



April 15, 2008

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 14121

2008 APR 15 PM 3 21
RECEIVED

Re: Application of Yates Petroleum Corporation for approval of a unit agreement, Eddy 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 May 15, 2008 Examiner Hearing docket.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

**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,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14121

APPLICATION

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

1. The proposed Unit Area consists of 960 acres, more or less, of Federal and State of New Mexico lands, situated in Eddy County, New Mexico. The horizontal limits of said unit are described as follows:

Township 21 South, Range 21 East, N.M.P.M.

Section 24: S2
Section 25: 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 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 May 15, 2008, that notice be given as required by law and the rules of the Division, and that the Banquet Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry
OCEAN MUNDS-DRY
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Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. W121:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Eddy County, New Mexico. Applicant seeks approval of the Banquet Exploratory Unit from the surface to the base of the Morrow formation in an area comprising 960 acres of Federal and State of New Mexico lands in Section 24 and 25 in Township 21 South, Range 21 East, NMPM, which is located approximately 45 miles southeast of Artesia, New Mexico.