

HOLLAND & HART<sup>LLP</sup>



Ocean Munds-Dry  
Associate  
omundsdry@hollandhart.com

July 18, 2005

2005 JUL 18 AM 10 50

**HAND DELIVERY**

*Case 13536*

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

**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 above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation requests that this matter be placed on the August 11, 2005 Examiner Hearing docket.

Very truly yours,

*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<sup>LLP</sup>

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

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 RESOURCES  
OIL CONSERVATION DIVISION

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

CASE NO. 13536

2005 JUL 18 AM 10 50

APPLICATION

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

1. The proposed Unit Area consists of 9880.53 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 33 East, N.M.P.M.

Section 11: All  
Section 14: All  
Section 15: All  
Section 16: All  
Section 17: All  
Section 19: S2  
Section 20: All  
Section 21: All  
Section 22: All  
Section 23: All  
Section 26: All  
Section 27: All  
Section 28: All  
Section 29: All  
Section 30: E2  
Section 31: E2  
Section 34: N2  
Section 35: N2

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 Mississippian formation except the SE/4 NW/4 of Section 22 where Yates proposes to unitize only those depths below 9400 feet to the base of the Mississippian.

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 August 11, 2005, that notice be given as required by law and the rules of the Division, and that the Wills State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: Ocean Munds-Dry

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

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION

CASE NO. 13536:

**Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Wills State Exploratory Unit from the surface to the base of the Mississippian formation in an area comprising 9880.53 acres of State of New Mexico lands in Sections 11,14, 15, 16, 17, 19, 20, 21, 23, 26, 27, 28, 29, 30, 31, 34 and 35 and to depths below 9400 feet to the base of the Mississippian in Section 22 in Township 10 South, Range 33 East, NMPM which is located approximately 15 miles west of Crossroads, New Mexico.