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Oryx Energy Company  
13155 Noel Road  
Dallas TX 75240-5067  
PO Box 2880  
Dallas TX 75221-2880  
214 715 4000

July 26, 1995

Mr. William J. Lemay  
Chairman and Director  
New Mexico Oil Conservation Commission  
State Land Office Building  
310 Old Santa Fe Trail, Room 206  
Santa Fe, NM 87503

*Case 11357*

RE: Prorated Gas Allowables (October 1995 – March 1996)  
Indian Basin (Upper Penn) Gas Pool  
Eddy County, New Mexico

Dear Mr. Lemay:

Oryx Energy Company operates six producing gas wells and has a working interest in three non-operated properties in the subject pool.

Oryx Energy supports the Oil Conservation Division's proposed acreage allocation factor of 200,000 MCF per month for the upcoming winter period.

Currently only one Oryx operated and one non-operated property are capable of producing at or above the proposed allowable. Oryx has plans to drill four wells within several properties to increase production to production allowables. Three of these wells were drilled and completed during June-July, 1995. These wells are currently cleaning up. Additional efforts regarding workovers and compressor installations are expected to maintain and improve existing production capabilities of Oryx interest wells. An allowable of 200,000 MCF per month will support continued Oryx activity within the field and should protect the working interests of parties within the pool.

Respectfully yours,

Mark A. Peavy  
Operations Engineer

c: Marathon Oil Company (Ron Folse)  
Chevron USA (Michelle L. LeVan)  
Texaco E & P (Kirk Spilman)