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MAR . 3 2003

Oil Conservation Division

March 3, 2003

*Case 13036*

**Hand Delivered**

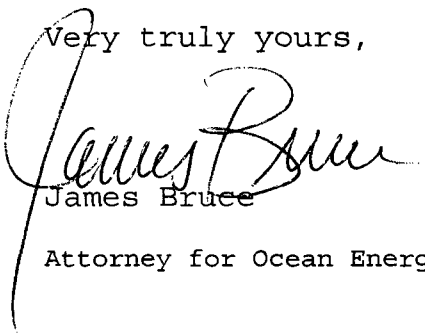
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Ocean Energy, Inc. Please set this matter for the March 27, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk under "OEI-PAD.8."

Very truly yours,

  
James Bruce

Attorney for Ocean Energy, Inc.

PARTIES BEING POOLED

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

Attention: Bill Baker

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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Oil Conservation Division

APPLICATION OF OCEAN ENERGY,  
INC. FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

No. 13036

APPLICATION

Ocean Energy, Inc. applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the E½ of Section 8, Township 17 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 8, and has the right to drill a well thereon.

2. Applicant proposes to drill its Dirt Devil State Com. "8" Well No. 1 at an orthodox location in the SW¼SE¼ (Unit O) of the section, and seeks to dedicate the E½ of Section 8 to the well for all pools or formations developed on 320-acre spacing within that vertical extent, including the North Vacuum Atoka-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 8 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 8, from the surface to the base of the Mississippian formation;
- B. Naming applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over 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 13036: Application of Ocean Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the E½ of Section 8, Township 17 South, Range 35 East, NMPM to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the North Vacuum Atoka-Morrow Gas Pool. The unit is to be dedicated to the proposed Dirt Devil State Com. "8" Well No. 1, to be drilled at an orthodox location in the SW¼SE¼ (Unit O) of Section 8. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 3½ miles northeast of Buckeye, New Mexico.

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