



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 26, 1998

Ocean Energy, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87501

Administrative Order NSL-3870-A

Dear Mr. Bruce:

Reference is made to the following: (i) your original application dated July 17, 1998 on behalf of the operator Ocean Energy, Inc.; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated July 20, 1998; (iii) your response by letter dated August 11, 1998; and, (vi) the records of the Division in Santa Fe including well files, the files on Division Administrative Orders NSL-3870 and DD-180(H), and Division Order Nos. R-9722-C/R-10448-A and R-10803: all concerning Ocean Energy, Inc.'s request:

(a) to form a standard 80-acre oil spacing and proration unit for the Undesignated South Big Dog-Strawn Pool; and,

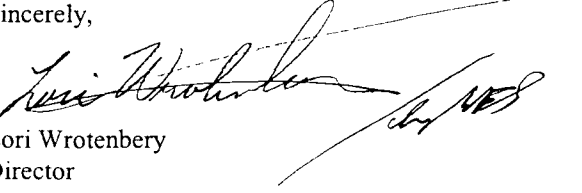
(b) to dedicate said acreage to the proposed Townsend State Well No. 5 to be drilled at an unorthodox oil well location within said 80-acre unit 330 feet from the South line and 1520 feet from the East line (Unit W) of Irregular Section 2, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of **Rule 104.F** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of **RULE 6** of the "*Special Pool Rules and Regulations for the South Big Dog-Strawn Pool*," as promulgated by Division Order No. R-9722-C/R-10448-A, issued in Case No. 11599 and dated February 26, 1997, and Division General **Rule 104.F(2)**, the above-described unorthodox oil well location for Ocean Energy, Inc.'s Townsend State Well No. 5 is hereby approved.

Division Administrative Order NSL-3870, dated September 17, 1997, shall be placed in abeyance until further notice.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: DD-180(H)
Case No. 11741
NSL-3870