

**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 EXTENSION OF THE VERTICAL
LIMITS OF THE SAND SPRINGS-ATOKA
GAS POOL AND FOR SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12128

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), by its undersigned attorneys hereby makes application to the Oil Conservation Division for an Order (1) expanding the vertical limits of the Sand Springs-Atoka Gas Pool to include the Morrow formation and (2) promulgating Special Pool Rules and Regulations for the expanded pool to provide for a second well on each standard spacing and proration unit in the pool and in support of this application states:

1. The Sand Spring-Atoka Gas Pool was established by Division Order No. R-8946, dated July 1, 1989, and includes the following acreage in Lea County, New Mexico:

Township 11 South, Range 34 East, NMPM

Section 1: Lots 1, 2, 3 and 4 and S/2
Section 2: S/2

2. Yates operates certain wells within the horizontal limits of the Sand Springs-Atoka Gas Pool.

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3. Yates proposes that the vertical limits of the Sand Springs-Atoka Gas Pool be extended to include the interval from the base of the Strawn formation to the top of the Mississippian formation.

4. This application is necessitated by the fact that Yates has completed wells which have been perforated in this expanded interval, and such wells are producing from the intervals currently designated as the Atoka and the Morrow formations.

5. The Atoka and the Morrow formations are produced as one common source of supply in the Sand Springs-Atoka Gas Pool and the characteristics of the two formations are similar.

6. Yates requests that the expanded pool be designated the Sand Springs Atoka-Morrow Gas Pool.

7. The Sand Spring-Atoka Gas Pool is governed by Statewide spacing Rules which provide for 320-acre spacing and proration units.

8. Wells currently producing from this pool cannot effectively and efficiently drain 320-acres.

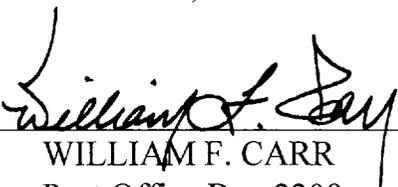
9. Adoption of Special Pool Rules and Regulations for this pool which provide for a second well on each 320-acre spacing and proration unit will enable the operators in the pool to effectively produce the reserves therein preventing waste.

10. Approval of this application will avoid unnecessary drilling, will be in the best interest of conservation and will protect correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 18, 1999, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

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

By: 
WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION