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March 14, 2000

HAND-DELIVERED

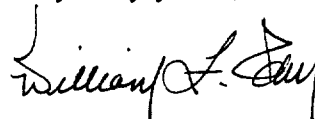
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Re: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico

Dear Ms. Wrotenbery:

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 April 6, 2000, Examiner Hearing docket.

Very truly yours,



William F. Carr

WFC/md
Enclosures

cc: Ms. Kathy Porter

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OIL CONSERVATION DIV

**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. 12372

APPLICATION

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

1. That the proposed Unit consists of 2533.67 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 12 South, Range 35 East, N.M.P.M.

Sections 5, 6, 7 and 8

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 involved.

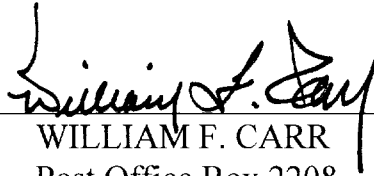
5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 6, 2000, that notice be given as required by law and the rules of the Division, and that the Indigo State Unit be approved.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:



WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 12372

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Indigo State Unit for an area comprising 2533.67 acres of State of New Mexico lands in Sections 5, 6, 7 and 8 of Township 12 South, Range 35 East, NMPM which is located approximately ____ miles _____ of _____, New Mexico.