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March 27, 2001

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

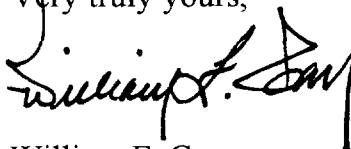
Case 12640

Re: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.

Dear Ms. Wrotenbery:

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 19, 2001 Examiner Hearing docket.

Very truly yours,



William F. Carr

Enclosures

cc: Ms. Kathy Porter
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

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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. 12640

APPLICATION

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

1. That the proposed Unit consists of 2,560 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 13 South, Range 34 East, N.M.P.M.

Sections 29 through 32: 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 the all formations are unitized.

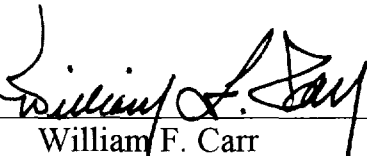
4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation 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 19, 2001 that notice be given as required by law and the rules of the Division, and that the Nonombre State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP
AND
CAMPBELL & CARR

By: 
William F. Carr

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 12640 : Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Nonombre State Exploratory Unit for an area comprising 2,560 acres of State of New Mexico lands in Sections 29, 30, 31 and 32 of Township 13 South, Range 34 East, NMPM which is located approximately 8 miles west of McDonald, New Mexico.