

HOLLAND & HART<sup>LLP</sup>



Ocean Munds-Dry  
Associate  
omundsdry@hollandhart.com

November 17, 2009

**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 14404*

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2009 NOV 17 P 2:54

**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 17, 2009 Examiner Hearing docket.

Sincerely,

*Ocean Munds-Dry*  
Ocean Munds-Dry

Enclosures

cc: Robert Bullock

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

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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. 14404

APPLICATION

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

1. The proposed Unit Area consists of 1600 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 24 South, Range 33 East, N.M.P.M.

Section 28: W/2  
Section 32: All  
Section 33: 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 December 17, 2009, that notice be given as required by law and the rules of the Division, and that the Caravan Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By:   
OCEAN MUNDS-DRY  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION

CASE NO. 14401:

**Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Caravan Exploratory Unit from the surface to the base of the Wolfcamp formation in an area comprising 1600 acres of State of New Mexico lands in Sections 28, 32 and 33 in Township 24 South, Range 33 East, NMPM, which is located approximately 24 miles west northwest of Jal, New Mexico.