



Oryx Energy Company
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February 21, 1995

Mr. William J. Lemay
Chairman and Director
New Mexico Oil Conservation Dept.
2040 South Pacheco
Santa Fe, NM 87505

RE: Prorated Gas Allowables for April 1995 to September 1995
Indian Basin Upper Penn Pool
Eddy County, New Mexico

Dear Mr. Lemay:

Oryx Energy operates five active gas wells and owns a working interest in three other active wells in the Indian Basin Upper Penn Pool. Oryx Energy supports the Oil Conservation Division's proposed non-marginal well allowable rate of 200,000 mcf per month. This reflects the same approximate allocation factor that the Commission granted in the past five allowable periods.

Oryx Energy has made a significant investment for production equipment and development to maximize production from the Upper Penn in the Indian Basin Pool. Oryx activity plans to continue major expenditures within this field during 1995 to maximize recovery based upon maintaining the allowable rate of 200,000 mcf per month.

In addition, we believe that this rate will allow equitable sharing of remaining reserves between all parties.

Respectfully yours,

Mark A. Peavy
Operations Engineer