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August 16, 2005

HAND DELIVERY

Case 13550

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

**Re: Application of Yates Petroleum Corporation for approval of a
unit agreement, 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 September 8, 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 3 02
OIL CONSERVATION DIVISION

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

CASE NO. 13550

APPLICATION

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

1. The proposed Unit Area consists of 3800 acres, more or less, of State of New Mexico and Fee lands, situated in Chaves County, New Mexico. The horizontal limits of said unit are described as follows:

Township 11 South, Range 27 East, N.M.P.M.

Section 22: All
Section 27: All
Section 28: All
Section 32: All
Section 33: All
Section 34: 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 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 September 8, 2005, that notice be given as required by law and the rules of the Division, and that the Lacrosse State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By:  WILLIAM F. CARR

OCEAN MUNDS-DRY

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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 13550:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico. Applicant seeks approval of the Lacrosse State Exploratory Unit from the surface to the top of the PreCambrian formation in an area comprising 3800 acres of State of New Mexico and Fee lands in Sections 22, 27, 28, 32, 33 and 34 in Township 11 South, Range 27 East, NMPM which is located approximately 16 miles southeast of Roswell, New Mexico.