



Oryx Energy Company
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Dallas TX 75240-5067
PO Box 2880
Dallas TX 75221-2880
214 715 4000

Set for hearing

December 5, 1994

*Rec 010
12-7-94*

11189

ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
ATTN: MIKE STAUGNER
2040 SO. PACHECO STREET
SANTA FE, NEW MEXICO 87505

RE: APPLICATION TO DRILL
CONOCO STATE WELL - EDDY COUNTY
INDIAN BASIN UPPER PENN (PRO GAS) POOL

MR. STAUGNER,

ATTACHED IS A LETTER FROM OUR ENGINEERING DEPARTMENT IN REFERENCE TO THE REQUEST TO DRILL AN ADDITIONAL WELL IN THE INDIAN BASIN UPPER PENN (PRO GAS) POOL IN EDDY COUNTY, NEW MEXICO. AS WE DISCUSSED IN OUR PHONE CONVERSATION OF 12/2/94 I BELIEVE THIS TO BE AN UNORTHODOX LOCATION DUE TO THE DISTANCE TO THE SECTION LINES.

OUR QUESTIONS ARE AS FOLLOWS:

1. WILL THIS REQUIRE US TO GO TO HEARING TO DRILL THIS WELL?
2. WHAT INFORMATION IS REQUIRED FOR THE HEARING?
3. WILL WE NEED THE WELL LOCATION STAKED AND PERMITTED PRIOR TO HEARING?

AS YOU ARE AWARE I AM NOT FAMILIAR WITH THIS PROCESS, BUT I APPRECIATE YOUR PATIENCE AND CONSIDERATION IN EXPLAINING THE STEPS NEEDED IN THIS PROJECT. IF THERE IS ANY OTHER INFORMATION I CAN PROVIDE YOU WITH AT THIS TIME PLEASE CONTACT ME AT THE NUMBER LISTED BELOW.

SINCERELY,

ORYX ENERGY COMPANY

ROD L. BAILEY
STAFF PRORATION ANALYST
(214) 715-4828

MEMORANDUM

Subject: Conoco State Well #2 proposal

Date: Dec. 2, 1994

Location: Big Springs Team, Onshore USA

From: Mark Peavy/ Roy Wolin

To: Rod Bailey

Please expedite the necessary procedures with the New Mexico Oil Conservation Division in order to request approval for the drilling of an additional well on the Conoco State lease located in the Indian Basin(Upper Penn) field, Eddy County, New Mexico.

Oryx Energy desires to expeditiously complete the drilling and completion of this well in order to maintain the current prorated gas pool allowable of approximately 6500 MCFPD.

Currently, Oryx operates only the Conoco State #1 within this lease. This well has been producing water free near the known gas water contact for some time. Recent water production has caused gas production to drop significantly. Over the past two month period production has fallen from approximately 6000 MCFPD, 9 BCPD, and 2 BWPD to 4100 MCFPD, 8 BCPD, and 42 BWPD.

The proposed #2 well location is 800 ft. from each section line off the southwest corner(see attached). This location is a proposed non-standard location and is based upon known geological and gas/water contact information. This proposed well location is 100 ft. higher structurally than the existing wells, whereas, the best alternative 'standard' spacing location for the #2 well can only obtain a 50 ft. structural advantage to the existing #1 well.

