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OIL CONSERVATION DIV.
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April 30, 2002

Hand Delivered

Lori Wrotenbery
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case Nos. 12816, 12841, 12859, and 12860

Dear Ms. Wrotenbery:

Enclosed is the response of Ocean Energy, Inc. opposing the motion to dismiss filed by TMBR/Sharp Drilling, Inc.

Very truly yours,

James Bruce

James Bruce

Attorney for Ocean Energy, Inc.

cc: Counsel of record (via fax)

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF TMBR/SHARP
DRILLING, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

No. 12816

APPLICATION OF OCEAN ENERGY,
INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

No. 12841

APPLICATION OF OCEAN ENERGY,
INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

No. 12860

APPLICATION OF DAVID H. ARRINGTON
OIL & GAS, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

No. 12859

RESPONSE OF OCEAN ENERGY, INC. IN OPPOSITION TO
TMBR/SHARP DRILLING, INC.'S MOTION TO DISMISS

TMBR/Sharp Drilling, Inc. ("TMBR/Sharp") has filed a motion to dismiss the Case Nos. 12841, 12859, and 12860. Ocean Energy, Inc. ("Ocean") opposes the motion, and requests that it be denied.

I. ARGUMENT.

The Division is well aware of the facts in these cases, and Ocean will not reiterate them herein. TMBR/Sharp's position is that it has an approved APD, and thus no one can challenge its right to drill a well with a unit comprising the N½ of Section 25, Township 16 South, Range 35 East, N.M.P.M. However, TMBR/Sharp's motion ignores the terms of the very order of the Commission which it uses as the basis for its argument. The order states in part:

Issuance of the [APD] does not prejudice the results of a compulsory pooling proceeding, and any suggestion that the acreage dedication plat attached to an application to drill somehow "pools" acreage is expressly disavowed.

Order No. R-11700-B, Finding Paragraph 34. The order continues:

Thus, where compulsory pooling is **not required** because of voluntary agreement or because of common ownership of the

dedicated acreage, the practice of designating the acreage to be dedicated to the well on the [APD] furthers administrative expedience. Once the application is approved, no further proceedings are necessary.¹

Order No. R-11700-B, Finding Paragraph 35 (emphasis added). The order further states:

Thus, the process fosters efficiency by permitting a simple approach in cases **where ownership is common and pooling, voluntary or compulsory, is not required.**

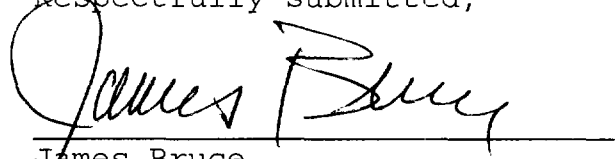
Order No. R-11700-B, Finding Paragraph 36 (emphasis added).

In the present case, "further proceedings are necessary:" Acreage must be pooled, whether there is a standup or laydown unit. Under the Commission's order, the approval of TMBR/Sharp's APD "does not prejudice" the four pooling proceedings, and they must proceed to a determination on their merits.

II. CONCLUSION.

For the reasons stated above, the Division must deny TMBR/Sharp's motion. In addition, Ocean requests that the cases proceed to hearing no later than mid-May due to Ocean's expiring farmout agreement.

Respectfully submitted,


James Bruce
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Attorney for Ocean Energy, Inc.

¹The last sentence applies only where pooling is not required.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record via facsimile transmission this 30th day of April, 2002:

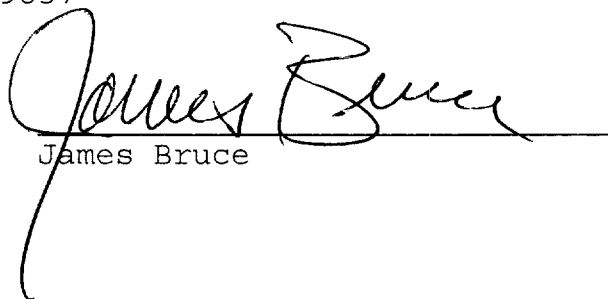
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