



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

July 20, 1998

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

Re: *Administrative application on behalf of Ocean Energy, Inc. to drill its Townsend State Well No. 5 at an unorthodox oil well location in the Undesignated Big Dog-Strawn Pool 330 feet from the South line and 1520 feet from the East line (Unit W) of irregular Section 2, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. The S/2 SE/4 of said Section 2 to be dedicated to said well in order to form a standard 80-acre oil spacing and proration unit for this pool.*

Dear Mr. Bruce:

Additional information and further explanation are needed in order to complete my evaluation of this application. Division Administrative Order NSL-3870, dated September 17, 1997, authorized UMC Petroleum Corporation ("UMC") to drill its Townsend State Well No. 4 (API No. 30-025-34150) at an unorthodox oil well location 400 feet from the South line and 1500 feet from the East line (Unit W) of said Section 2 in order to test the Undesignated Big Dog-Strawn Pool within a standard 80-acre oil spacing and proration unit comprising the S/2 SE/4 of said Section 2. The application submitted at that time was based on geological and geophysical reasons. In October, 1997 (see NMOC Form C-103) UMC requested an alternate location within this 80-acre unit that was standard (330' FSL & 1650' FEL) because of an "undesirable topographic condition" at the original location. Our records indicate that this well was drilled to a total depth of 11,340 feet and encountered "downhole problems."

What is the nature of this previously mentioned "undesirable topographic condition," what is its extent, and since it is only 73 feet away from the proposed location of the proposed Townsend State Well No. 5, will it present any problem? I recommend that a detailed topographic land plat be submitted to aid me in evaluating Ocean Energy, Inc.'s written response. What was the nature of the "downhole problems" encountered in the Townsend State Well No. 4? What, if any, preconditions will be taken to assure that these same problems do not occur in the drilling of the No. 5 well? Will Ocean Energy, Inc. be plugging the Townsend State Well No. 4 prior to the drilling of this well? If not, then why not?

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185. Thank you for your cooperation.

Sincerely,

Michael E. Stogner  
Chief Hearing Examiner/Engineer

cc: New Mexico Oil Conservation Division (Attention: Chris Williams) - Hobbs

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