OCEAN ENERGY, INC

EXPLORATORY DRILLING / COMPLETION

CONSERVATION DIVISION
CASE
EXHIBIT A
OCEAN

WELLNAME:	TOWNSEND STATE COM #10		PROSPECT: TOWNSEND		DATE: 1/5/01
AFE TITLE:	Drill and Complete				
PROJECT AFE NO:	10220	DEPTH:	12950' MD	12950' TVD	
FIELD:	Townsend	COUNTRY:	Lec	LAT/LONG SHL:	
SURFACE LOC:	660' FWL	800'FNL		X-Y SHL:	X= Y=
BTM HOLE LOC:	660' FWL	800'FNL		X-Y BHL:	X= Y=
OTHER LOC DESCRIPTION:	Sec 3 - T16S-R35E, Lea Cty, NM				
GEOLOGIC OBJECTIVE:	Morrow/ Upper Atoka/ Strawn/ Wolfcamp				

PROJECT SCOPE: Drill and complete the Townsend State Com #10 as a Morrow producer. The target objectives are the Strawn, the Atoka and the Morrow. The well plan calls for 13-3/8" casing at 500', 8-5/8" casing at 5,000', and, if successful, 5-1/2" casing at TD. There are three possible open hole DST's planned for in the well in the Strawn, Atoka & Morrow. This well will not require a 7" intermediate casing string through the Wolfcamp. The well location spots it out of the Wolfcamp fairway. A mud logger will be operational by 9,000'. TD electric logs will be a CNL/LDT/GR/Cal, PE & DIL w/Sonic, GR, Cal.

	AFE Number ==>	10220-D		10220-C		
	AFE Status ==>	Original-Drill	SUP1-Drill	Original-Compl	SUP1-Compl	
ESTIMATED INTANGIBLE EXPENSES						
ACCOUNT	DESCRIPTION	DRILL	Supplement	COMPLETE	Supplement	TOTAL
221 / 222 - 010	LOCATION COSTS	$51,500	$0	$4,000	$0	$55,500
221 / 222 - 020	RIG COSTS	$344,000	$0	$37,000	$0	$381,000
221 / 222 - 025	MOB / DEMOB RIG COSTS	$70,000	$0	$0	$0	$70,000
221-027	TURNKEY	$0	$0			$0
221 / 222 - 030	SHOREBASE SERVICES	$0	$0	$0	$0	$0
221 / 222 - 040	FUEL / LUBE / POWER / WTR	$55,900	$0	$5,600	$0	$61,500
221-050	DIRECTIONAL SERVICES	$0	$0			$0
222 - 060	DOWNHOLE COMPLETION SERVICES			$35,000	$0	$35,000
221 / 222 - 070	FISHING	$0	$0	$0	$0	$0
221 / 222 - 080	CEMENT AND SERVICES	$32,500	$0	$30,000	$0	$62,500
222 / 222 - 090	FORMATION EVALUATION	$27,000	$0	$0	$0	$27,000
221 - 093	OPEN HOLE LOG / LWD	$30,000	$0			$30,000
221 / 222 - 097	CASED HOLE LOG / MECH WIRELINE	$0	$0	$10,000	$0	$10,000
221 / 222 - 100	TRANSPORTATION - LAND	$14,600	$0	$8,700	$0	$24,000
221-103/222-105	TRANSPORTATION - AIR	$0	$0	$0	$0	$0
221-105/222-096	TRANSPORTATION - MARINE	$0	$0	$0	$0	$0
221 / 222 - 110	BITS, REAMERS AND STABILIZERS	$83,000	$0	$1,500	$0	$84,500
221 / 222 - 120	EQUIPMENT RENTAL	$82,900	$0	$5,300	$0	$88,200
221 / 222 - 130	MUD / FLUIDS / CHEMICALS	$60,000	$0	$4,000	$0	$64,000
221 / 222 - 140	CONTRACT LABOR	$67,100	$0	$23,300	$0	$90,400
221 / 222 - 160	COMMUNICATIONS	$5,600	$0	$400	$0	$6,000
221 / 222 - 170	OVERHEAD	$14,200	$0	$2,300	$0	$16,500
221 / 222 - 180	INSURANCE	$9,700	$0	$0	$0	$9,700
221 / 222 - 185	CASING / TUBING / HMR / EQ & SERVICE	$12,500	$0	$11,000	$0	$23,500
221 / 222 - 200	MISCELLANEOUS	$2,000	$0	$0	$0	$2,000
221 - 210	P&A EXPENSE	$0	$0			$0
221 / 222 - 220	COMPANY LABOR	$2,200	$0	$0	$0	$2,200
221 / 222 - 230	ENVIRONMENTAL	$0	$0	$0	$0	$0
221 - 240	DRILL SITE G&G	$4,300	$0	$0	$0	$4,300
221 / 222 - 250	WEATHER DELAY	$0	$0	$0	$0	$0
	SUB-TOTAL INTANGIBLE	$969,000	$0	$176,100	$0	$1,145,100
6100995	CONTINGENCIES @ 10.00 % 10.00 %	$96,900	$0	$17,610	$0	$114,510
	TOTAL INTANGIBLES:	$1,065,900	$0	$193,710	$0	$1,259,610
ESTIMATED TANGIBLE EXPENSES						
	TUBULARS SIZE DEPTH FOOTAGE					
	[redacted]					
226 - 010	TUBULARS - DRILLING	$82,500	$0			$82,500
	[redacted]					
227 - 010	TUBULARS - COMPLETION			$152,900	$0	$152,900
226 / 227 - 020	WELLHEAD EQUIPMENT	$10,300	$0	$13,700	$0	$24,000
226 / 227 - 030	DOWNHOLE EQUIPMENT	$10,300	$0	$13,700	$0	$24,000
227 - 050	LEASE SURFACE EQUIPMENT			$45,000	$0	$45,000
227 - 080	VALVES, PIPES AND FITTINGS			$5,000	$0	$5,000
227 - 100	ARTIFICIAL LIFT			$0	$0	$0
227 - 200	MISCELLANEOUS			$0	$0	$0
227 - 210	RECOMPLETION TANGIBLES			$0	$0	$0
	TOTAL TANGIBLES:	$103,100	$0	$230,300	$0	$333,400
DRY HOLE AND COMPLETION COSTS		$1,169,000		$424,010		$1,593,010

