

DATE IN 9-28-2005	SUSPENSE 10-18-05	ENGINEER Hogan	LOGGED IN	TYPE NSP	APP NO. PSEM0527231447
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ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

#### Application Acronyms

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Quantified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]  
 [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify Well Density - Eumont Gas Pool

- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
 [B] ☒ Offset Operators, Leaseholders or Surface Owner  
 [C] ☐ Application is One Which Requires Published Legal Notice  
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached

- [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

- [4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

KELLAMIN & KELLAMIN

Attorneys At Law

P.O. Box 2265

Santa Fe, NM 87504-2265

Date

9/28/05

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. Thomas Kellahin**  
Recognized Specialist in the Area of  
Natural Resources-oil and gas law-  
New Mexico Board of Legal Specialization

P.O. Box 2265  
Santa Fe, New Mexico 87504  
117 North Guadalupe  
Santa Fe, New Mexico 87501

Telephone 505-982-4285  
Facsimile 505-982-2047  
kellahin@earthlink.net

September 28, 2005

**HAND DELIVERED**

Mr. Michael E. Stogner  
Administrative Judge  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

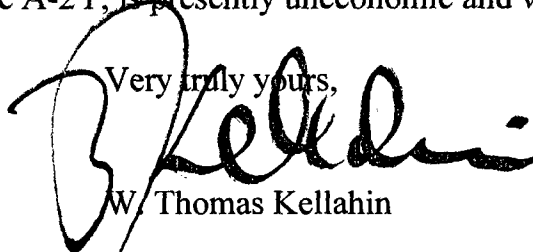
Re: NMOCD Administrative Application of  
Citation Oil & Gas Corp. for a "well density"  
exception to Order R-8170-P pursuant to Rule 4(B)  
of the Special Rules and Regulations for Eumont Gas Pool  
for NE/4 of Section 12, T21S, R35E  
Lea County, New Mexico

2005 SEP 28 PM 1 40

Dear Mr. Stogner:

On behalf, Citation Oil & Gas Corp. ("Citation") please find enclosed our administrative application which, if granted, will result in the approval of an 160-acre non-standard proration unit "NSP" that will contain five wells of which four will be producing. Citation seeks to add the State "A-2Y" such that there will be two producing gas wells in the same 40-acre tract within the State A lease, being the State A2Y and the State A2 both located in Unit A of this section. The State A-2 a gas well, in the same 40 acre tract as the State A-2Y, is presently uneconomic and will be shut-in.

Very truly yours,

  
W. Thomas Kellahin

cc: Citation Oil & Gas Corp.  
Attn: Charlie Adams

Eumont oil  
2 2800  
ga  
76480

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES  
DEPARTMENT  
OIL CONSERVATION DIVISION**

**ADMINISTRATIVE APPLICATION OF  
CITATION OIL & GAS CORPORATION  
FOR A "WELL DENSITY" EXCEPTION  
TO ORDER R-8170-PURSUANT TO RULE 4(B)  
OF THE SPECIAL RULES AND REGULATIONS FOR  
THE EUMONT GAS POOL, LEA COUNTY, NEW MEXICO**

**ADMINISTRATIVE APPLICATION**

Citation Oil & gas Corporation ("Citation"), in accordance with the provisions of Rule 4(B) of the Special Rules and Regulations for the Eumont Gas Pool (Order R-8170-P) seeks the approval of the New Mexico Oil Conservation Division to recomplete the State "A" Well No. 2-Y, located 990 feet FNL and 660 feet FEL of Section 12, T21S, R35E, Lea County, New Mexico from the Queen formation into the Yates and Seven Rivers intervals of the Eumont Gas Pool, as an exception to the "well density" provisions of Rule 3(C) for this pool such that a total of five wells will be approved for a non-standard proration unit consisting of the NE/4 of this section simultaneously dedicated to these wells:

WELL	Current Status	Requested Status	<i>Spnd Dates</i>
State A-1 (Unit H)	gas producer	gas producer	<i>10-26-1934</i>
State A-2 (Unit A)	gas producer	shut-in (gas)	<i>10-25-1936</i>
State A-2Y (Unit A)	Shut-in (oil)	gas producer	<i>4-28-1955</i>
State A-3 (Unit G)	oil producer	oil producer	<i>4-10-1940</i>
State A-4 (Unit B)	oil producer	oil producer	<i>Spnd: 3-29-1954</i>

AND in support states:

**CURRENT STATUS OF WELLS  
WITHIN THIS 160-ACRE GPU**

The existing wells in the SE/4 of Irregular Section 1 are operated by Citation and are as follows : (See locator map attached as Exhibit A)

(a) Unit H (SE/4NE/4):

State "A" Well No. 1

- i. API 30-025-03455
- ii. C-102 attached as **Exhibit B-1**
- iii. Standard location 1980 feet FNL and 660 feet FEL
- iv. Status: producing Eumont gas well (GOR **93,172 cf/BO**)
- v. Cumulative production as of 8/1/04:  
As Eumont Oil to *November 30, 1994* –  
**225,438 BO and 5,269,011 MCF**

As Eumont Prorated Gas to *July 31, 2005* –  
**3,523 BO and 729,419 MCF**

(b) Unit A (SE/4NE/4):

State "A" Well No. 2

- i. API 30-025-08557
- ii. C-102 attached as **Exhibit B-2**
- iii. Unorthodox location 330 feet FNL and 330 feet FEL
- iv. Status: producing Eumont gas well (GOR – **No Oil Production**)
- v. Cumulative production as of 8/1/05: **0 BO 3,998,894 MCF**
- vi. Approval letter dated December 30, 1953  
approved unorthodox gas well location  
and simultaneous dedication Attached as  
**Exhibit B-3 and B-4**

(c) Unit A (NE/4NE/4):

State "A" Well No. 2-Y (Subject of this application)

- i. API 30-025-03456
- ii. C-102 attached as **Exhibit B-5**
- iii. Standard location 990 feet FNL and 660 feet FEL
- iv. Status: **Shutin** Eumont **Oil** well (Cumulative production as of *10/31/95*: **81,852 BO 2,529,052 MCF**)

(d) Unit G (SW/4NE/4):

State "A" Well No. 3

- i. API 30-025-03457
- ii. C-102 attached as **Exhibit B-6**
- iii. Unorthodox gas location 2310 feet FNL and 2515 feet FEL. Approval September 21, 1939. See **Exhibit B-7a and B-7b**
- iv. Original Status:
  - a. Completed *December, 1940*
- v. Current Status: producing Eumont *oil* well (GOR *9068* based on *July, 2005* test)
- vi. Cumulative production as of 8/1/05: *270,549 BO 3,470,628 MCF*

(e) Unit B:

a. State "A" Well No. 4

- i. API 30-025-03458
- ii. C-102 attached as **Exhibit B-8**
- iii. Standard location 660 feet FNL and 1980 feet FEL
- iv. Status: Shut-in ("TA") Eumont oil well
- v. Cumulative production as of 8/1/05: *GOR 9068 Cumulative production 169,245 BO 5,006,247 MCF*

### CURRENT REQUEST

By this application, Citation requests approval to add the State "A" Well No. 2-Y, located 990 feet FNL and 660 feet FEL of Section 12, T21S, R35E, Lea County, New Mexico, as an exception to the "well density" provisions of Rule 3(C) for this pool. If the recompletion of the State A-2-Y is successful, the Citation will shut-in the State A-2 well.

### **REASONS FOR REQUEST WITH SUPPORTING DATA**

In accordance with Rule 4(C)(b)(2), Citation submits Exhibit 3 through 16 and states the following:

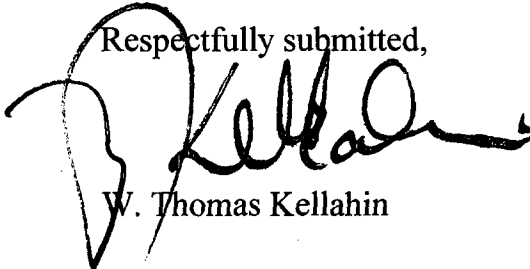
(a) Explanation:

- a. The State "A" Well No. 2 as of June, 2004 shown only 1 Mcfpd and is clearly uneconomic and will be abandoned.
- b. The State "A" Well No. 2-Y, will replaced with the State "A" Well No. 2 and is expected to recover Eumont gas that will not be recovered by the other three wells within this GPU.
- c. Citation estimates that 253,786 mcf of additional gas will be recovered from the State "A" Well No. 2-Y and cannot be recovered by the State "A" Well No. 2. See Exhibit 11
- d. The closest offsetting well, the State "A" Well No. 2 *has recovered 3,998,894 MCF* of an estimated 38,312,010 MCF under the State A lease.
- e. Citation calculates that will not have adverse affect upon off-setting production for the Eumont the drainage point will be further from the lease lines than the gas well being replaced, the State "A" Well No. 2, which has already cumulatively produced 3,998 MMCF of gas from the same production interval as planned for recompletion in the State "A" 2Y well.
- f. Citation had estimated that the State "A" Wells No. 1, and 2Y, are *both* necessary in order to recover the gas from this pool that underlies the NE/4 of this section. See Exhibit (Map showing well locations – Exhibit A)

