



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

August 1, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Ocean Energy, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87501

Telefax No. (505) 982-3151

Administrative Order NSL-4765

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*application reference No. pKRV0-221254914*) on behalf of the operator, Ocean Energy, Inc. ("Ocean") submitted to the New Mexico Oil Conservation Division's ("Division") on July 30, 2002; and (ii) the Division's records in Santa Fe: all concerning Ocean's request for a non-standard Wolfcamp gas well location for its existing Sink Federal Well No. 2 (**API No. 30-015-23688**), located 660 feet from the South line and 2302 feet from the West line (Unit N) of Section 9, Township 16 South, Range 27 East, NMPM, Eddy County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

According to the Division's well records the Sink Federal Well No. 2 was initially drilled in 1981 by Mesa Petroleum Company to a total depth of 8,620 feet in order to test the Morrow formation. This well was subsequently completed in the Diamond Mound Atoka-Morrow Gas Pool at a location considered to be standard at that time within a standard 320-acre lay-down gas spacing unit comprising the S/2 of Section 9. In 1994 UMC Petroleum Corporation recompleted this well up-hole into the North Duffield-Strawn Gas Pool within this 320-acre unit.

It is our understanding that Ocean has recompleted this well up-hole into the Wolfcamp formation and, pursuant to Rule 104.C (2) (a), as revised, this location is now considered to be unorthodox. Further, the S/2 of Section 9, being a standard 320-acre lay-down gas spacing unit for deep wildcat Wolfcamp gas production in southeast New Mexico, is also to be dedicated to this well.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox wildcat Wolfcamp gas well location for the above-described Sink Federal Well No. 2 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad