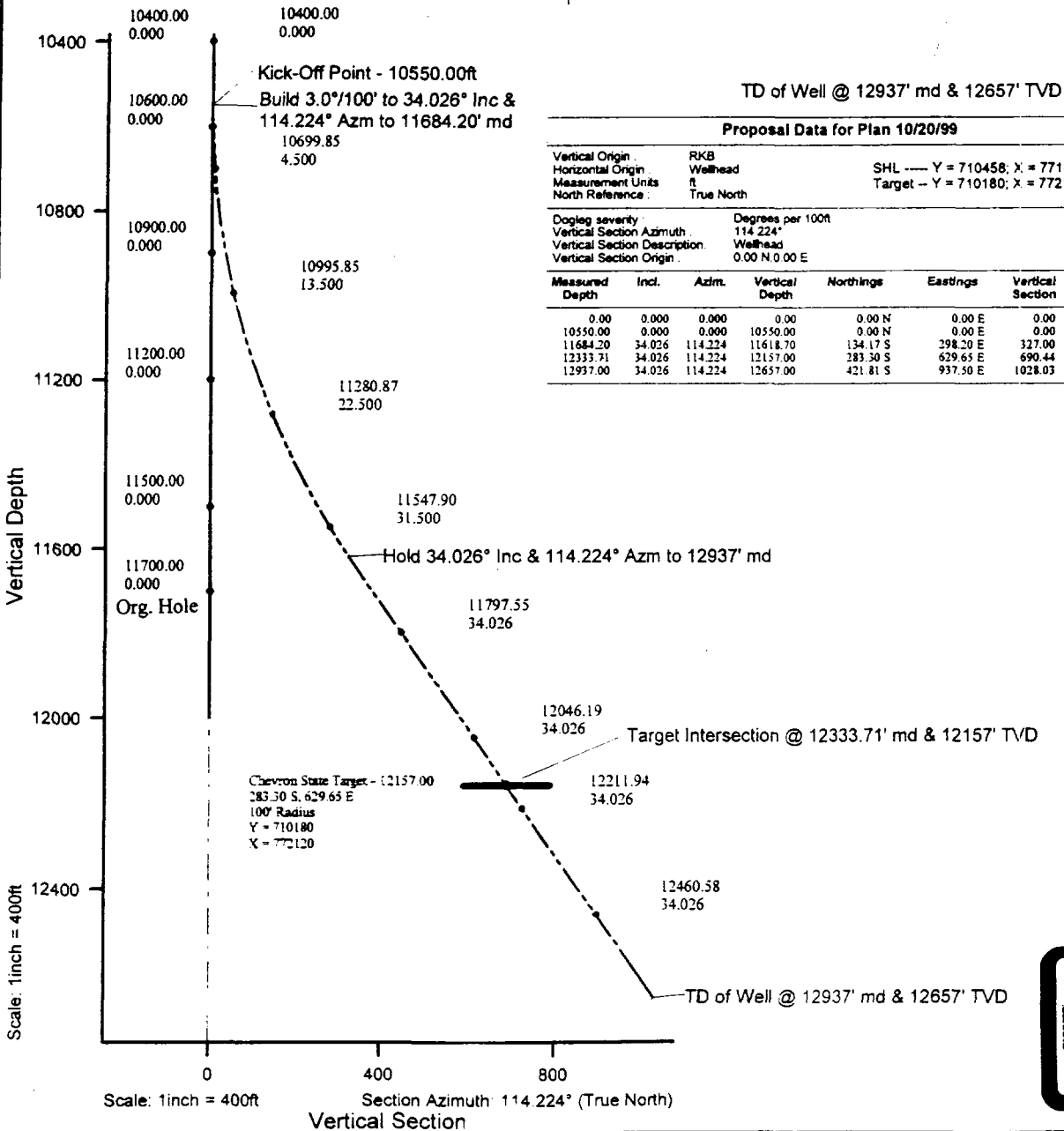
New Mexico
Lea County
Sec. 3-T16S-R35E
Chevron State # 1