- (b) Land plat. See Exhibit A and 1 attached
- (c) Well information for GPU. See above
- (d) Section 1 showing all Eumont wells. See Exhibit 1 attached
- (e) Engineering and Geological Exhibits
  - i. See Exhibit 4 through Exhibit 16

#### NOTICE REQUIREMENTS

Copies of the application and notice letter (See Exhibit 17) were sent certified mail-return receipt requested to the parties listed set forth in Exhibit 18

Respectfully submitted,  
  
W. Thomas Kellahin

cc: Citation Oil & Gas Corp.  
Attn: Charlie Adams (PE)



# Eumont Map Showing Well Status

Area Where  
Well Status  
Checked

Active Gas Wells --  
Eumont Pool  
(YATES-7 RVR-  
QUEEN (PRO GAS))



Inactive Gas Wells



Active Oil Wells



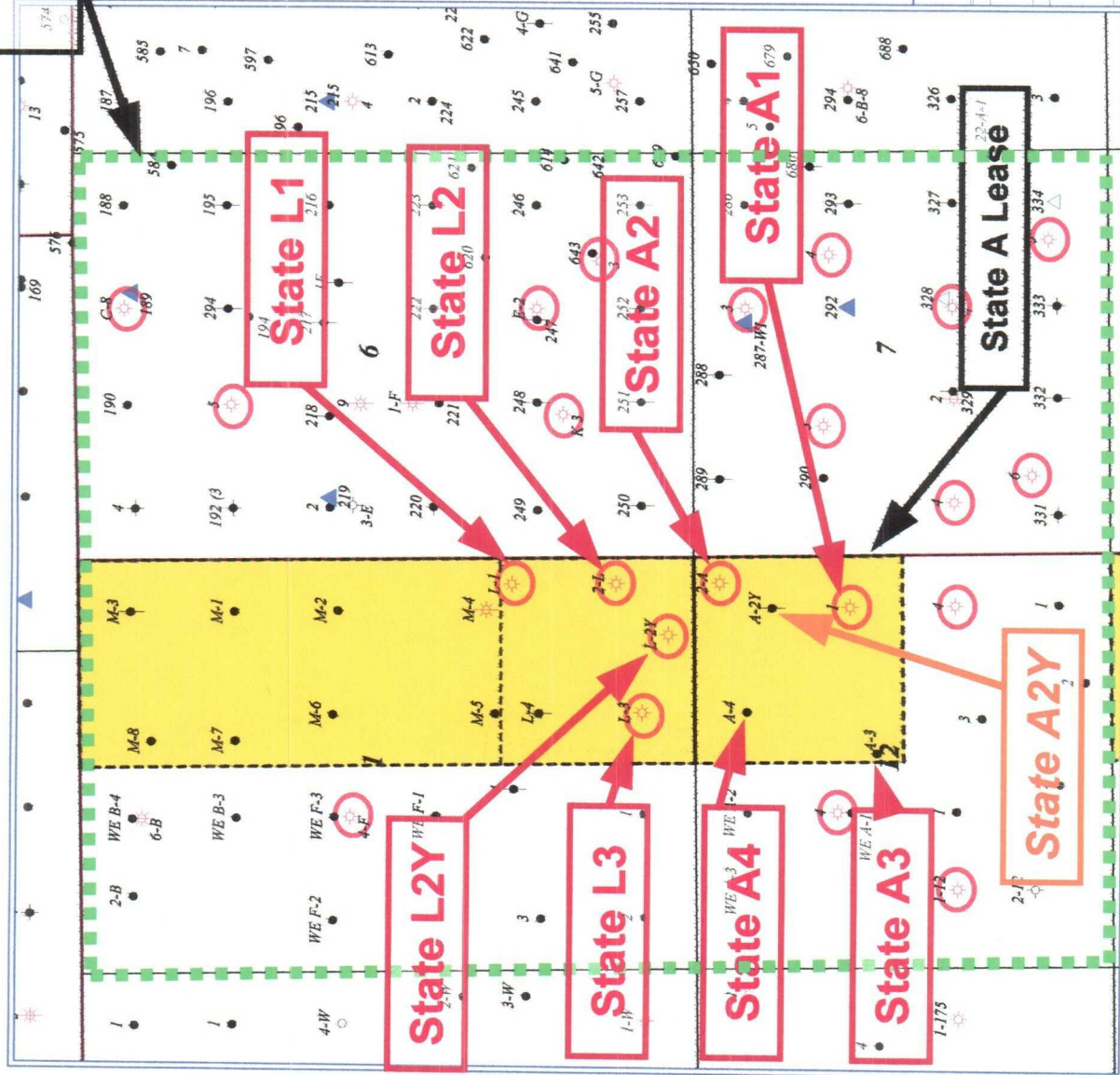
Inactive Oil Wells



P&A'd Oil Wells



Injection Wells



<b>Citation</b> OIL & GAS CORP.
Eumont Pool Lee County, New Mexico
Base Map By: GIKKA
0 1,417 FEET
August 26, 2004

EXHIBIT

A



EXHIBIT  
B-1

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-08557		2 Pool Code 76480		3 Pool Name Eumont Yates Seven Rivers Queen(Pro Gas)		
4 Property Code 002827		5 Property Name State A			6 Well Number 2	
7 OGRID No. 004537		8 Operator Name Citation Oil & Gas Corp.			9 Elevation 3591 DF	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	21S	35E		330	North	330	East	Lea

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 Order No. R-8170-P
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Sharon Ward Printed Name Regulatory Administrator sward@cogc.com Title and E-mail Address March 4, 2005 Date		
			18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>  Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number	

EXHIBIT  
B-2

New Mexico  
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM  
CHAIRMAN  
LAND COMMISSIONER E.S. WALKER  
MEMBER  
STATE GEOLOGIST R.R. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 871

