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William F. Carr

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May 7, 2002

HAND DELIVERED

Ms. 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

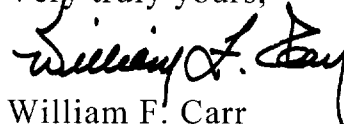
Case 12870

**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 May 30, 2002 Examiner Hearing docket.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth street
Artesia, New Mexico 88210-2118

02 MAY -7 PM 4:43

01 02 03 04 05

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. 12870

02 MAY -7 PM 4:48
J. C. ...

APPLICATION

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

1. The proposed Unit Area consists of 3261.32 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 16 South, Range 33 East, N.M.P.M.

Section 2: All
Section 3: All
Section 10: All
Section 11: 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.

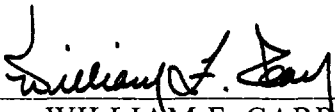
4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

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 May 30, 2002, that notice be given as required by law and the rules of the Division, and that the Big Hat State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 
WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CASE NO. 12870:

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Big Hat State Exploratory Unit for an area comprising 3261.32 acres of State of New Mexico lands in Sections 2, 3, 10 and 11 of Township 16 South, Range 33 East, NMPM which is located approximately 10 miles northeast of Maljamar, New Mexico.

**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. 12870

APPLICATION

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

1. The proposed Unit Area consists of 3261.32 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 16 South, Range 33 East, N.M.P.M.

Section 2: All
Section 3: All
Section 10: All
Section 11: 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.

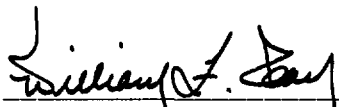
4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

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 May 30, 2002, that notice be given as required by law and the rules of the Division, and that the Big Hat State Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

WILLIAM F. CARR

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Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

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CORPORATION