

HOLLAND & HART^{LLP}



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February 22, 2005

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HAND DELIVERY

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

Case 13444

**Re: Application of Yates Petroleum Corporation for approval of a
unit agreement, Eddy 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 March 17, 2005 Examiner Hearing docket.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Ms. Susan Vierra
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118

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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. 13744

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APPLICATION

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

1. The proposed Unit Area consists of 879.20 acres, more or less, of State of New Mexico lands, situated in Eddy County, New Mexico. The horizontal limits of said unit are described as follows:

Township 25 South, Range 27 East, N.M.P.M.

Section 1: Lots 1, 2, 3, 4 (N/2 N/2), S/2 N/2,
SW/4, W/2 SE/4

Section 12: W/2

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 proposed Unit Area covers all, or substantially all, of the geological structures or anomaly from the surface to the base of the Bone Springs 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 March 17, 2005, that notice be given as required by law and the rules of the Division, and that the Cohiba State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By:

A handwritten signature in cursive script, appearing to read "Ocean Munds-Dry", written over a horizontal line.

WILLIAM F. CARR

OCEAN MUNDS-DRY

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Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 13444:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Cohiba State Exploratory Unit from the surface to the base of the Bone Springs formation in an area comprising 879.20 acres of State of New Mexico lands in Sections 1 and 12 Township 25 South, Range 27 East, NMPM which is located approximately 5 miles southwest of Malaga, New Mexico.