SANTA FE, NEW MEXICO

December 30, 1953

1. ~~W.E.S.~~  
2. ~~FRW~~  
3. ~~B.N.R.~~  
EWN  
KARK

Mr. L. E. Slagle  
Shell Oil Company  
Box 1957  
Hobbs, New Mexico

File Eunice

Dear Sir:

Subject: Unorthodox Location - Shell Oil Com-  
pany's State A-2, NE/4 Section 12,  
Township 21 South, Range 35 East -  
Jalco Gas Pool.

Reference is made to your letter of December 10, 1953 per-  
taining to approval of an unorthodox location for the above captioned  
well.

Pursuant to authority granted me by the provisions of Order  
No. R-368-A, Rule 4, permission is hereby granted to produce  
this well in compliance with pool rules.

Very truly yours,

*R. R. Spurrer*  
R. R. SPURRIER  
Secretary and Director

RRS:vc

- cc: (1) Well File  
(2) OCC, Hobbs  
(1) Gulf Oil Corporation, Hobbs  
(1) Atlantic Refining Company, Midland  
(1) Unorthodox File



NEW MEXICO  
OIL CONSERVATION COMMISSION

Gas Well Plat

Date 10-27-53

Shell Oil Company  
Operator

State A  
Lease

2  
Well No.

Name of Producing Formation Yates Pool Jaico

No. Acres Dedicated to the Well 160

SECTION 12 TOWNSHIP 21-S RANGE 35-E

<u>Amerada</u>  <u>E-00344-0001</u>	<u>Shell</u> <u>"A"</u>  <u>B-01399-0016</u>  2 330' 330'  1  3 3
<u>Charm</u>  <u>E-00444-0002</u>	<u>Drig. &amp; Expl. Co.</u>  <u>B-01561-0012</u>  <u>State</u>



I hereby certify that the information given above is true and complete to the best of my knowledge.

Name J. D. Savage  
Position Division Exploitation Engineer  
Representing Shell Oil Company  
Address Box 1957, Hobbs, New Mexico

A white rectangular label with a black border, tilted at an angle. It features the word "EXHIBIT" in bold, black, sans-serif capital letters at the top. Below it, the handwritten text "B-5" is written in black ink. A small, black, rectangular stamp with the word "FBI" in white capital letters is located on the left side of the label.

