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AUG - 1

August 1, 2000

HAND DELIVERED

David R. Catanach, Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 12450: Application of Ocean Energy Resources, Inc. for a non-standard oil spacing and proration unit, Lea County, New Mexico.

Dear Mr. Catanach;

Enclosed is the bottom hole measurement for the Schenck Well No. 1 which Yates Petroleum Corporation agreed to produce at the July 27, 2000 Oil Conservation Division Examiner hearing on the above-referenced application. By copy of this letter, this information is being provided to James Bruce, attorney for Ocean Energy Resources, Inc.

Dave Pearson, engineering witness for Yates Petroleum Corporation, needs to make one correction to his July27 the testimony. Mr. Pearson testified that Yates might be forced to drill an additional well in the north half of Section 11 to offset drainage from the Townsend Well No. 5 overproduction. This is not correct. Yates Petroleum Corporation cannot drill any additional wells in the north half of Section 11 for it has wells drilled on all available proration units. The northeast quarter of Section 11 is dedicated to the horizontal re-entry from the Runnels No. 3. The north half of the northwest quarter of Section 11 is dedicated to the re-entry of the Schenck Well No. 1 and the south half of the northwest quarter is dedicated the Shell Lusk Well No. 2.

If you need additional data from Yates Petroleum Corporation, please advise.

Very truly yours,

William F. Carr

WFC/md

Enclosures

cc: James Bruce, Esq. (w/enclosure)
Dave Pearson

Jarrel Services Inc.
P.O. Box 1230
Hobbs, New Mexico 88240

Tel: (505)393-1736 Fax: (505)393-1737

B.H.P. TEST REPORT

Company : Yates Petroleum

Test date	: 02/23/00	Packr set at	: 10374
Lease	: [redacted]	Perforations	: 11448 11460
Field	: Undesignated	DW Tbg press	: 1226
County	: Lea	Well status	: Shut in
State	: New Mexico	Instrument #	: 20113
Formation	: Strawn	Tested by	: Dye
Total depth	@ 0	Gauge set at	: 11350
Tubing size	: 2 3/8	B.H. Temp. F	: 162

Test type:

Flowing Pressure Gradient	-	No
Bottom Hole Pressure Build-up Test	-	No
Bottom Hole Pressure Draw-Down Test	-	No
Shut-in Pressure Gradient	-	Yes

Data File : SCHENCK.BHP

Shut-in Pressure Gradient

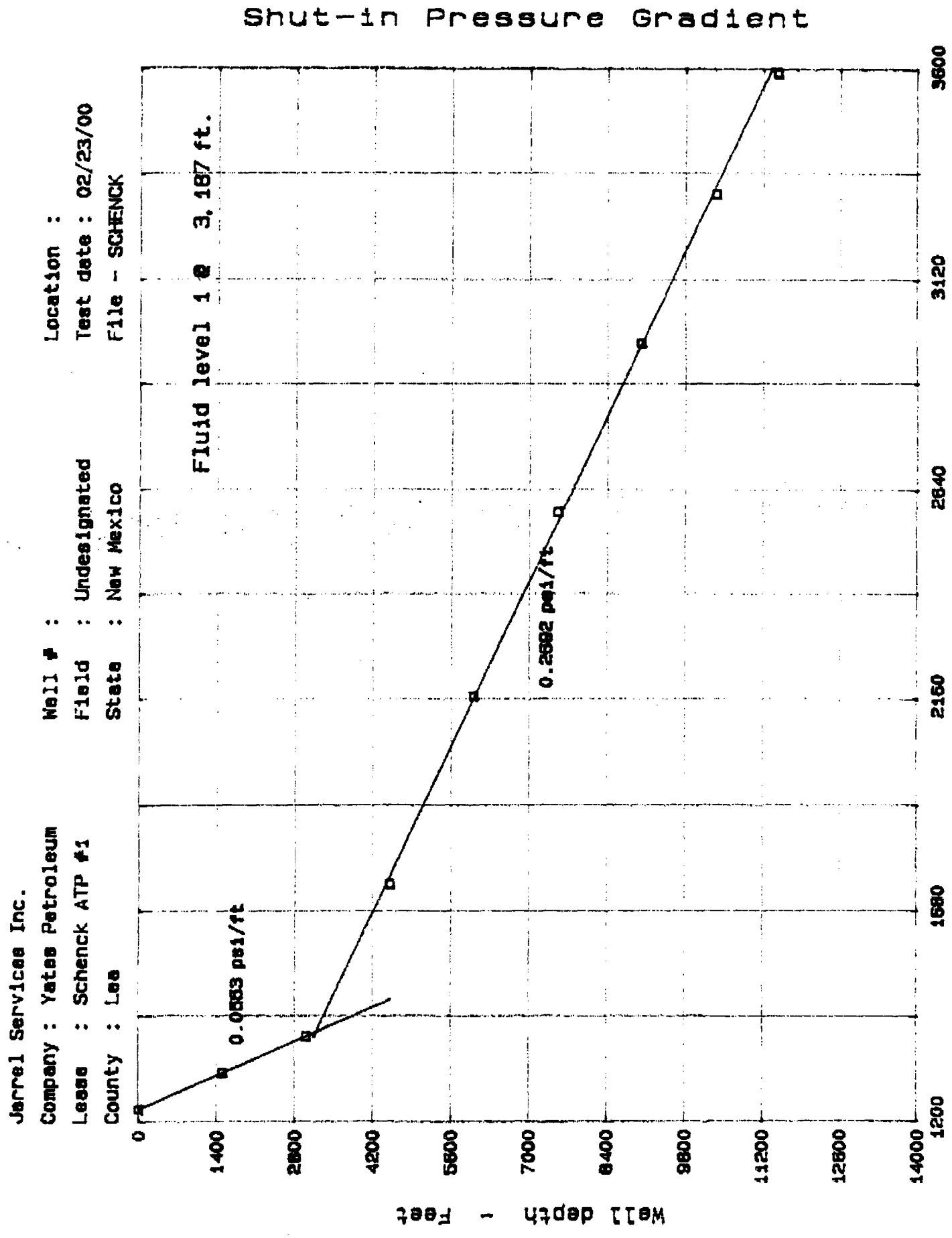
Company : Yates Petroleum

Test date : 02/23/00

Data File : SCHENCK.BHP

Remarks: EXTRAPOLATED TO MID-PERF. AT 11454'
FLUID LEVEL AT 3187'

Depth (feet)	Pressure (psig)	Delta Pressure (psig)	Pressure Gradient (psig/ft)
Surface	1,226.00		
1,500	1,309.00	83.00	0.0553
3,000	1,392.00	83.00	0.0553
4,500	1,739.00	347.00	0.2313
6,000	2,166.00	427.00	0.2847
7,500	2,587.00	421.00	0.2807
9,000	2,972.00	385.00	0.2567
10,350	3,312.00	340.00	0.2519
11,454	3,590.10	278.10	0.2519


Shut-in Pressure Gradient
Jarrel Services Inc.
Company : Yates Petroleum
Lease : Schenck ATP #1
County : Lea
Well # :
Field : Undesignated
State : New Mexico
Location :
Test date : 02/23/00
File - SCHENCK
Fluid level 1 @ 3,187 ft.
0.0583 psi/ft
0.2592 psi/ft
0
1400
2800
4200
5600
7000
8400
9800
11200
12600
14000
1200
1680
2160
2640
3120
3600
Well depth - Feet