

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR DOWNHOLE COMMINGLING,
EDDY COUNTY, NEW MEXICO.

JUL 3 1995

Oil Conservation Division

CASE NO. 11346

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division for approval for downhole commingling of production from the Canyon formation (North Dagger Draw-Upper Pennsylvanian Pool), and the Wolfcamp formation (Dagger Draw-Wolfcamp Gas Pool) for the Huisache "AHI" State Com No. 1 Well located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 2, Township 20 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Yates owns and operates the Huisache "AHI" State Com No. 1 Well which originally produced from the Canyon formation until 1995 when it was recompleted in the Wolfcamp formation.

2. Yates seeks approval for downhole commingling of production from the Canyon formation, and the Wolfcamp formation in said wellbore because the current costs associated with lifting and disposing of water produced from the Wolfcamp formation make

uneconomic the continued operation of this well as a single zone producer.

3. Granting this application will result in the production of hydrocarbons that otherwise will be wasted and will not damage the subject reservoirs.

4. Granting 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 duly appointed Examiner of the Oil Conservation Division on July 27, 1995 and that, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

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