

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11189

APPLICATION OF ORYX ENERGY COMPANY
FOR AN UNORTHODOX INFILL GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by ORYX ENERGY COMPANY as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

ORYX ENERGY COMPANY
P. O. Box 2880
Dallas, Texas 75221-1880
Attn: C. Michael Malone
(214) 715-3137

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

APPLICANT:

Oryx Energy Company, has the right to drill and test for Pennsylvanian gas production in Section 2, T22S, R23E, N.M.P.M, Eddy County, New Mexico.

The proposed gas well will be located within the current boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool.

The subject pool was created by Order R-2440 dated March 1, 1963 and was initially spaced on 640 acre spacing, Rule 2(A), with Rule 2(B) setting standard well locations to be no closer than 1650 feet to the outer boundary of the spacing unit. On April 14, 1965, the Division entered Order R-1670-F in Case 3237 which established gas proration for the pool.

The existing well in Section 2 is the Conoco State Well No. 1 located 1775 feet from the North line and 1980 feet from the West line (Unit F) which is being adversely affected by water encroachment.

The proposed Conoco State Well No. 2 will be a "replacement" well and will be drilled at an unorthodox location in order to gain sufficient structural position in its spacing unit to attempt to recover any remaining recoverable gas reserves underlying Section 2 and thereby protect correlative rights.

Oryx proposes to drill its Conoco State Well No. 2 at an unorthodox gas well location 800 feet from the south and west lines of Section 2.

Until such time as the Conoco State Well No. 1 has "watered out", Oryx seeks approval to drill, operate and produce the maximum gas allowable assigned to this spacing unit from either or both of these two wells in any combination. Once the Conoco State Well No. 1 is completely watered out, the Oryx seeks approval to produce the spacing and proration unit's gas allowable from the Conoco State Well No. 2 without penalty.

PROPOSED EVIDENCE

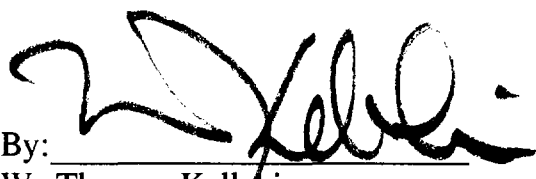
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Roy Wolin (geologist)	30 min.	@ 3
Larry Phillips (reservoir engineer)	30 min.	@ 4
Mark Peavey (petroleum engineer)	30 min.	@ 8

PROCEDURAL MATTERS

NONE.

KELLAHIN AND KELLAHIN

By: 

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