

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
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612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
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October 12, 1998

Via Fax and U.S. Mail

Lori Wrotenbery
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Order No. R-10622-A
Read & Stevens, Inc. unorthodox location
White Fed. Well No. 11
S½ §26-15S-27E

Dear Ms. Wrotenbery:

The above order imposed a 50% penalty on production from Read & Stevens' well, based on semi-annual deliverability tests. The well was completed on April 19, 1997, and the penalty was assessable from the date of first production.

By October 1998, four deliverability tests should have been conducted under the terms of the order. This spring and summer I wrote to the Artesia District Office requesting copies of the deliverability tests, but I never received a response. Copies of my letters are attached as Exhibits A and B. In late July I spoke with Ms. Hebert about this situation. She called Tim Gum, who informed her that one test had been conducted. However, to date I have not even received a copy of that test.

Attached as Exhibit C is a production graph of Read & Stevens' well. In Ocean Energy's opinion, the well has been producing at capacity since completion, without penalty. My client requests that the Division look into this situation, and inform us whether the well is producing without restriction. We also ask (again) that a copy the only deliverability test be provided to us. Finally, we ask that Read & Stevens be ordered to conduct a second deliverability test immediately.

We feel it may be necessary to file an application to shut in Read & Stevens' well in order to bring production in line with the

order. However, we will wait a short time before doing so.

I look forward to your response.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Ocean Energy Resources, Inc.
(formerly UMC Petroleum Corporation)

cc: Marilyn S. Hebert
Rand L. Carroll
Bret C. Jameson
W. Thomas Kellahin

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May 31, 1998

Tim Gum, Supervisor
Oil Conservation Division
811 South First Street
Artesia, New Mexico 88210

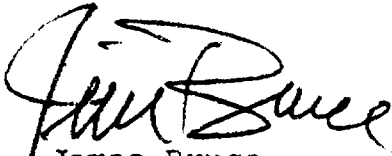
Re: Harris Fed. Well No. 11
990 feet FSL & 1980 feet FWL
S½ S26, Township 15 South, Range 27 East, NMPM
Chaves County, New Mexico

Operator: Read & Stevens, Inc.

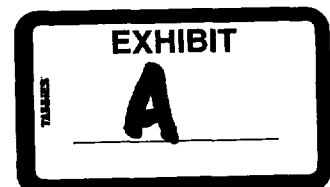
Dear Tim:

The above well was drilled under Division Order No. R-10622 and Commission Order No. R-10622-A (copy enclosed). The order requires a 50% penalty on production, based upon a deliverability test to be conducted twice a year, and witnessed by the Division (see page 8 of the order). The well was completed on April 19, 1997, and the penalty on production is applicable since the date of completion. There should by now have been three tests conducted. Have the deliverability tests been conducted? If so, please send me copies of the tests results. Thank you.

Very truly yours,


James Bruce

Attorney for Ocean Energy, Inc.
(formerly UMC Petroleum Corporation)



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July 13, 1998

Tim Gum, Supervisor
Oil Conservation Division
811 South First Street
Artesia, New Mexico 88210

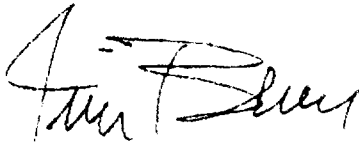
Re: Harris Fed. Well No. 11
990 feet FSL & 1980 feet FWL
S $\frac{1}{4}$ S26, Township 15 South, Range 27 East, NMPM
Chaves County, New Mexico

Operator: Read & Stevens, Inc.

Dear Tim:

I would appreciate a prompt response to the enclosed letter. Thank you.

