

HOLLAND & HART^{LLP}



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August 30, 2005

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 13559

2005 AUG 30 11 12 7

**Re: Application of Yates Petroleum Corporation for approval of a
unit agreement, Chaves 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 September 22, 2005 Examiner Hearing docket.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Mr. Chuck Moran
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,
CHAVES COUNTY, NEW MEXICO.**

CASE NO. 13559

MAY 13 3 30 PM '27

APPLICATION

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

1. The proposed Unit Area consists of 1600 acres, more or less, of State of New Mexico lands, situated in Chaves County, New Mexico. The horizontal limits of said unit are described as follows:

Township 8 South, Range 27 East, N.M.P.M.

Section 23: S2
Section 25: All
Section 26: 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 all formations are unitized.

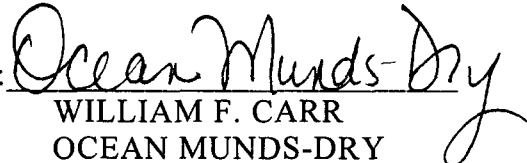
4. The unit boundaries are consistent and substantially supported by the geological limits of the unitized formations.

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 September 22, 2005, that notice be given as required by law and the rules of the Division, and that the Mortar State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 
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ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 13559:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico. Applicant seeks approval of the Mortar State Exploratory Unit from the surface to the top of the PreCambrian formation in an area comprising 1600 acres of State of New Mexico lands in Sections 23, 25 and 26 in Township 8 South, Range 27 East, NMPM which is located approximately 25 miles northeast of Roswell, New Mexico.