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

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

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

CASE NO. /3200

APPLICATION

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

1. The proposed Unit Area consists of 3,520 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 11 South, Range 35 East, N.M.P.M.

Section 20:	All
Section 21:	All
Section 28:	All
Section 29:	All
Section 32:	All
Section 33:	N/2

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.

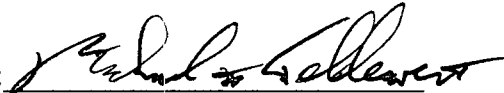
4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 8, 2004, that notice be given as required by law and the rules of the Division, and that the proposed Unit be approved by the Division.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. /3200:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of its proposed Reba State Exploratory Unit for an area comprising 3,520 acres, more or less, of State of New Mexico lands situated in Sections 20, 21, 28, 29, 32 and 33 of Township 11 South, Range 35 East. Said area is located approximately 10 miles northwest of Tatum, New Mexico.