



August 9, 2004

HAND DELIVERY

Case 13333

2004 AUG 9 PM 3 43

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Yates Petroleum Corporation for approval of a unit agreement, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation requests that this matter be placed on the September 2, 2004 Examiner Hearing docket.

Very truly yours,

William F. Carr
William F. Carr

Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

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

APPLICATION OF YATES PETROLEUM
CORPORATION FOR APPROVAL
OF A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO.

CASE NO. 13333

2004 AUG 9
3 43

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application for an order approving its Orbison State Exploratory Unit and in support of this application states:

1. The proposed Unit Area for the Orbison State Exploratory Unit consists of 1,280 acres, more or less, of State of New Mexico lands, situated in Lea County, New Mexico. The horizontal limits of said unit are described as follows:

Township 12 South, Range 34 East, N.M.P.M.

Section 11: All
Section 14: All

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Yates Petroleum Corporation, is designated as Unit Operator in said Unit Agreement and all oil and gas in the all formations are unitized.

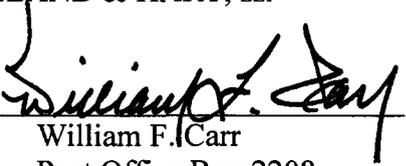
4. The proposed Unit Area covers all of the geological structures or anomaly from the surface to the base of the Mississippian formation.

5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 2, 2004, that notice be given as required by law and the rules of the Division, and that the Orbison State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 13333:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Orbison State Exploratory Unit for all formations from the surface to the base of the Mississippian formation in an area comprising 1280.00 acres, more or less, of State of New Mexico lands in Sections 11 and 14 of Township 12 South, Range 34 East, NMPM which is located approximately 5 miles northwest of Tatum, New Mexico.