

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF KERR-MCGEE OIL & GAS
ONSHORE LLC TO EXPAND THE INDIAN
BASIN-UPPER PENNSYLVANIAN ASSOCIATED
POOL AND CONCOMITANTLY TO CONTRACT THE
INDIAN BASIN-UPPER PENNSYLVANIAN GAS
POOL, AND FOR APPROVAL OF FOUR NON-
STANDARD GAS PRORATION UNITS, EDDY
COUNTY, NEW MEXICO.

No. 12782

CLERK OF COURT
FEB 27 PM 1:16
1963

APPLICATION

Kerr-McGee Oil & Gas Onshore LLC applies for an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool (the "Associated Pool"), simultaneously contracting the Indian Basin-Upper Pennsylvanian Gas Pool (the "Gas Pool"), and approving four non-standard gas proration units in the Gas Pool, and in support thereof, states:

1. Applicant is an operator in the Gas Pool, which was created by Oil Conservation Commission Order No. R-2440, dated March 1, 1963. The Gas Pool currently encompasses the following acreage:

Township 21 South, Range 23 East, N.M.P.M.

Section 3:	W $\frac{1}{2}$
Sections 4, 8, 9:	All
Section 10:	W $\frac{1}{2}$
Section 15:	W $\frac{1}{2}$
Sections 16-30:	All
Sections 32-35:	All
Section 36:	W $\frac{1}{2}$

Township 21 South, Range 24 East, N.M.P.M.

Section 19:	All
-------------	-----

Township 22 South, Range 23 East, N.M.P.M.

Section 1:	W $\frac{1}{2}$
Sections 2-5 & 8-11:	All
Section 12:	W $\frac{1}{2}$
Section 13:	W $\frac{1}{2}$
Sections 14-17:	All
Section 21:	N $\frac{1}{2}$ and N $\frac{1}{2}$ N $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$
Section 22:	All

2. Special rules and regulations for the Gas Pool were adopted by Commission Order No. R-2440, requiring (a) 640 acre spacing, and (b) wells to be located no closer than 1650 feet to the outer boundary of a section nor closer than 330 feet to a quarter-quarter section line. The Gas Pool is a prorated gas pool governed by Division Order No. R-1870, as amended. The current allowable for the Gas Pool is approximately 6.5 MMCFG/day per gas proration unit.

3. The Associated Pool was created by Division Order No. R-9922, dated July 6, 1993. The Associated Pool currently encompasses the following acreage:

<u>Township 21 South, Range 23 East, N.M.P.M.</u>	
Section 36:	E½

<u>Township 21 South, Range 24 East, N.M.P.M.</u>	
Sections 20 & 21:	All
Section 27:	S½
Sections 28-34:	All

<u>Township 22 South, Range 23 East, N.M.P.M.</u>	
Section 1:	E½
Section 12:	E½
Section 13:	E½

<u>Township 22 South, Range 24 East, N.M.P.M.</u>	
Sections 2-10:	All
Section 11:	N½
Sections 16-18:	All

4. Special rules and regulations for the Associated Pool were adopted by Division Order No. R-9922, as amended, requiring (a) 320 acre spacing, (b) wells to be located no closer than 660 feet to the outer boundary of a proration unit nor closer than 330 feet to a quarter-quarter section line, and (c) no more than one well per 80 acre tract. The depth bracket allowable for the

Associated Pool is 1400 BOPD. The limiting gas:oil ratio is 7000 cubic feet of gas per barrel of oil, resulting in a casinghead gas allowable of 9.8 MMCFG/day per proration unit.

5. Applicant requests that the Gas Pool be contracted by deleting therefrom the following described lands, and that the Associated Pool be expanded by the addition thereto of said lands (the "extension area"):

Township 21 South, Range 23 East, N.M.P.M.
Section 25: All
Section 35: E½
Section 36: W½

Township 21 South, Range 24 East, N.M.P.M.
Section 19: All

Township 22 South, Range 23 East, N.M.P.M.
Section 1: W½
Section 2: E½
Section 11: E½
Section 12: W½
Section 13: W½
Section 14: E½

6. Applicant requests that in the following portions of the extension area only one well be allowed per quarter section:

Township 21 South, Range 23 East, N.M.P.M.
Section 25: W½
Section 35: E½

Township 21 South, Range 24 East, N.M.P.M.
Section 19: W½

Township 22 South, Range 23 East, N.M.P.M.
Section 2: E½
Section 11: E½
Section 14: E½

7. Applicant requests approval of the following four non-standard gas proration units in the Gas Pool:

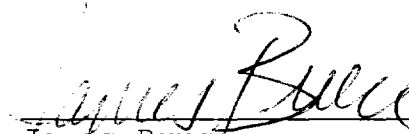
- (a) The W½ of Section 35, Township 21 South, Range 23 East, N.M.P.M.;
- (b) The W½ of Section 2, Township 22 South, Range 23 East, N.M.P.M.;
- (c) The W½ of Section 11, Township 22 South, Range 23 East, N.M.P.M.; and
- (d) The W½ of Section 14, Township 22 South, Range 23 East, N.M.P.M.

8. Granting this application will improve the recovery of hydrocarbons in the extension area.

9. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the relief requested above be granted.

Respectfully submitted,


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

Attorney for Kerr-McGee Oil & Gas
Onshore LLC