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May 22, 2001

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 12676*

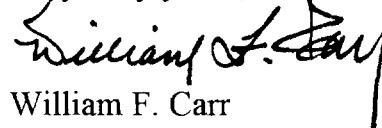
RECEIVED  
MAY 22 2001  
NEW MEXICO DEPT OF ENERGY

Re: Application of Yates Petroleum Corporation for approval of a Unit Agreement,  
Eddy 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 June 14, 2001, Examiner Hearing docket.

Very truly yours,

  
William F. Carr

Enclosures

cc: Mr. Robert Bullock  
Yates Petroleum Corporation

**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. 12676**

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**APPLICATION**

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

1. That the proposed Unit consists of 2560 acres, more or less, of United States of America and State of New Mexico lands, situated in Eddy County, New Mexico. The horizontal limits of said unit are described as follows:

**Township 21 South, Range 22 East, N.M.P.M.**

Section 2: All  
Section 3: All  
Section 9: All  
Section 10: 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.

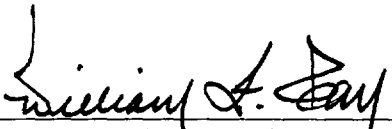
4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

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 June 14, 2001, that notice be given as required by law and the rules of the Division, and that the Luke Federal State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART LLP  
AND  
CAMPBELL & CARR

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

ATTORNEYS FOR YATES PETROLEUM  
CORPORATION

CASE NO. 12676: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Eddy County, New Mexico. Applicant seeks approval of the Luke Federal State Unit for an area comprising 2560 acres of federal and state lands in Sections 2, 3, 9, and 10 of Township 21 South, Range 22 East, NMPM which is located approximately 18 miles southwest of Seven Rivers, New Mexico.