

December 9, 2004

HAND DELIVERY

Case 13397

2004 DEC 9 PM 4 27

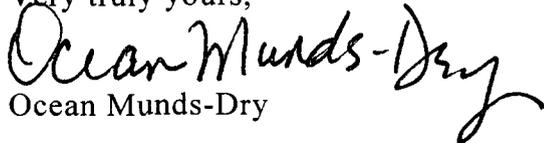
Mr. Mark Fesmire, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

**Re: Application of Yates Petroleum Corporation for approval of a
unit agreement, Chaves 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 January 6, 2005 Examiner Hearing docket.

Very truly yours,


Ocean Munds-Dry

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. 13397

2009
DEC
9
PM
29

APPLICATION

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

1. The proposed Unit Area consists of 2640 acres, more or less, of Federal lands, situated in Chaves County, New Mexico. The horizontal limits of said unit are described as follows:

Township 15 South, Range 29 East, N.M.P.M.

~~Section 3: S2 SE4~~
Section 8: All
Section 9: All
Section 10: All
Section 17: All

640
2560
80
2640

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, or substantially all, of the geological structures or anomaly from the top of the Queen formation to the base of the Chester Lime at approximately 10,300 feet.

?

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 January 6, 2005, that notice be given as required by law and the rules of the Division, and that the Leanin L Federal Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 
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. 13397:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico. Applicant seeks approval of the Leanin L Federal Exploratory Unit from the top of the Queen formation to the base of the Chester Lime in an area comprising 2640 acres of Federal lands in Sections 3, 8, 9, 10 and 17, Township 15 South, Range 29 East, NMPM which is located approximately 20 miles east of Lake Arthur, New Mexico.