

JAMES BRUCE
ATTORNEY AT LAWPOST OFFICE BOX 1056
SANTA FE, NEW MEXICO 875043304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501(505) 982-2043
(505) 982-2151 (FAX)

October 11, 2001


Via Fax and U.S. MailLori Wrotenbery
Oil Conservation Commission
1220 South St. Francis Drive
Santa Fe, New Mexico 87505Re: Case Nos. 12535, 12567, 12569, and 12590 *de novo*, and
Case No. 12738 (Ocean Energy Resources, Inc. ("Ocean")/
Yates Petroleum Corporation ("Yates"))

Dear Ms. Wrotenbery:

This letter is in response to Mr. Carr's letter of October 11, 2001. Ocean does not object to a continuance of the above cases.

Having said that, Ocean states that Yates knew of Ocean's agreement to move the well location to Lot 3 two months ago. In addition, the exhibits Ocean submitted to the Commission, and traded with Yates, are the exhibits it intended to use at the hearing tomorrow to support the Lot 3 location. However, if Yates needs more time, so be it.

Very truly yours,


James Bruce
Attorney for Ocean Energy Resources, Inc.cc: Stephen C. Ross (via fax)
William F. Carr (via fax)

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

SUITE 1
110 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501-6525
MAILING ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043
www.hollandhart.com

October 10, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1200 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 12535, Application of Ocean Energy Resources, Inc., *de novo*
Case No. 12567, Application of Ocean Energy Resources, Inc., *de novo*
Case No. 12569, Application of Yates Petroleum Corporation, *de novo*
Case No. 12590, Application of Yates Petroleum Corporation, *de novo*
Case No. 12738, Application of Yates Petroleum Corporation.

Dear Ms. Wrotenbery;

Yates Petroleum Corporation requests that the Commission hearing in the above-referenced cases currently scheduled for October 12, 2001 be continued until the January 2002 Commission hearing docket.

As you are aware, with less than 48 hours remaining until these cases are scheduled for hearing, it is uncertain what well location Ocean is proposing to drill. If it is in the location identified in the Pre-hearing Statement filed on October 5th, Yates objects on the grounds that Ocean has not previously proposed this location. Furthermore, the exhibits filed by Yates and Arrington on October 5th were based on the assumption that Ocean was planning to drill at the location it had proposed in 2000 and the location which was the subject of the January 2001 examiner hearing. We simply cannot now proceed to hearing without knowing which location Ocean desires to drill.

If Ocean decides to proceed with the location it originally proposed in Lot 4, the exhibits it has filed are for a location in Lot 3. Having provided copies of our exhibits to Ocean, we are placed at a disadvantage if we have to go to hearing without having the exhibits which Ocean would present at hearing.

The location which Yates and Arrington propose is based upon the geological and geophysical information we have used to successfully drill other similar wells in this

OCT 10 PM 3:37
COMMUNICATIONS SECTION

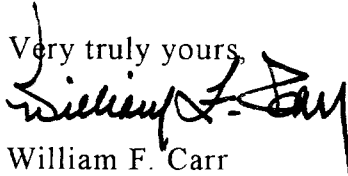
Letter to Lori Wrotenbery
October 10, 2001
Page 2

area. It will not be moved. During the time of this continuance, we are hopeful that Ocean will identify in writing the exact location it is proposing to drill in the N/3 of Section 3 so that we will be able to fully present our case in January.

We have advised James Bruce of this request for continuance. It is our understanding that he will quickly respond for Ocean Energy Resources, Inc.

Your consideration of this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", written over the typed name.

William F. Carr

Cc: Stephen C. Ross, Esq.
Assistant General Counsel
Oil Conservation Commission
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Randy Patterson
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

James Bruce, Esq.
Ocean Energy Resources, Inc.
Post Office Box 1056
Santa Fe, New Mexico 87504
FAX No. (505) 982-2151