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April 22, 2007

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13922

2007 APR 23 AM 11 21

Re: Application of Yates Petroleum Corporation for approval of a
unit agreement, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Yates Petroleum Corporation in the above-referenced case as well as a copy of a legal advertisement. Yates requests that this matter be placed on the docket for the May 24, 2007 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Ms. Janet Richardson
Yates Petroleum Corporation

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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,
EDDY COUNTY, NEW MEXICO.

CASE NO. 13922

2007 APR 23 AM 11 23

APPLICATION

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

1. The proposed Unit Area consists of 5,207.37 acres, more or less, of Federal, State of New Mexico, and Fee lands, situated in Eddy County, New Mexico. The unitized interval will be from the surface to the base of the ~~McElmurry~~ formation and the horizontal limits of said unit are described as follows:

Township 22 South, Range 23 East, N.M.P.M.

Sections 30 and 31: All

Township 23 South, Range 23 East, N.M.P.M.

Sections 5 through 8: All

Sections 18 and 19: 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. The proposed Recif Unit has been designated as an area logically subject to exploration and development under the provisions of the Mineral Leasing Act by the Bureau of Land Management and the New Mexico Commissioner of Public Lands has granted preliminary approval of the Unit Agreement as to form and content.

6. 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 requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 24, 2007, that notice be given as required by law and the rules of the Division, and that the Recif Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By:



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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 13924

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Eddy County, New Mexico.

Applicant seeks approval of the Recif Unit from the surface to the base of the Canyon (Upper Pennsylvanian) formation in an area comprising 5,207.37 acres of Federal, State of New Mexico, and Fee lands comprised of Sections 30 and 31 of Township 22 South, Range 23 East, and Sections 5 through 8 and 18 and 19 of Township 23 South, Range 23 East, NMPM, which is located approximately 13 miles West of Carlsbad, New Mexico.