

HOLLAND & HART^{LLP}



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January 3, 2006

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 13638

2006 JAN 3 PM 5 27

**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 February 2, 2006 Examiner Hearing docket.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
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**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. 13638

2006 JUN 3 PM 5 27

APPLICATION

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

1. The proposed Unit Area consists of ~~7,440~~ ⁷³⁶⁰ acres, more or less, of State of New Mexico lands ~~and 80 acres, more or less, of Federal lands,~~ situated in Lea County, New Mexico. The horizontal limits of said unit are described as follows:

Township 10 South, Range 35 East, N.M.P.M.

Section 8: All
Section 9: NW4, S2
Section 10: S2
Section 11: SW4
Section 12: SE4
Section 13: All
Section 14: All
Section 15: All
Section 16: All
Section 17: All
Section 20: N2, N2SE4
Section 21: N2, N2S2, S2SE4
Section 22: All
Section 23: N2, SW4
Section 24: N2, N2S2

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 all formations are unitized.

4. The unit boundaries are consistent and substantially supported by the geological limits of the unitized formations.

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 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 February 2, 2006, that notice be given as required by law and the rules of the Division, and that the Hoyt State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 13638:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Hoyt State Exploratory Unit from the surface to the base of the Mississippian formation in an area comprising ~~7520~~ ⁷³⁶⁰ acres of State of New Mexico and ~~Federal lands~~ in Sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, and 24 in Township 10 South, Range 35 East, NMPM, which is located approximately 7 miles southeast of Crossroads, New Mexico.