EXHIBIT  
B-6



MINUTES OF THE MEETING OF THE  
OIL CONSERVATION COMMISSION  
HELD IN SANTA FE, NEW MEXICO  
MONDAY, SEPTEMBER 18, 1939.

The Commission met in the office of the Governor on Monday, September 18, at 10.00 A.M.

Present:

Governor John E. Miles, Chairman

Frank Worden, Commissioner of Public Lands,  
Secretary

A. Andreas, State Geologist.

The Minutes of the meeting of September 14, 1939, as recorded in the Minutes Book of the Commission, were approved.

WHEREAS: Request has been made that those wells having export connections within the Artesia-Grayburg-Jackson-Maljamar Area be allowed to produce between September 18 and October 15, 1939, 45,000 barrels of oil for export purposes only so as to fill the pipe line in order that the delivery of export oil will not be unduly delayed.

NOW THEREFORE: Permission is herewith granted to produce 45,000 barrels of oil for export purposes only from those wells having export connections within the Artesia-Grayburg-Jackson-Maljamar Area for the purpose of filling the pipe line in order to prevent undue delay in accomplishing export, subject, however, to the following conditions; The permission herein is not to be interpreted as an extra allowable, but merely permission to make the runs as advance allowables to be charged back against the allowables of the wells making such advance runs. This permission is intended to alleviate an emergency, to-wit, the filling of the pipe line to prevent delay in making export delivery.

The Secretary shall accordingly notify the proration umpire to permit the runs as indicated in the permission granted hereinabove.

The matter of the revising, modifying and amending the existing proration plan for Hobbs Field, Lea County, designated as Order No. 48 of the Commission, and the existing proration plan for Monument Field, Lea County, designated as Order No. 33 of the Commission, Case No. 14 came before the Commission. Upon oral motion made by the Commission the hearing upon said case was recessed by Order No. 205 to 11.00 A.M. October 23, 1939 at Santa Fe, New Mexico, which order appears in full in the files of said case.

The matter of the application of Shell Oil Company, Inc., formerly Shell Petroleum Corporation, for a special spacing "to drill a well for the production of oil and gas, to be known as Endura 'A' No. 3, at a location 330 feet from the south line and 125 feet from the West line of the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of said Section 12, Township 21 South, Range 35 East; that said location is sought, for the reason that this applicant desires to attempt to secure production from a narrow belt along the flank of the Eunice structure, and a proposed location at the normal distance--that is to say 330 feet East from the united line--would be outside of this zone of production," said location being in Lea County, Case No. 16 came before the Commission for hearing.

The Commission adopted Order No. 206 granting the permission for the special spacing as requested. The order in full appears in the files of said case.



The matter of the petition of Iverson Tool Company to have determined the status of the well "generally known as the Cabra Springs Oil and Gas Company-North American Investment Company No. 1," located upon the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 22, Township 12 North, Range 22 East (San Miguel County), as abandoned; to withdraw casing therefrom and plug said well in accordance with the requirements of the New Mexico Oil Conservation Commission, Case No. 17, came before the Commission for hearing. The Commission, by Order No. 207, ordered that the hearing in said cause be recessed to 11.00 A.M. October 23, 1939 at Santa Fe, New Mexico, which order appears in full in the files of said case.

There being no further business the meeting adjourned.

#### OIL CONSERVATION COMMISSION

JOHN E. MILES, Governor

FRANK WORDEN, Commissioner of  
Public Lands

A. ANDREAS, State Geologist

  
Secretary

NEW MEXICO OIL CONSERVATION COMMISSION

BOX 2045

HOBBS, NEW MEXICO

DATE July 7, 1936

TO: Shell Oil Company

Son 1937

Hobbs, New Mexico

Gentlemen:

In accordance with the provisions of Commission Order No. R-520, your \_\_\_\_\_  
State A, 30, 12-21-35 which, according to our  
(Lease) (Well No.) (S.T.R.)  
records, is producing from the Queen formation, will be placed in the  
Durant Pool effective September 1, 1936, and from that date  
forward will be subject to the Commission's rules and regulations governing that pool.

You are hereby instructed to file Form C-110 in Quintuplicate with the Hobbs  
Office showing the change in pool designation not later than August 1, 1936. If  
you desire to produce this well into common tankage with other wells in another pool  
which are located on the same basic lease, please incorporate the following statement  
on the form C-110: "Permission is hereby requested to produce this well into common  
storage with wells on the same lease currently prorated in Durant pool."