TIME AND COST TO P&A: 2 days $20,000 <=== P&A time and cost included in DHC estimate above

ESTIMATED DRILLING DAYS	43	COST/DAY	$27,186	COST/FT	$90.27
ESTIMATED COMPLETION DAYS	7	COST/DAY	$60,572.86	COST/FT	$32.74

PREPARED BY: [signature] APPROVAL ____________

Ocean Energy

US ONSHORE OPERATIONS
Authorization for Expenditure

Date:	5/22/00	Est. Start Date	January-01
		OBO Response Date	
AFE Objective:	Drill & Complete	AFE#	010246
	Carlisle/Mesa	External AFE#	
		Cost Center	
Operator	Ocean Energy, Inc.	Originating Dept.	Exploration
Prospect/Field	Townsend	Basin	Permian
Lease/Well	Townsend	Well #	10
Surface Location	660' FWL & 800' FNL Sec 3-T16S-R35E	Work Type	Drilling
BHL		County/State	Lea/NM

Description of Project & Reason for AFE: Drill a vertical well to 12,950' and complete in the Morrow (Carlisle/Mesa).

Working Interest Owners	Working Interest, %	NET Approved Amount $
Ocean Energy, Inc.	32.44%	$503,713
Fidelity	8.34%	$129,493
Energen	9.22%	$143,156
Other	50.00%	$776,308
TOTAL	100.00%	$1,552,670

	GROSS Amount Approved
Org.5	$1,552,670
Supl. 1	
Supl. 2	
Supl. 3	
Total AFE	$1,552,670

Ocean Energy, Inc
ASSET TEAM APPROVAL:

Approved By:
Date:________ JOHN SCHILLER
PRESIDENT - US ONSHORE

Date: ________ RESERVOIR	Date: ________ JOHN CAMPBELL - VP EXPLOITATION
Date: ________ EXPLORATION	Date: ________ JERRY GROCOCK - VP EXPLORATION
Date: ________ PRODUCTION	Date: ________ BEN MARCHIVE - VP OPERATIONS
Date: ________ LAND	Date: ________ HANK WOOD - VP LAND
Date: ________ GEOLOGY	Date: ________ TEAM MANAGER

PROJECT ECONOMICS

POS. %	60%	Oil Price, $/bbl Flat	$19.00	WI. %	32.44%
Sequence	9587	Gas Price, $/mcf Flat	$2.50	NRI, %	28.39%

Net Indicators	Risked	UnRisked
(WI) Total Capital, $M	319	362
Btax NPV @ 10%, $M	638	1,228
Btax ROR, %	86	100
Btax DPI @ 10%, $/$	2.06	3.50
Net Reserves, mmcfe	664	1,107
Find & Dev Cost, $/mcfe	0.48	0.33
(Undiscounted) Payout, yrs	1.8	1.4
Project Life, yrs	15.9	15.9