

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

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

Case No. 12,535

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

Case No. 12,567

APPLICATION OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING AND THREE NON-
STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, EDDY COUNTY, NEW MEXICO.

Case No. 12,569

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Ocean Energy Resources, Inc. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Ocean Energy Resources, Inc.
Suite 1600
1001 Fannin
Houston, Texas 77002
Attention: Derold Maney
(713) 265-6897

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

Yates Petroleum Corporation

OPPONENT'S ATTORNEY

William F. Carr

STATEMENT OF THE CASE

APPLICANT

Ocean Energy Resources, Inc. seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1-8 of irregular Section 3, Township 16

South, Range 35 East, NMPM, and in the following manner: Lots 1-8 to form a non-standard 355.80-acre gas spacing and proration unit for any formations and/or pools 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; Lots 3-6 to form a non-standard 177.21-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; Lots 3 and 4 to form a non-standard 97.21-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated South Big Dog-Strawn Pool; and Lot 4 to form a non-standard 48.43-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Townsend-Permo Upper Pennsylvanian Pool. The units are to be dedicated to applicant's Townsend State Com. Well No. 10, to be located at an orthodox location 800 feet from the north line and 660 feet from the west line of Section 3. 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.

OPPONENT

Yates Petroleum Corporation proposes pooling Lots 1-8 of Section 3, for a well to be located in Lot 1.

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Derold Maney (landman)	15 min.	five
Frank Messa (geologist)	15 min.	four
Robert Silver (geophysicist)	15 min.	three

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Applicant requests that all three cases be consolidated for hearing.

Respectfully submitted,



James Bruce
P.O. 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 Pre-Hearing Statement was served upon the following counsel of record via facsimile transmission this 9th day of January, 2001:

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James Bruce