

March 29, 2005

**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 13476*

2005 MAR 29 PM 3 13

**Re: Application of Yates Petroleum Corporation for approval of a unit agreement, Lea and 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 April 21, 2005 Examiner Hearing docket.

Very truly yours,

*Ocean Munds-Dry*  
Ocean Munds-Dry

Enclosures

cc: Mr. Chuck Moran  
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,  
CHAVES AND LEA COUNTY, NEW MEXICO.**

CASE NO. 13476

2005 MAR 29 PM 3 13

**APPLICATION**

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

1. The proposed Unit Area consists of 3323.16 acres, more or less, of State of New Mexico and Fee lands, situated in Chaves and Lea Counties, New Mexico. The horizontal limits of said unit are described as follows:

**Township 10 South, Range 31 East, N.M.P.M.**

Section 24: All  
Section 25: All  
Section 35: NE/4, S/2 NW/4, SW/4, SE/4  
Section 36: All

**Township 11 South, Range 32 East, N.M.P.M.**

Irregular Section 4: Lots 3, 4, S/2 SW/4 (All)  
Irregular Section 5: Lots 1, 2, 3, 4, S/2 S/2 (All)  
Irregular Section 6: Lots 1, 2, 3, 4, 5, SE/4 SW/4, S/2 SE/4 (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 proposed Unit Area covers all, or substantially all, of the geological structures or anomaly from the surface to the base of the Mississippian formation.

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 April 21, 2005, that notice be given as required by law and the rules of the Division, and that the Chicken Little State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry  
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. 13476:

**Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves and Lea County, New Mexico.** Applicant seeks approval of the Chicken Little State Exploratory Unit from the surface to the base of the Mississippian formation in an area comprising 3323.16 acres of State of New Mexico and Fee lands in Sections 24, 25, 35, and 36 Township 10 South, Range 31 East, NMPM and Irregular Section 4, Irregular Section 5, and Irregular Section 6 of Township 11 South, Range 32 East, NMPM which is located approximately 28 miles north of Maljamar, New Mexico.