Scale: 1 inch = 400ft

Eastings



Northings
Scale: 1 inch = 400ft



Proposal Data for Plan 10/20/99

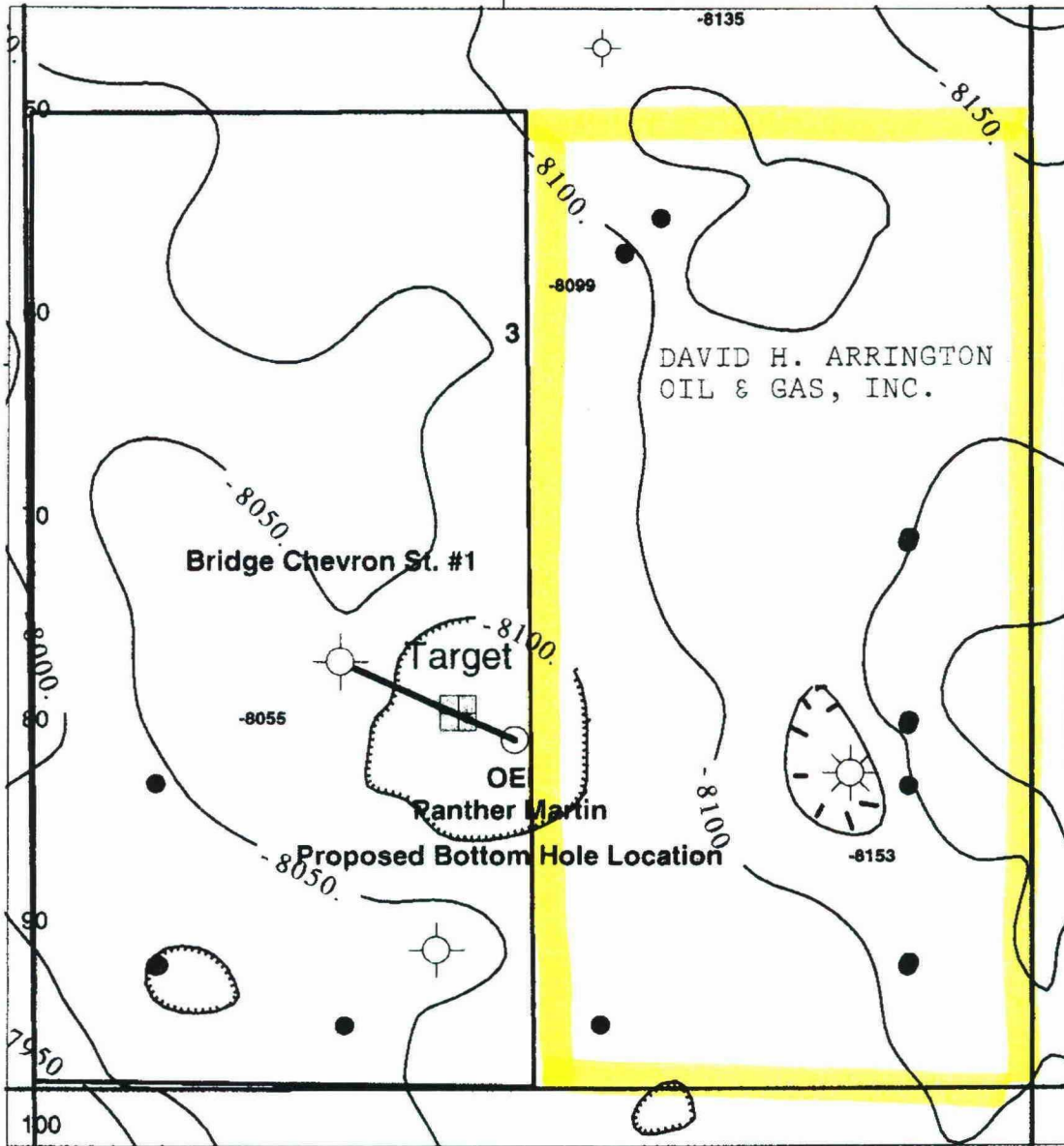
Vertical Origin:	RKB	SHL ---- Y = 710458; X = 771488
Horizontal Origin:	Wellhead	Target -- Y = 710180; X = 772120
Measurement Units:	ft	
North Reference:	True North	
Dogleg severity:	Degrees per 100ft	
Vertical Section Azimuth:	114.224°	
Vertical Section Description:	Wellhead	
Vertical Section Origin: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

Measured Depth	Incl.	Azm.	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	1028.03	0.000

