

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OCEAN ENERGY
RESOURCES, INC. FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

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No. 12699

APPLICATION

Ocean Energy Resources, Inc. applies for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the E½ of Section 10, Township 16 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 10, and has the right to drill a well thereon.

2. Applicant proposes to drill its Cook Fed. Com. 10 Well No. 2, at an orthodox location in the SE¼SE¼ (Unit P) of the section, and seeks to dedicate the E½ of Section 10 to the well for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated North Duffield-Strawn Gas Pool, Diamond Mound-Atoka Gas Pool, and Diamond Mound-Morrow Gas Pool. The well unit will be simultaneously dedicated, in the Morrow formation, to the proposed well and the existing Cook Fed. Com. 10 Well No. 1, located in the NE¼ of the section.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 10 for the purposes set forth herein.

4. Although applicant 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

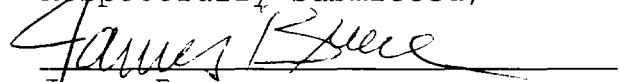
well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 10, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 10 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 E½ of Section 10, from the surface to the base of the Mississippian formation;
- B. Naming applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- 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.

Respectfully submitted,


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Inc.