

HOLLAND & HART LLP



Ocean Munds-Dry  
Associate  
omundsdry@hollandhart.com

October 27, 2004

**HAND DELIVERY**

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

*Case 13388*

2004 OCT 27 PM 3 22

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

Dear Mr. Fesmire:

Enclosed in triplicate 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 December 2, 2004 Examiner Hearing docket.

Very truly yours,

*Ocean Munds-Dry*  
Ocean Munds-Dry

Enclosures

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

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.

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

2009 OCT 27 PM 3:02

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

CASE NO. 133882

**APPLICATION**

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

1. The proposed Unit Area consists of 2220.03 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 35 East, N.M.P.M.**

Section 17: All  
Section 18: All  
Section 19: S2  
Section 20: 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 Unit Operator in said Unit Agreement and all oil and gas in all formations is unitized.

4. The proposed Unit Area covers all, or substantially 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 concerned.

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

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry

WILLIAM F. CARR

OCEAN MUNDS-DRY

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION

CASE NO. 13388:

**Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Azure State Exploratory Unit from the surface to the base of the Mississippian formation in an area comprising 2220.03 acres of State of New Mexico lands in Sections 17, 18, 19, 20 Township 12 South, Range 35 East, NMPM which is located approximately 6 miles west of Tatum, New Mexico.