Mark Peavy
Roy Wolin



Oryx Energy Company

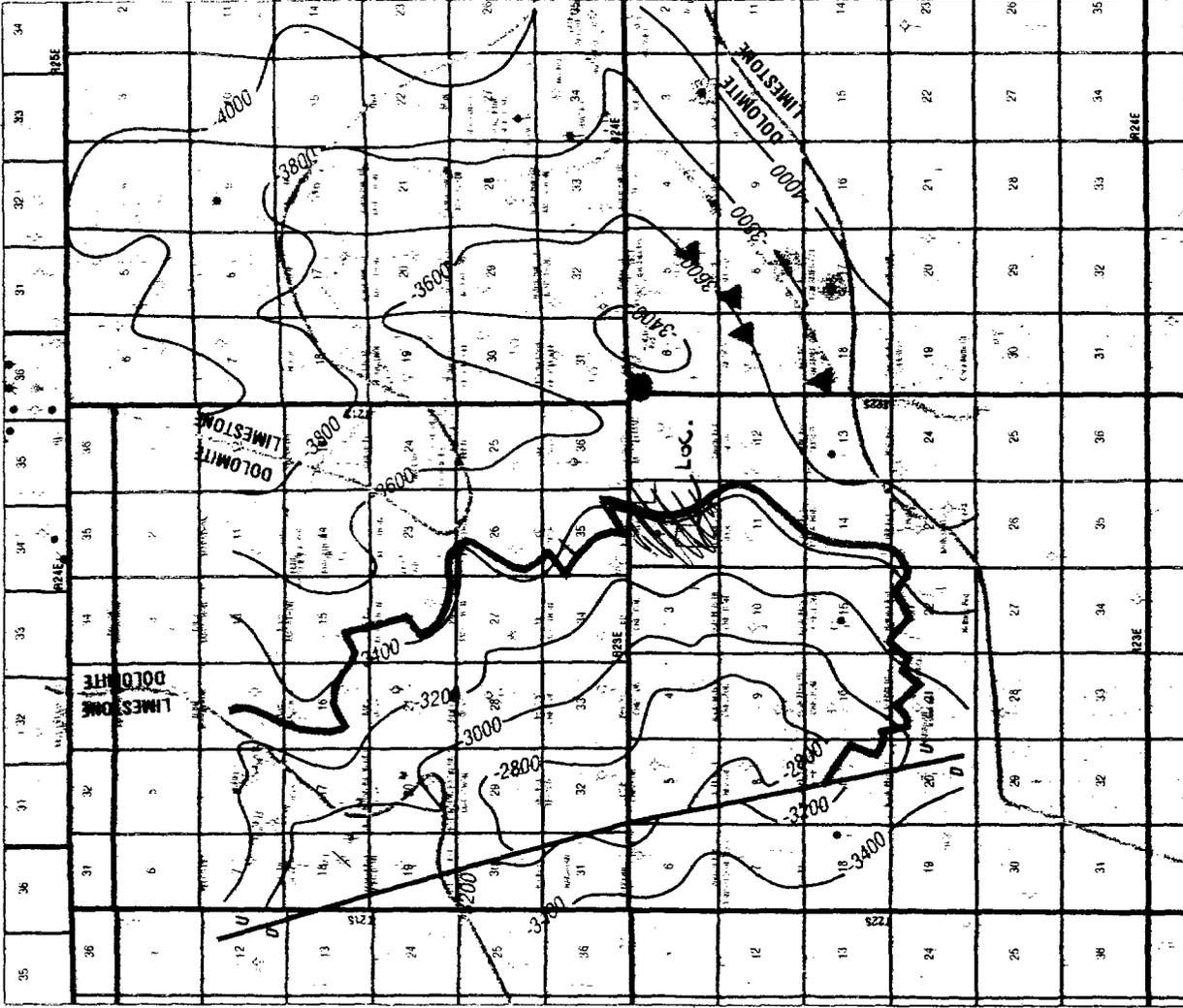
Indian Basin Field

Eddy County, New Mexico

Operator Map



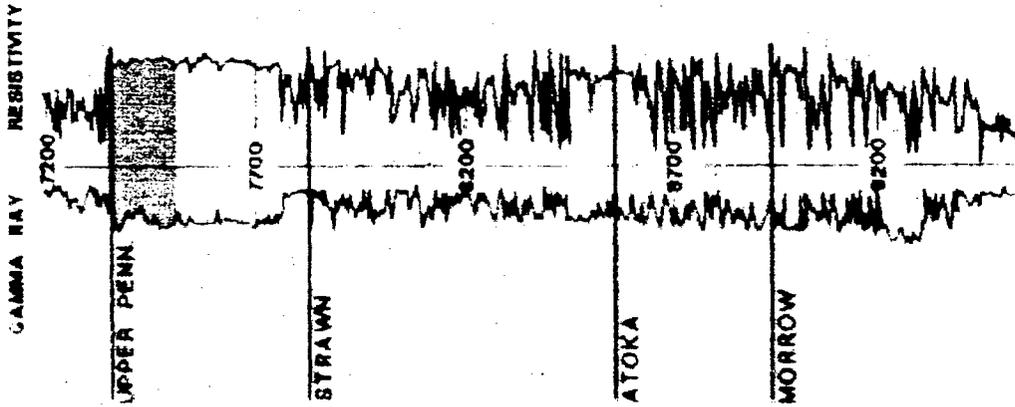
- Gas Recompletion or Re-entry
- ⊕ Oil Recompletion or Re-entry
- ▲ Permitted Loc. or Re-entry

