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October 24, 2000

OIL CONSERVATION DIV.  
OCT 24 AM 1:34

12537

**Hand Delivered**

Florene Davidson  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Kerr-McGee Oil & Gas Onshore LLC, are an original and one copy of an application, and a proposed advertisement, to extend the time during which it may make up underproduction from a well unit in the Indian Basin-Upper Pennsylvanian Gas Pool. Please set this matter for the November 16, 2000 Examiner hearing. Thank you.

The application and proposed advertisement are also on the enclosed disk under "K-M."

Very truly yours,



James Bruce

Attorney for Kerr-McGee  
Oil & Gas Onshore LLC

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF KERR-MCGEE OIL & GAS  
ONSHORE LLC TO EXTEND THE TIME DURING  
WHICH IT MAY MAKE UP UNDERPRODUCTION  
IN ITS CONOCO STATE GAS COM. WELL UNIT,  
EDDY COUNTY, NEW MEXICO.

No. 12537

APPLICATION

Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee"), applies for an order extending the time during which it may make up underproduction from a gas proration unit in the Indian Basin-Upper Pennsylvanian Gas Pool, and in support thereof, states:

1. Kerr-McGee is the operator of the Conoco State Gas Com. well unit, comprising Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$ , and S $\frac{1}{2}$  (all) of Section 2, Township 22 South, Range 23 East, N.M.P.M., Eddy County, New Mexico, containing 674.28 acres. The gas proration unit is currently dedicated to Kerr-McGee's Conoco State Gas Com. Well Nos. 2, 6, and 7, which are completed in the Indian Basin-Upper Pennsylvanian Gas Pool. (The Conoco State Gas Com. Well No. 2 is currently temporarily abandoned.)

2. The Indian Basin-Upper Pennsylvanian Gas Pool is a prorated gas pool subject to the General Rules and Regulations for the Prorated Gas Pools of New Mexico, as promulgated by Division Order No. R-8170, as amended.

3. For the allocation period ending March 31, 2000, the Conoco State Gas Com. well unit was underproduced by 523,814 MCF. Under Rules 10(a) and 10(b) of Order No. R-8170, as amended, Kerr-McGee has until March 31, 2001 to make up that underproduction, or it will be canceled.


4. For the allocation period ending September 30, 2000, the Conoco State Gas Com. well unit was underproduced by an estimated additional 80,000 MCF. Under the Rules 10(a) and 10(b) of Order No. R-8170, as amended, Kerr-McGee has until September 30, 2001 to make up that underproduction, or it will be canceled.

5. Kerr-McGee has been unable to begin making up the underproduction described above due to curtailment of production from the Conoco State Gas Com. well unit caused by under-capacity in the Indian Basin Gas Plant.

6. In addition, for the same reason, Kerr-McGee will be unable to make up the underproduction during the April 1, 2000-March 31, 2001 gas proration period (for the allocation period ending March 31, 2000) or during the October 1, 2000-September 30, 2001 gas proration period (for the allocation period ending September 30, 2000). Therefore, Kerr-McGee requests an additional period of time ending March 31, 2002 during which to make up underproduction from the Conoco State Gas Com. well unit.

**WHEREFORE**, Kerr-McGee requests that, after notice and hearing, the relief requested above be granted.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Kerr-McGee Oil & Gas  
Onshore LLC

PROPOSED ADVERTISEMENT

FILED OCT 24 AM 11:24  
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Case 12537: Application of Kerr-McGee Oil & Gas Onshore LLC to extend the time during which it may make up underproduction in a gas proration unit in the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant seeks an order allowing it until March 31, 2002 during which to make up underproduction in a gas proration unit in the Indian Basin-Upper Pennsylvanian Gas Pool comprised of Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$ , and S $\frac{1}{2}$  (all) of Section 2, Township 22 South, Range 23 East, NMPM. The gas proration unit is currently dedicated to applicant's Conoco State Gas Com. Well Nos. 6 and 7. The gas proration unit is located approximately 15 miles southwest of Seven Rivers, New Mexico.