

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

Before Commissioners: Mark Sievers, Chairman
 Ward Loyd
 Thomas E. Wright

In the Matter of the Application of OXY USA) Docket No. 12-CONS-67-CBPO
Inc. for an Order Amending the Basic)
Integrated Proration Order for the Hugoton) CONSERVATION DIVISION
Gas Field and the Panoma Council Grove Gas)
Field in Kearny, Finney, Grant, Haskell,) License No.: 5447
Morton, Stevens, Seward, Stanton, Gray,)
Hamilton and Wichita Counties, Kansas)

**ORDER GRANTING AMENDMENT TO THE
BASIC INTEGRATED PRORATION ORDER FOR THE
HUGOTON GAS FIELD AND THE PANOMA COUNCIL GROVE GAS FIELD**

This matter comes on before the State Corporation Commission of the State of Kansas (“Commission”) on the application of OXY USA Inc. to Amend the Basic Integrated Proration Order for the Hugoton Gas Field and Panoma Council Grove Gas Field. The Commission giving due consideration to the record herein, its regulations and the statutes of Kansas makes the following findings and conclusions:

1. OXY filed its application in this docket on September 2, 2011. The application seeks to amend Section O of the Basic Integrated Proration Order for the Hugoton and Panoma Council Grove Gas Fields (“BIPO”) to eliminate the 48 hour shut-in pressure test requirement.
2. On September 16, 2011, Pioneer Natural Resources USA, Inc. (“Pioneer”) filed a Motion to Intervene.
3. The hearing on this matter was held as noticed on October 20, 2011. Rick Griffin appeared on behalf of OXY USA, Inc., Joseph W. Jeter appeared on behalf of Kansas Natural

Gas, Inc., James G. Flaherty appeared on behalf of Pioneer Natural Resources USA, Inc. and John McCannon, Litigation Counsel, appeared on behalf of Commission Staff and the public generally.

4. Staff reported on notice. There being no objection the Commission found that notice was proper and that it had jurisdiction of the parties and subject matter of this docket.

5. There being no objection the Commission granted Pioneer's Motion to Intervene.

6. OXY presented the testimony of David Bushnell, its Gas Business Team Lead for OXY's Mid-Continent Business Unit. Staff presented the testimony of Jim Hemmen, Research Analyst.

7. Mr. Bushnell and Mr. Hemmen both testified that the 48 hour shut-in pressure required by the BIPO doesn't accurately reflect the field pressure in any given area and is not a good predictor of production rates for new wells drilled in any given area. Mr. Hemmen testified that Staff doesn't use the information for any purpose. Mr. Bushnell testified that it cost OXY about \$35,000.00 a year to conduct the test plus \$50,000.00 in lost production with \$4.00 per thousand cubic feet gas. OXY operates about 10% of the wells in the fields that need testing each year.

8. The Commission finds that requiring the 48 hour shut-in pressure as provided in the BIPO is not necessary at this time. It is not providing any useful information about the fields and is costing operators in the fields a considerable amount of money each year to comply.

9. The Commission notes that the other two parties that attended the hearing, Pioneer and Kansas Natural, both expressed support of the amendment. There were no objections to the amendment by anyone.

10. The Commission finds that Section O(1)(a) of the BIPO should be amended to read as follows:

Shut-in well tests of wells in the Hugoton Field and/or Panoma Field shall be conducted only as directed by the Commission on its own motion, or that of any interested party, pursuant to Commission order after notice and hearing. Results of such tests of wells, including the date of the test, shall be reported to the Commission no later than sixty (60) days following the end of the calendar year when such test was conducted.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT: The application of OXY USA Inc. for an amendment to Section O of the BIPO be, and is hereby granted. Section O(1)(a) is amended to read as set out in finding number 10 above. The amendment will be effective January 1, 2012.

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. This petition for reconsideration shall be filed with the Executive Director of the Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, Kansas 67202-3802.

The Commission retains jurisdiction of the subject matter and the parties for the purpose of entering such further Order or Orders as from time-to-time it may deem proper.

BY THE COMMISSION IT IS SO ORDERED.
Sievers, Chmn.; Loyd, Com.; Wright, Com.

Date: NOV 09 2011



Patrice Petersen-Klein
Executive Director

Date Mailed: 11-10-2011

JM

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

NOV 09 2011



CERTIFICATE OF SERVICE

I hereby certify that on 11-10-2011, I caused a true and correct copy of the foregoing "Order Granting Application" to be served by placing the same in the United States mail, postage prepaid, to the following parties:

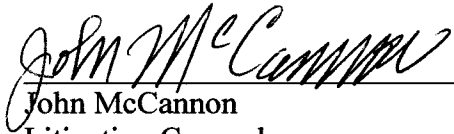
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And by hand delivery to the following:

Jim Hemmen
Production Department Research Analyst
Central Office



John McCannon
Litigation Counsel
Kansas Corporation Commission