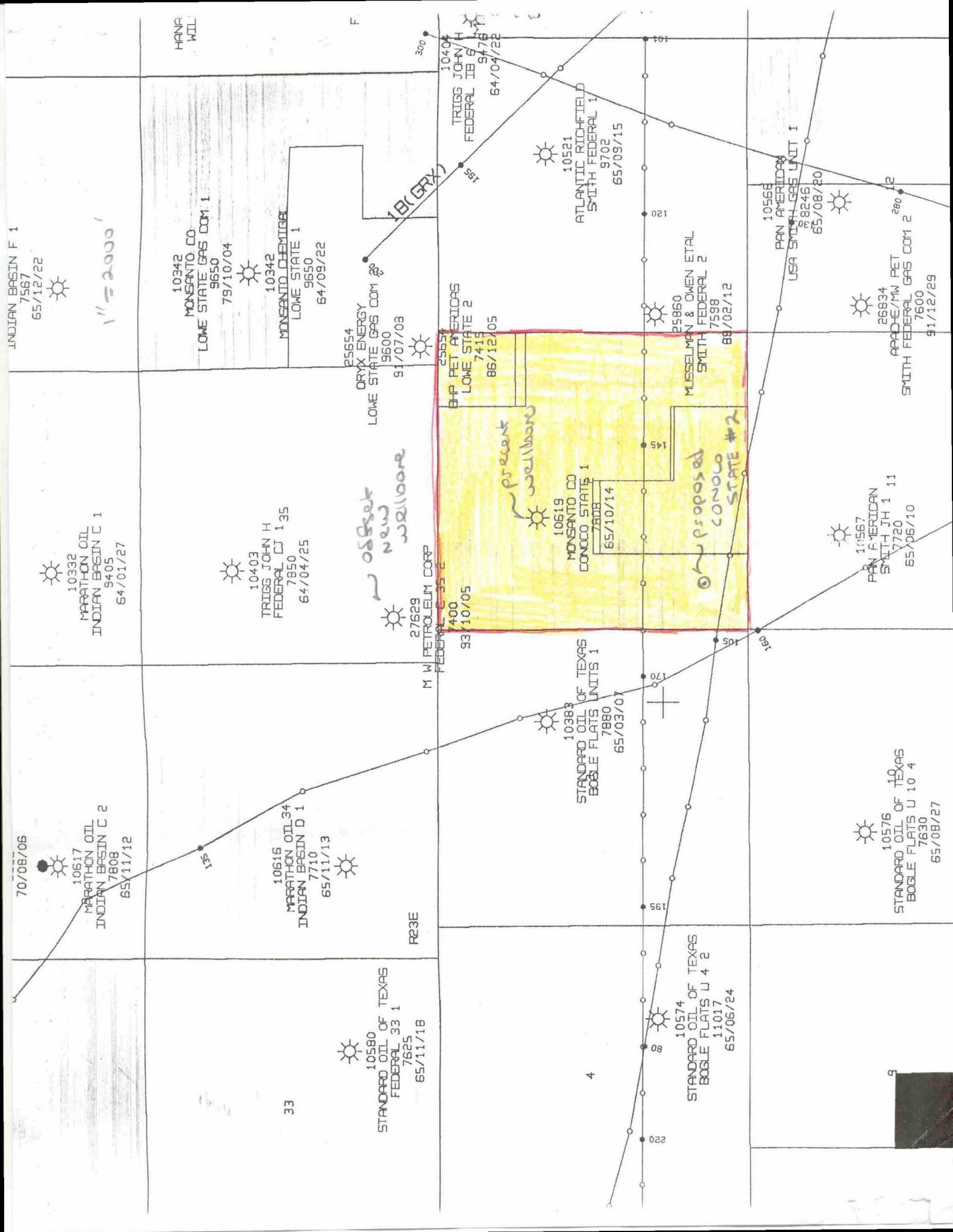


Structure - Top of Upper Penn Reservoir

- Original Estimated Gas/Wtr Contact
- Present Estimated Gas/Wtr Contact
- Dolomite/Limestone Boundary
- ⊕ Oryx Operated Cisco Gas Wells
- Oryx Operated

TYPE LOG





INDIAN BASIN F 1
7567
65/12/22
1" = 2000'

10342
MONSANTO CO
LOWE STATE GAS COM 1
9650
79/10/04

10342
MONSANTO CHEMICAL
LOWE STATE 1
9650
64/09/22

25654
ORIX ENERGY
LOWE STATE GAS COM 2
9600
91/07/08

25654
BHP PET AMERICAS
LOWE STATE 2
7419
86/12/05

10521
ATLANTIC RICHFIELD
SMITH FEDERAL 1
9702
65/03/15

25860
MUSSELMAN & OWEN ETAL
SMITH FEDERAL 2
7598
88/02/12

10568
PAN AMERICAN
USA SMITH GAS UNIT 1
8246
65/08/20

26834
APACHE/MW PET
SMITH FEDERAL GAS COM 2
7600
91/12/29

10332
MARATHON OIL
INDIAN BASIN C 1
9405
64/01/27

10403
TRIGGS JOHN H
FEDERAL CT 1 35
7850
64/04/25

offset
new wellbore

27529
M W PETROLEUM CORP
FEDERAL C 35 E
7400
93/10/05

10619
MONSANTO CO
CONOCO STATE 1
7808
65/10/14

proposed
CONOCO
STATE #2

10567
PAN AMERICAN
SMITH JH 1 11
7720
65/06/10

70/08/06
10617
MARATHON OIL
INDIAN BASIN C 2
7808
65/11/12

10615
MARATHON OIL 34
INDIAN BASIN D 1
7710
65/11/13

10580
STANDARD OIL OF TEXAS
FEDERAL 33 1
7625
65/11/18

10388
STANDARD OIL OF TEXAS
BOGLE FLATS UNITS 1
7880
65/03/07

10574
STANDARD OIL OF TEXAS
BOGLE FLATS U 4 2
11017
65/06/24

10576
STANDARD OIL OF TEXAS
BOGLE FLATS U 10 4
7630
65/08/27

HANA
WILL

F.

10404
TRIGGS JOHN H
FEDERAL IB 8
9476
64/04/22

18(B GRX)

33

4

9