

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners:            Thomas E. Wright, Chairman  
   Michael C. Moffet  
   Joseph F. Harkins

In the Matter of the Application of OXY USA )	Docket No. 09-CONS-103-CBPO
Inc., Anadarko Petroleum Corporation, and )	
Nadel and Gussman, L.L.C., for an Order )	CONSERVATION DIVISION
Amending the Basic Proration Order for the )	
Greenwood Gas Field of Morton County, )	License No. 5447 (OXY)
Kansas. )	4549 (Anadarko)
)	32638 (Nadel & Gussman)

**ORDER GRANTING JOINT APPLICATION TO  
AMEND THE BASIC PRORATION ORDER FOR THE  
GREENWOOD GAS FIELD**

This matter comes before the State Corporation Commission of the State of Kansas (the "Commission") on the Joint Application of OXY USA Inc. ("OXY"), Anadarko Petroleum Corporation ("Anadarko"), and Nadel and Gussman, L.L.C. ("Nadel and Gussman") (collectively "Joint Applicants") to amend portions of the Basic Proration Order for the Greenwood Gas Field (the "Greenwood BPO"). The Commission, after giving due consideration to the record in this matter, makes the following findings and conclusions:

1. The Joint Application was filed on February 20, 2009, and seeks the following amendments to the Greenwood BPO:
  - a. Allowing all wells in the Greenwood Field to produce at their capability unless the well is subject to a curtailed allowable either by the provisions of the Greenwood BPO as a result of a non-conforming well location or by an Order issued by the Commission.

- b. Reducing the frequency and duration of well testing for all wells in the Greenwood Field.
- c. Eliminating market demand hearings unless called by the Commission based upon a determination that total production from the Greenwood Field exceeds market demand.
- d. Cancellation of all currently accrued overage and underage on all wells in the Greenwood Field.
- e. Allowing operators the option to file an application seeking approval from the Commission to drill an additional increased density well on any proration unit upon an appropriate showing.
- f. Allowing operators to form voluntary alternate tract units for the drilling of an alternate tract unit well.
- g. Eliminating the requirement to file a vacuum affidavit for operating a well on a vacuum.
- h. Allow commingling of non-prorated zones with the Greenwood zone.

2. Notice of the filing of the Joint Application was served and published as required by law and the applicable rules, regulations, and orders of the Commission. The hearing was scheduled for March 26, 2009.

3. The hearing was held as noticed on March 26, 2009, at the offices of the Commission in Wichita, Kansas. The following parties appeared through their counsel at the hearing: Mr. Stanford J. Smith, Jr. of Martin, Pringle, Oliver, Wallace & Bauer, L.L.P. on behalf of OXY; Mr. David Nickel of Depew, Gillen, Rathbun & McInteer, L.C. on behalf of Anadarko; and Mr. David Bengtson of Stinson Morrison Hecker LLP on behalf of Nadel and Gussman.

Mr. John McCannon, Litigation Counsel, appeared for the Commission Staff and the public generally.

4. There being no objection to notice, the Commission found that notice was proper in all respects and that the Commission had jurisdiction of the subject matter and the parties.

5. Mr. Brent Sonnier, Senior Regulatory Advisor for OXY and an expert in the field of geology and oil and gas conservation regulation, testified in support of the Joint Application. First, Mr. Sonnier provided the Commission with a historical background as to the reasons why the Joint Applicants have sought to amend the Greenwood BPO at this time. Second, Mr. Sonnier summarized each of the proposed revisions and proposals that are presented by the Joint Application, and explained how the proposed Greenwood BPO is designed to operate and continue to effectively regulate the production from the Greenwood Field consistent with the Commission's statutory duties to prevent waste and protect correlative rights. Third, based on Mr. Sonnier's analysis of the current status of the Greenwood Field and his study of alternatives for continued regulation of production from the field, he testified that the granting of the Joint Application will continue to promote the orderly development of the field through effective regulation while preventing waste and protecting correlative rights. Mr. Sonnier's prefiled testimony, including OXY Exhibits 1 through 5, was admitted without objection and was incorporated into the record.

6. Mr. Scott Crump, Senior Staff Petroleum Engineer for Anadarko, testified in support of the amended BPO. Mr. Crump summarized the amendments being proposed and explained how each was appropriate at this point in the life of the Greenwood Field. He testified that granting the application would prevent waste and not adversely affect any operator's correlative

rights. Mr. Crump's prefiled testimony was admitted without objection and incorporated into the record.

7. Mr. Jim Hemmen testified on behalf of the Commission Staff. Mr. Hemmen testified that the Greenwood BPO needs to be amended because the prorationing of Market Demand volumes to the individual wells is not working properly. He explained that because of how the allowable assignment system worked, many of the most capable wells in the field were getting short-changed on the allowable assignment. Mr. Hemmen agreed with the testimony and conclusions of Mr. Crump and Mr. Sonnier. He testified that Staff supported the Joint Application and that granting the application would prevent waste, encourage increased drilling in the field and should allow more gas reserves to be ultimately recovered. Mr. Hemmen's prefiled testimony was admitted without objection and incorporated into the record.

8. The Commission finds that the Greenwood BPO should be amended as proposed. Based on the overwhelming weight of the testimony received by the Commission, those amendments will further the Commission's statutory duty to prevent waste and do not violate correlative rights. Moreover, the evidence demonstrated that the proposed amendments are not likely to reduce the anticipated economic life of the field, but, in fact, are designed to and are likely to extend the economic life of the field and increase the ultimate recovery of gas reserves.

9. The amended Greenwood BPO attached to this Order should be adopted as the Order of this Commission governing the drilling and production of gas from the Greenwood Field from and after April 1, 2009.

**IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:** The amendments to the Greenwood BPO that are contained in the Greenwood BPO attached to this

Order shall be and hereby are adopted and shall govern operations in the Greenwood Field from and after April 1, 2009.

Any party affected by this Order may file with the Commission a petition for reconsideration pursuant to K.S.A. 77-529(a). Such petition shall be filed within fifteen (15) days after service of this Order and must state the specific grounds upon which relief is requested. That petition for reconsideration shall be filed with the Executive Director of the Conservation Division, Finney State Office Building, 130 South Market, Room 2078, Wichita, Kansas 67202.

The Commission shall retain continuing jurisdiction over the subject matter herein and of the parties hereto for the purpose of issuing from time to time such other and further orders, amendments, rules, and regulations as may be necessary and proper under the circumstances.

**BY THE COMMISSION IT IS SO ORDERED.**

Wright, Chmn.; Moffet, Com., Harkins, Com.

Date: JUN 11 2009



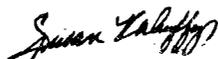
Susan K. Duffy  
Executive Director

Date Mailed: 6/15/09

JM

I CERTIFY THE ORIGINAL  
COPY IS ON FILE WITH  
The State Corporation Commission

JUN 11 2009

 Executive  
Director

**CERTIFICATE OF SERVICE**

I hereby certify that on 6/15/09, I caused a true and correct copy of the foregoing "Order Granting Joint Application to Amend the Basic Proration Order for the Greenwood Field" to be served by placing the same in the United States mail, postage prepaid, to the following.

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