

STATE OF NEW MEXICO 2004 JUL 6 8 10 22
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR APPROVAL OF A UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

CASE NO. 13298

MOTION FOR CONTINUANCE

David H. Arrington Oil and Gas, Inc., ("Arrington"), through its counsel, moves the Division enter its order continuing the July 8, 2004 hearing on the Application in this matter to the July 22, 2004 examiner hearing docket. As grounds for this motion, Arrington states:

Arrington is the owner of certain oil and gas leasehold working interests located within the boundaries of the proposed 3,200-acre Boddington Federal Exploratory Unit that is the subject of the Application in this matter.

Arrington is attempting to evaluate the unit proposal, but has not been provided with sufficient information to determine whether it supports or opposes the Application. Other than an AFE for the initial well and a brief letter requesting its participation in a differently configured unit (Exhibit A, attached), no substantive information has been provided by the Applicant to Arrington for evaluation. Further, Applicant initially welcomed, but then subsequently dis-invited Arrington from attending the recent "area and depth" presentation at the BLM Carlsbad field office where the basis for the creation of the proposed unit was discussed in connection with the BLM's reasonableness determination. As a consequence, Arrington cannot at this time assess its position.

A continuance to the July 22, 2004 docket will allow for discussions between the parties to occur and may facilitate ultimate approval of the proposed unit. No prejudice will accrue to any party from a two-week continuance.

We attempted to obtain concurrence with this motion, but were unable to communicate with Applicant's counsel.

WHEREFORE, David H. Arrington Oil and Gas, Inc. requests this matter be continued to the July 22, 2004 examiner hearing docket.

MILLER STRATVERT P.A.

By:



J. Scott Hall
Attorneys for David H. Arrington Oil & Gas, Inc.
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was faxed to counsel of record on the 6th day of July, 2004, as follows:

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
Facsimile: (505)983-6043

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New Mexico Oil Conservation Division
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J. Scott Hall

MAY-13-2004 THU 02:18 PM YATES PETROLEUM LAND

FAX NO. 505 748-4572

P. 02

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1926 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

May 13, 2004

David H. Arrington Oil & Gas, Inc.
P.O. Box 2071
Midland, TX 79702-2071

Via Facsimile (432) 682-4139

RE: Federal Exploratory Unit
Township 20 South, Range 23 East, N.M.P.M.
Sections: 5, 8, 17, 20 and 29
Eddy County, New Mexico
Containing 3200.00 gross acres, more or less

Gentlemen:

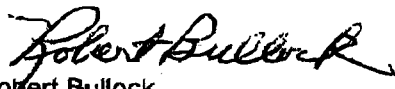
Yates Petroleum Corporation proposes the formation of the captioned pooled area in order to drill an 8,800' Morrow test well at a mutually agreed upon location. The working interest would be shared 77.5% Yates Petroleum Corporation and 22.5% David H. Arrington Oil & Gas, Inc.

The first lease expiration date is September 1, 2004, therefore time is of the essence in making this idea work.

Please call me at (505) 748-4351 if you would like to visit regarding this proposal.

Very truly yours,

YATES PETROLEUM CORPORATION


Robert Bullock
Landman

RB:tv

