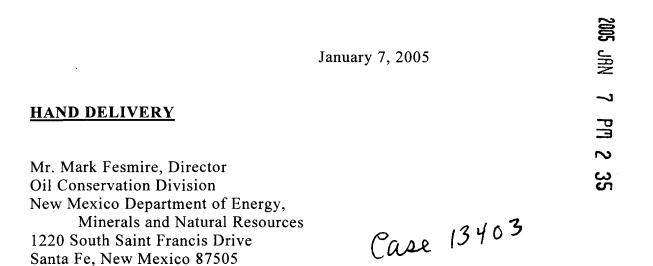


Ocean Munds-Dry Associate omundsdry@hollandhart.com



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

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the abovereferenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation requests that this matter be placed on the February 3, 2005 Examiner Hearing docket.

Very truly yours,

Ocean Munds-Dry Ocean Munds-Dry Ocean Munds-Dry

Enclosures

cc: Mr. Robert Bullock Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210-2118

Holland & Hart LLP

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. 🛟

# STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCE OIL CONSERVATION DIVISION

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

日 CASE NO. 1340な

#### APPLICATION

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

1. The proposed Unit Area consists of 5442.24 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 10 South, Range 32 East, N.M.P.M.

All
All
All
All
All
W2, NE4, N2SE4
W2, W2SE4
All
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 from the surface to the top 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 February 3, 2005, that notice be given as required by law and the rules of the Division, and that the Fender State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

Bv:

WILLIAM F. CARR OCEAN MUNDS-DRY Post Office Box 2208 Santa Fe, New Mexico 87504 Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM CORPORATION

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Fender State Exploratory Unit from the surface to the top of the Mississippian formation in an area comprising 5442.24 acres of State of New Mexico lands in Sections 3, 4, 5, 8, 9, 10, 15, 16, and 17, Township 10 South, Range 32 East, NMPM which is located approximately 4 miles northeast of Caprock, New Mexico.