



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

Jennifer A. Salisbury
CABINET SECRETARY

OIL CONSERVATION DIVISION

Hobbs - District I
1625 North French Drive
Hobbs, NM 88240
OFF: (505) 393-6161
FAX: (505) 393-0720

March 13, 2000

RECEIVED

MAR 15 2000

Ocean Energy, Inc.
ATT: Scott M. Webb
1670 Broadway
Suite 2800
Denver, CO 80202

CAMPBELL, CARR, et. al.

RE: Townsend State, 5-W
Sec. 2-T16S-R35E
Overproduction

It has come to our attention that the above referenced well has been overproduced since the onset of the initial allowable for this well 11-10-98. The amount of overproduction has come to over 54,000 barrels of oil. The allowable limit for the Big Dog Strawn, South Pool is 445 barrels of oil per day. As for the initial test on this well it exceeded the limit in the amount of 90 barrels.

Effective immediately this well will be shut-in until it can be brought back on to be in compliance with the regulations for the Big Dog Strawn, South Pool. Please contact District I Supervisor, Chris Williams, if you have any questions in reference to this matter at (505) 393-6161 Ext. 102.

Yours very truly,

OIL CONSERVATION DIVISION

Chris Williams
District I, Supervisor

CW:nm

CC: Campbell, Carr, Berge & Sheridan, P.A.
Representing David Petroleum

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12374 Exhibit No. 7
Submitted by:
Yates Petroleum Corporation
Hearing Date: May 4, 2000