

JAMES BRUCE

ATTORNEY AT LAW

**POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504**

**324 MCKENZIE STREET
SANTA FE, NEW MEXICO 87501**

(505) 982-2043

(505) 982-2151 (FAX)

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July 30, 2002

Case 12916

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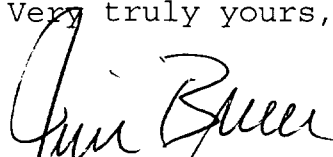
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for special pool rules, together with a proposed advertisement, filed on behalf of Ocean Energy, Inc. Please set this matter for the August 22, 2002 Examiner hearing. Thank you.

The application and advertisement are also on the enclosed disk under "OEI."

Very truly yours,



James Bruce

Attorney for Ocean Energy, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF OCEAN ENERGY,
INC. FOR POOL CREATION AND
SPECIAL POOL RULES THEREFOR,
EDDY COUNTY, NEW MEXICO.

No. 12916

APPLICATION

Ocean Energy, Inc. applies for an order creating the Magruder -Lower Bone Spring Pool, and instituting special rules and regulations therefor, and in support thereof, states:

1. Applicant is operator of the Cerf Fed. Com. Well No. 2 (the "Well"), located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ (Unit F) of Section 10, Township 21 South, Range 27 East, N.M.P.M.

2. The Well has been re-completed uphole as an oil well in the Bone Spring formation.

3. Applicant requests that a new pool, designated the Magruder-Lower Bone Spring Pool, be created, originally encompassing the NW $\frac{1}{4}$ of Section 10, and that temporary special pool rules be instituted for the pool providing for:

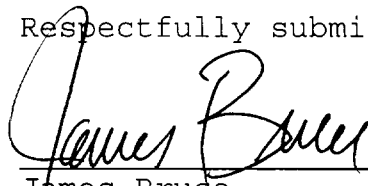
- (a) 160 acre spacing;
- (b) a limiting gas:oil ratio of 4000 cubic feet of gas for each barrel of oil produced; and
- (c) all other rules to comply with statewide rules.

4. Applicant requests that the pool be created, and that the pool rules be instituted, effective as of the date of first production from the Bone Spring formation.

5. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing,
the relief requested above be granted.

Respectfully submitted,



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

Attorney for Ocean Energy, Inc.

PROPOSED ADVERTISEMENT

Case 12916: Application of Ocean Energy, Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks creation of the Magruder-Lower Bone Spring Pool, to initially cover the NW¼ of Section 10, Township 21 South, Range 27 East, NMPM, and the promulgation of Special Rules and Regulations for the pool, including provisions for 160-acre spacing and a gas:oil ratio of 4000 cubic feet of gas for each barrel of oil produced. The proposed pool is located approximately 6 miles north-northeast of Monument, New Mexico.

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