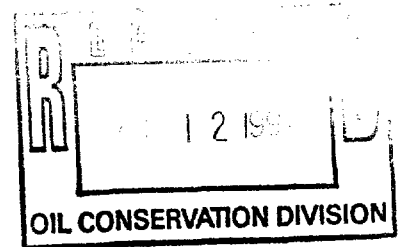


**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION OF
YATES PETROLEUM CORPORATION FOR
POOL CONTRACTION AND EXPANSION,
EDDY COUNTY, NEW MEXICO.



CASE NO. 77841

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION ("Yates"), and hereby applies to the Division for an order contracting the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool and extending the boundaries of the Indian Basin-Upper Pennsylvanian Associated Pool, and in support of its application states:

1. Yates is a working interest owner and operates wells in the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Upper Pennsylvanian Associated Pool.

2. The Indian Basin-Upper Pennsylvanian Gas Pool was established by Division Order No. R-2440 dated March 1, 1963 and has been extended from time to time to include, among other acreage, Section 6, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico. The Indian Basin-Upper Pennsylvanian Gas Pool is operated under Special Pool Rules and Regulations which provide for 640-acre spacing with wells to be located at least 1650 feet from the outer boundary of the dedicated spacing unit.

3. The Indian Basin-Upper Pennsylvanian Associated Pool was established by Division Order No. R-9922 dated July 6, 1993, and has been extended from time to time to

include Sections 5, 7 and 8 of Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico. The Indian Basin-Upper Pennsylvanian Associated Pool is operated under Special Pool Rules and Regulations which provide for 320-acre spacing for oil wells and gas wells and authorize multiple wells on a spacing or proration unit.

4. The Indian Basin-Upper Pennsylvanian Associated Pool was created for the production of hydrocarbons from the Cisco/Canyon formation. The interval produced from the Associated Pool is the same dolomite section.

5. Although the wells completed in Section 6, Township 22 South, Range 24 East are producing from the interval produced in the Associated Pool, the Brannigan "ANF" Federal No. 1 located in Unit D has been classified as being in the, Indian Basin-Upper Pennsylvanian Gas Pool and the Brannigan "ANF" Federal No. 2 located in Unit J has been classified as being in the Indian Basin-Upper Pennsylvanian Associated Pool.

6. To resolve this confusion and to correctly classify the wells in Section 6, Township 22 South, Range 24 East, NMPM, Yates requests that the Indian Basin-Upper Pennsylvanian Gas Pool be contracted to delete Section 6, Township 22 South, Range 24 East and that the Indian Basin-Upper Pennsylvanian Associated Pool be extended to include this acreage.

7. The granting of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before a Division Examiner on September 4, 1997 and that after notice and hearing as required by law and the rules of the Division, that this application be granted.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P. A.

By:


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