

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

January 12, 2001

Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case No. 12535 and Case No. 12567
Applications of Ocean Energy Resources, Inc.

Dear Florene:

Enclosed for filing, in each of the above cases, are an original and one copy of an amended application for compulsory pooling. The parties being pooled are identified on Exhibit A. Please re-advertise these matters for the February 8, 2001 Examiner hearing.

The applications are amended to only change the deepest formation to the Mississippian formation, instead of the Morrow formation. As a result, proposed advertisements are not included.

Very truly yours,


James Bruce

Attorney for Ocean Energy
Resources, Inc.

cc: William F. Carr

EXHIBIT A

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.

David H. Arrington Oil & Gas, Inc.

Kenneth G. Cone, individually and
as Trustee of the Kenneth G. Cone
Children's Trust U/W/O Kathleen Cone
P.O. Box 11310
Midland, Texas 79702

Sonic Oil & Gas, L.P.
P.O. Box 1240
Graham, Texas 76450

The Blanco Company
P.O. Box 2168
Santa Fe, New Mexico 87504

Keith Pratt Daniels
P.O. Box 190766
Dallas, Texas 75219

Lynda Pratt Rast
1202 Marlee Lane
Arlington, Texas 76014

The Long Trusts
P.O. Box 3096
Kilgore, Texas 75663

Marilyn Cone, Trustee
of the D.C. Trust
P.O. Box 64244
Lubbock, Texas 79464

LWJ Partnership
P.O. Box 64244
Lubbock, Texas 79424

Clifford Cone, individually and
as Trustee of the Clifford Cone
Family Trust
P.O. Drawer 1629
Lovington, New Mexico 88260

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY
RESOURCES, INC. FOR COMPULSORY
POOLING AND FOUR NON-STANDARD
SPACING AND PRORATION UNITS,
LEA COUNTY, NEW MEXICO.

No. 12567

AMENDED APPLICATION

Ocean Energy Resources, Inc. applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1-8 (the N $\frac{1}{4}$) of irregular Section 3, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and approving four non-standard spacing and proration units, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{4}$ of Section 3, and has the right to drill a well thereon.

2. Applicant proposes to drill its Townsend State Com. Well No. 10, at an orthodox location 800 feet from the north line and 660 feet from the west line of the section, to a depth sufficient to test the Mississippian formation, and seeks to dedicate the following acreage to the well:

(a) Lot 4 to form a non-standard 48.43-acre oil spacing and proration unit for all pools or formations developed on 40 acre spacing within that vertical extent, including the Townsend-Permo Upper Pennsylvanian Pool;

(b) Lots 3 and 4 to form a non-standard 97.21-acre oil spacing and proration unit for all pools or formations developed on 80 acre spacing within that vertical extent, including the Undesignated South Big Dog-Strawn Pool;

(c) Lots 3-6 to form a non-standard 177.21-acre gas spacing and proration unit for all pools or formations developed on 160 acre spacing within that vertical extent; and

(d) the N $\frac{1}{4}$ of Section 3 to form a non-standard 355.80-acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent, including the Undesignated North Shoe Bar-Atoka Gas Pool and Undesignated North Shoe Bar-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{4}$ of Section 3 for the purposes set forth herein.

4. Although Applicant has 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 N $\frac{1}{4}$ of Section 3, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N $\frac{1}{4}$ of Section 3, as described above, 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 N $\frac{1}{4}$ of Section 3, from the surface to the base of the Mississippian formation;
- B. Designating applicant as operator of the well;

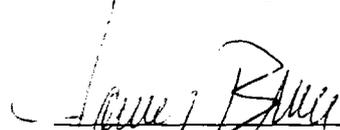
C. Considering the cost of drilling and operating the well, and allocating the cost thereof among the well's working interest owners;

D. Approving actual operating costs and costs charged for supervision, together with a provision adjusting those rates as provided in the COPAS accounting procedure;

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; and

F. Granting such further relief as the Division deems proper.

Respectfully submitted,



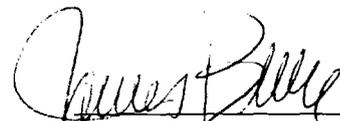
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Ocean Energy Resources,
Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was mailed this 12th day of January, 2001 to:

William F. Carr
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504



James Bruce