



September 21, 1987

Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

*Case 9239*

Re: Billy "AES" State No. 2 Well  
Township 17 South, Range 33 East, NMPM  
Section 12: NE/4 NW/4  
Lea County, New Mexico

Gentlemen:

Enclosed for filing, please find three copies of the Application of Yates Petroleum Corporation for an Exception to Rule 303(A) to Permit Downhole Commingling, Lea County, New Mexico.

We ask that this matter be set for hearing before an Examiner on October 21, 1987, and that we be furnished with a docket of said hearing.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

Chad Dickerson

CD:pv  
Enclosures

cc w/enclosure: Mr. Jim Brown  
Mr. Jerry Sexton

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :  
OF YATES PETROLEUM CORPORATION :  
FOR AN EXCEPTION TO RULE 303(A) :  
TO PERMIT DOWNHOLE COMMINGLING, :  
LEA COUNTY, NEW MEXICO :  
\_\_\_\_\_ :

CASE NO. 7239

APPLICATION

COMES NOW Yates Petroleum Corporation, by its attorneys, and in support hereof, respectfully states:

1. Applicant is the operator of its Billy "AES" State No. 2 Well located 530 feet from the north line and 1,750 feet from the west line, on the following described lands in Lea County, New Mexico:

Township 17 South, Range 33 East, N.M.P.M.

Section 12: NE/4 NW/4

containing 40 acres, more or less.

2. Applicant seeks an exception to Rule 303(A) of the New Mexico Oil Conservation Division to permit downhole commingling of production from the Queen and Grayburg-San Andres formations in the wellbore of its Billy "AES" State No. 2 Well located on the above described lands for economic reasons.

3. Title to all royalty interest, overriding royalty interest and working interest production is common in all zones.

4. This Application does not qualify for administrative approval, and notice has been given as required by Rule 1207(a)(6) of the New Mexico Oil Conservation Division to all offset operators, whose names and addresses are as follows:

Petrus Oil Company  
12201 Merit Drive  
Suite 900  
Dallas, Texas 75251

Tenneco Oil Company  
7990 IH 10-W  
San Antonio, Texas 78230

5. The approval of this Application will afford Applicant the opportunity to produce its just and equitable share of oil and gas, will prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That the Division enter its order permitting Applicant to commingle production from the Queen and Grayburg-San Andres formations in the wellbore of its Billy "AES" State No. 2 Well located in NE/4 NW/4 Section 12, Township 17 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

C. And for such other and further relief as may be  
just in the premises.

YATES PETROLEUM CORPORATION

By: Chad Dickerson  
Chad Dickerson

DICKERSON, FISK & VANDIVER  
Seventh and Mahone, Suite E  
Artesia, New Mexico 88210  
(505) 746-9841

Attorneys for Applicant