EXHIBIT

A

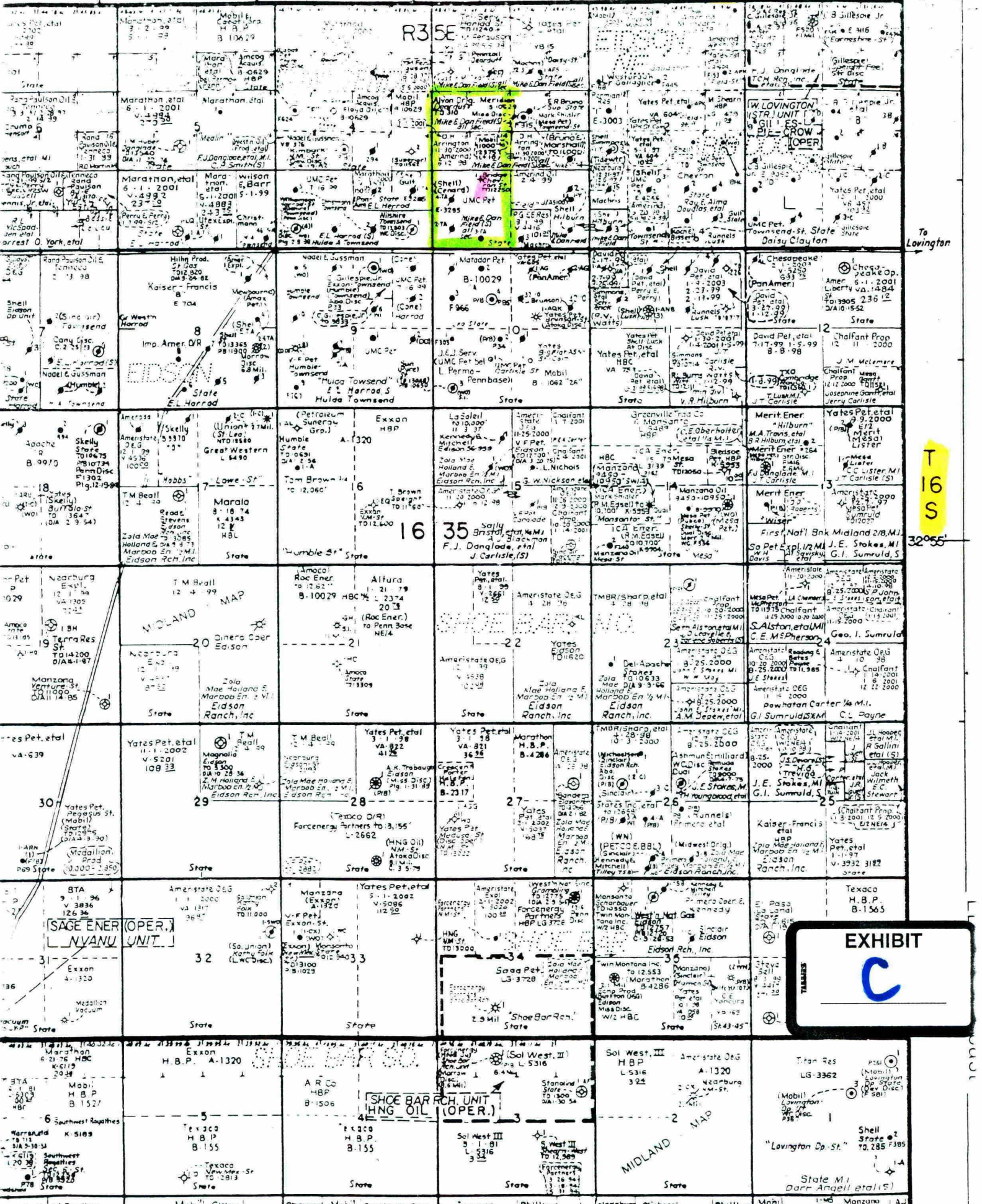
X/Y :



Ocean Energy, Inc.
Narrowline Strategic
11/2/100101-5-11/10/10

EXHIBIT
B

R35E



To Lovington

T 16 S

32-055

EXHIBIT C

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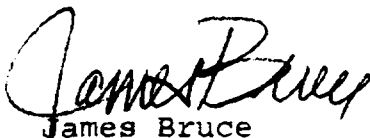
**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

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

