



Case 12932

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

September 13, 2002

Ocean Energy Resources, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Re: Case No. 12932 – *Application of Ocean Energy, Inc. for a non-standard 160-acre gas spacing unit within the Saladar-Strawn Gas Pool (84412) to comprise the SE/4 of Section 28, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Bruce:

Reference is made to your letter to the Director dated September 5, 2002, but is stamped as being received on September 4, 2002, requesting approval that Ocean Energy, Inc. be allowed to continue producing Strawn gas from its Burton Flat Deep Unit Well No. 13 (API No. 30-015-21125) located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 28. This matter was passed to me only late yesterday afternoon for a decision; I apologize for the Division's delay in addressing your motion.

Review of this matter clearly shows that Ocean Energy, Inc. has been producing this well without a proper assignment of acreage since September, 2001. Ocean shall therefore abide with the Artesia District Office's order that this well be shut-in until a proper 320-acre unit is either assigned voluntarily and compulsorily or a 160-acre is approved retroactively to date of first production.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office – Santa Fe
Lori Wrotenbery, Director – NMOCD, Santa Fe
Richard Ezeanyim, Chief Engineer – NMOCD, Santa Fe