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June 23, 1998

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

Re: Case Nos. 11958, 11959, and 11934 (Ocean Energy/Yates)

Dear Mr. Stogner:

This letter is submitted in response to a comment made in Yates' proposed order. In the proposed order, on page 7, Yates states that "Ocean unsuccessfully drilled the Townsend Well No. 1," located in Lot 16 of Section 2. That is completely incorrect. The Townsend State Well No. 1 was drilled as a vertical well, but was tight in the Strawn, producing only 5-10 BOPD. The well was then drilled horizontally to the southeast,¹ and successfully completed in the Strawn at a rate of 280 BOPD. The well has produced 53,000 BO and 104 MMCF of gas to date. There were no casing, cementing, or mechanical problems or difficulties with the well, contrary to Yates' assertions.

Very truly yours,



James Bruce

Attorney for Ocean Energy, Inc.

cc: William F. Carr
W. Thomas Kellahin

¹The conventional wisdom at that time (early 1997) was that the Strawn reservoir was located to the north/northwest of the well, showing that Ocean correctly analyzed the geology in this area.