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June 21, 1991

HAND-DELIVERED

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

Re: Oryx Application for Tubb
Non-Standard Proration Unit
Elliott B-15 No. 4
Section 15, T22S - R37E
Lea County, New Mexico

RECEIVED
JUN 21 1991
OIL CONSERVATION DIVISION

Case 10357

Dear Mr. LeMay:

Please consider this letter as an objection on behalf of John H. Hendrix Corporation, Michael L. Klein, Ronnie H. Westbrook and Daniel Veirs to the above-referenced application for administrative approval.

As grounds for this objection we incorporate, by reference, a copy of a letter dated June 13, 1991 from our clients to Oryx Energy Company, the applicant. This letter explicitly enumerates the basis of the objection.

Should you need additional information, please let us know.

Very truly yours,



Ernest L. Padilla

ELP:pmc
cc: John H. Hendrix Corporation
Oryx Energy Company
480.2

JOHN H. HENDRIX CORPORATION



(915) 684-8631
223 WEST WALL, SUITE 525
MIDLAND, TEXAS 79701

June 13, 1991

CERTIFIED MAIL

Mr. W. A. Bryan
Regional Manager
Mr. B. L. Welborn
Manager, Operation West
Oryx Energy Company
24 Smith Road
P. O. Box 1861
Midland, TX 79702-1861

RE: Oryx Application for Tubb
Non-Standard Proration Unit
Elliott B-15 No. 4
Section 15, T22S - R37E
Lea County, New Mexico

Dear Messrs. Bryan and Welborn:

John H. Hendrix Corporation recently received notification of your application for a non-standard gas proration unit and unorthodox location for the Elliott B-15 No. 4 well in the Tubb. The application mentions making this a dual well with the Blinebry, but does not apply to the NMOCD to do so.

This letter is to inform you of the objections of John H. Hendrix Corporation, Michael L. Klein, Ronnie H. Westbrook, and Daniel L. Veirs (Hendrix Group) to your plans on several grounds.

Currently the well is a dual well in the Drinkard and Blinebry pools. The Drinkard was recently shut-in, and the Blinebry produces about 125 MCFG/D. Oryx owns 100% of the Drinkard. However, Oryx only owns about 66% of the Blinebry which is communitized. The Hendrix Group, along with the Donaldson Brown Trust of Baltimore, MD., are working interest partners in the Blinebry.

June 13, 1991

As I tried to explain to Greg Solinsky until he hung up on me, we object to Oryx' plans for the following reasons:

1. The Blinebry is a low pressure gas zone. Any work done to the deeper Tubb zone would involve dumping significant amounts of water into the Blinebry, jeopardizing the Blinebry production owned by Oryx' partners.
2. The NE/4 of Section 15 has been previously communitized in the Tubb, with production coming from the Conoco Elliott B-15 No. 1. Cumulative production before abandonment was 110,061 MCFG. The current Blinebry production that Oryx will jeopardize has reserves greater than that.
3. Oryx has another well in the N/2 NE/4 of Section 15, the Elliott B-15 No. 3, which is 100% Oryx-owned and could be used to test the Tubb.
4. The Elliott B-15 No. 4 is subject to an Operating Agreement dated April 5, 1956. The Agreement provides for an initial dual completion of one zone with the Blinebry, but does not allow an operator to make subsequent duals with the Blinebry and another zone.
5. Oryx has not applied for permission to dual the well in the Blinebry and Tubb. If Oryx is considering abandoning the Blinebry, by Article 12 of the Operating Agreement they must notify the other working interest partners of their intent. The partners have the option of assuming the abandoning party's interest and operations for salvage value.

If you have any questions regarding these objections, please call us.

Sincerely,

Daniel L. Veirs

Daniel L. Veirs

DLV/ah

cc: Donaldson Brown Trust
Mr. Don Hughes
16 W. Madison Street
Baltimore, MD 21201