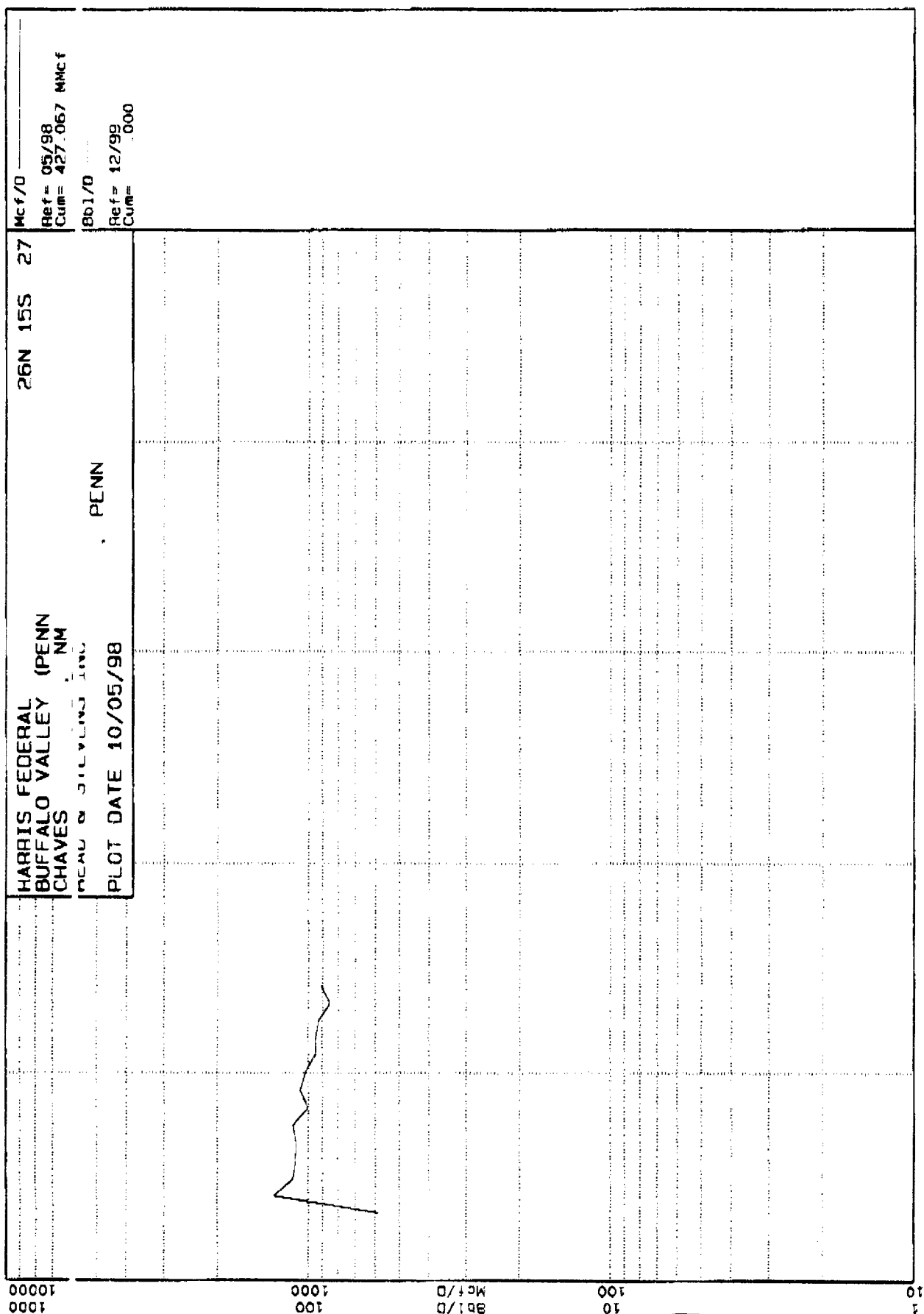
Very truly yours,



James Bruce

Attorney for Ocean Energy, Inc.
(formerly UMC Petroleum Corporation)





Results of Reservoir Simulation Study Buffalo Valley (Penn) Field Study Area

Without Proposed Well

Section	Original Gas In Place (BCF)	Cumulative Production (BCF)	Current Gas In Place (BCF)	Current Recoverable Gas In Place (BCF)	Remaining Reserves For Existing Wells (BCF)	Reserves Unrecovered By Existing Wells (BCF)
26	18.6	6.1	6.2	5.0	2.5	2.5
35	12.9	9.1	4.3	3.4	6.4	-3.0

With Proposed Well

Section	Original Gas In Place (BCF)	Cumulative Production (BCF)	Current Gas In Place (BCF)	Current Recoverable Gas In Place (BCF)	Remaining Reserves For Existing Wells and Proposed Well (BCF)	Reserves Unrecovered by Existing Wells and Proposed Well (BCF)
26	18.6	6.1	6.2	5.0	4.9	0.1
35	12.9	9.1	4.3	3.4	6.1	-2.7

