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June 25, 1998

HAND DELIVERED

Mr. Michael E. Stogner, Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Case 11934
Application of Yates Petroleum Corporation
for compulsory pooling
Lea County, New Mexico

Re: NMOCD Cases 11958 & 11959
Applications of Ocean Energy, Inc.
for compulsory pooling
Lea County, New Mexico

Dear Mr. Stogner:

Our firm represents Amerind Oil Company and Michael Shearn who control the working interest for the 40-acre tract being the SW/4SW/4 of Irregular Section 2. The Amerind and Shearn interest will not change regardless of whether you approve Yates' proposed stand up unit or Ocean's proposed laydown unit.

Mr. Robert C. Leibrock, a petroleum engineer and a principal with Amerind, and Michael Shearn both attended the May 14, 1998 evidentiary hearing of this case.

They have reviewed the technical evidence and now desire me to inform you that they support approval of Ocean's application for the following reasons:

Yates's proposal has three objectives:

(a) to stand up the unit in order to minimize the number of offset wells in Section 2 which will compete with its Shell Lusk Well No. 1 in Section 11 in which Yates has a large interest;

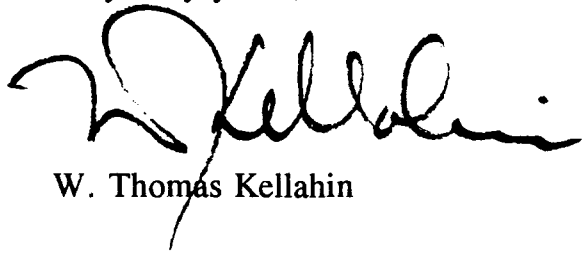
(b) to delay the drilling of a well in Section 2 so that the Shell Lusk Well No. 1 can drain Section 2 in which Yates has a smaller interest.

(c) Yates' geology demonstrates that the well should be located father south than proposed by Yates. We can only conclude that Yates wants to have the well in Section 2 located as far north as possible from the Shell Lusk Well No. 1 to allow this existing well to drain Section 2.

Ocean's proposal will protect the correlative rights of the owners in Section 2 by affording those owners the opportunity to locate a well at the best possible geological position to fairly and timely recover gas underlying Section 2 before it is drained by Yates' well in Section 11.

We urge you to enter a decision in favor of Ocean in this matter.

Very truly yours,



W. Thomas Kellahin

cc: James Bruce, Esq.
Attorney for Ocean Energy, Inc.
cc: William F. Carr, Esq.
Attorney for Yates Petroleum Corporation