



Oryx Energy Company
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August 24, 1992

Mr. Larry VanRyan
Chief Engineer
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

RE: NMOCC Allowable Hearing Scheduled 8-27-92
Proposed Indian Basin Upper Penn Pool Allowable

Dear Mr. VanRyan:

Oryx Energy Company respectfully requests an acreage allocation factor of 197,600 mcf per month for the Indian Basin Upper Penn Pool covering the period of October 1992 – March 1993. This reflects an 6.9% increase over the factor for the same period in 1991-92. Oryx believes that this will allow for a reasonable increase in gas production for those operators, including Oryx, who have enhanced their wells' performance through capital investments.

In the late spring of 1992 Oryx initiated a workover program designed to enhance the performance of its wells. The wells were re-perforated, stimulated, and their tubing strings replaced. Also, the production units are being refurbished and some wellhead compressors added. To date, Oryx has spent \$422,000 on the above program.

Production volumes for Oryx's seven wells were prorated for 451,304 mcf covering the period from April 1992 through September 1992. Due to the above mentioned enhancements Oryx estimates it's production to be 737,372 mcf for the same period of time. An attached table shows a well by well breakdown of each well's production. Also, attached are total and individual production curves for each of the Oryx operated wells.

Oryx estimates its wells will produce 851,200 mcf in the October 1992 thru March 1993 period provided that each well produces the full term at its current rate. As the attached memo states, our gas marketing division assures us that they have a market for the proposed increased volumes. Oryx also feels it is necessary to maintain these higher rates in order to achieve a reasonable rate of return on its \$422,000 investment.

Therefore, Oryx urges the Commission to approve the increased allocation factor of 197,600 mcf per month in its upcoming Indian Basin allowable hearing.

Sincerely,

Rick Hall
Operations Engineer

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Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10,526 Exhibit No. 1
Submitted by: ORYX ENERGY CO.
Hearing Date: 8/27/92