If you do not agree with this classification of your well you should notify  
this office in writing immediately.

Failure to file Form C-110 by the specified time will result in Allowable  
cancellation.

OIL CONSERVATION COMMISSION

BY A. L. Porter, Jr.

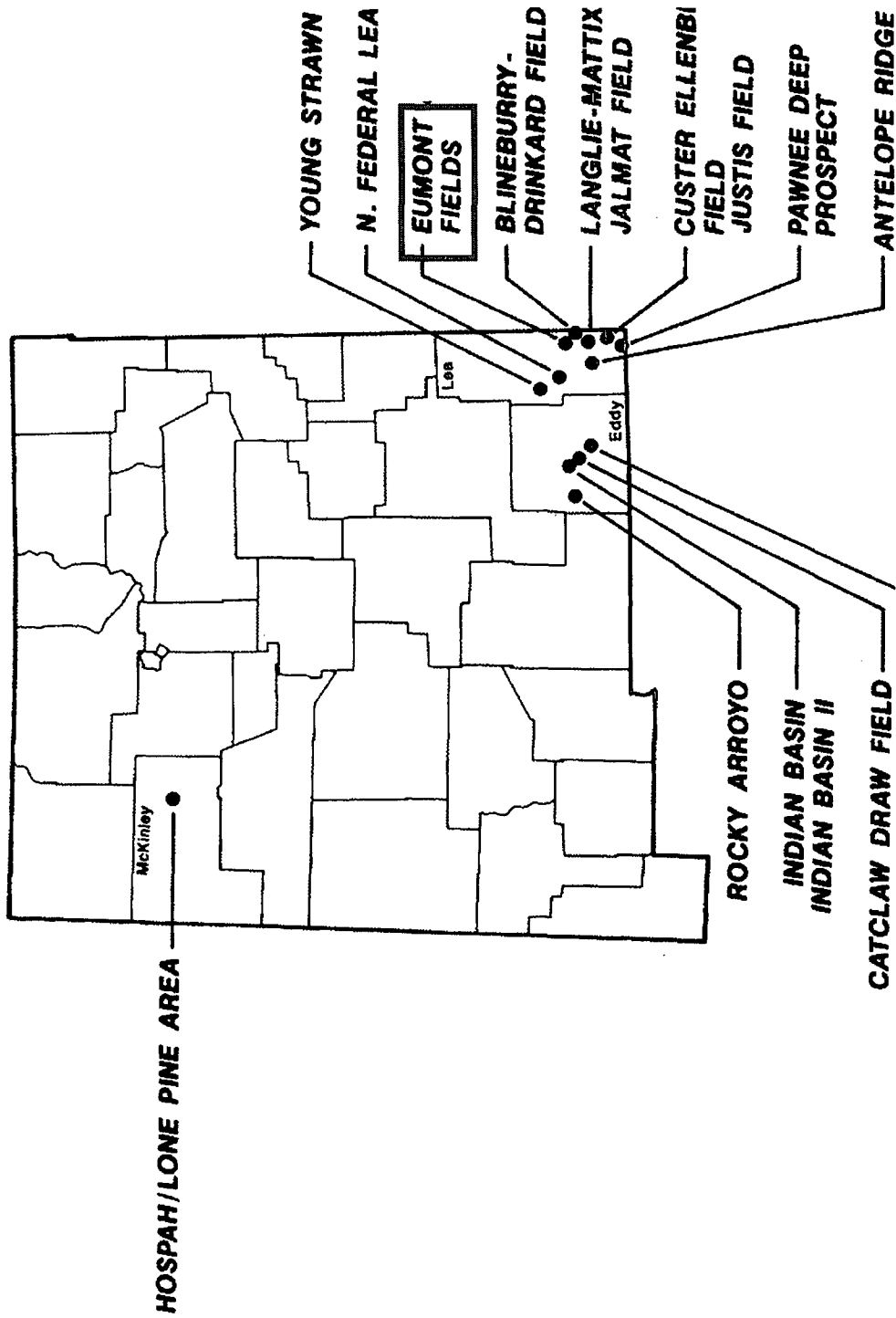
OCC Santa Fe

cc: Oil Transporter  
Gas Transporter  
Well File

**Shell Oil Company**  
**Phillips Petroleum Company**



**EXHIBIT**  
**B-8**



**Location Map – Eumont Field**

**Lea Co., NM**



## Location Map

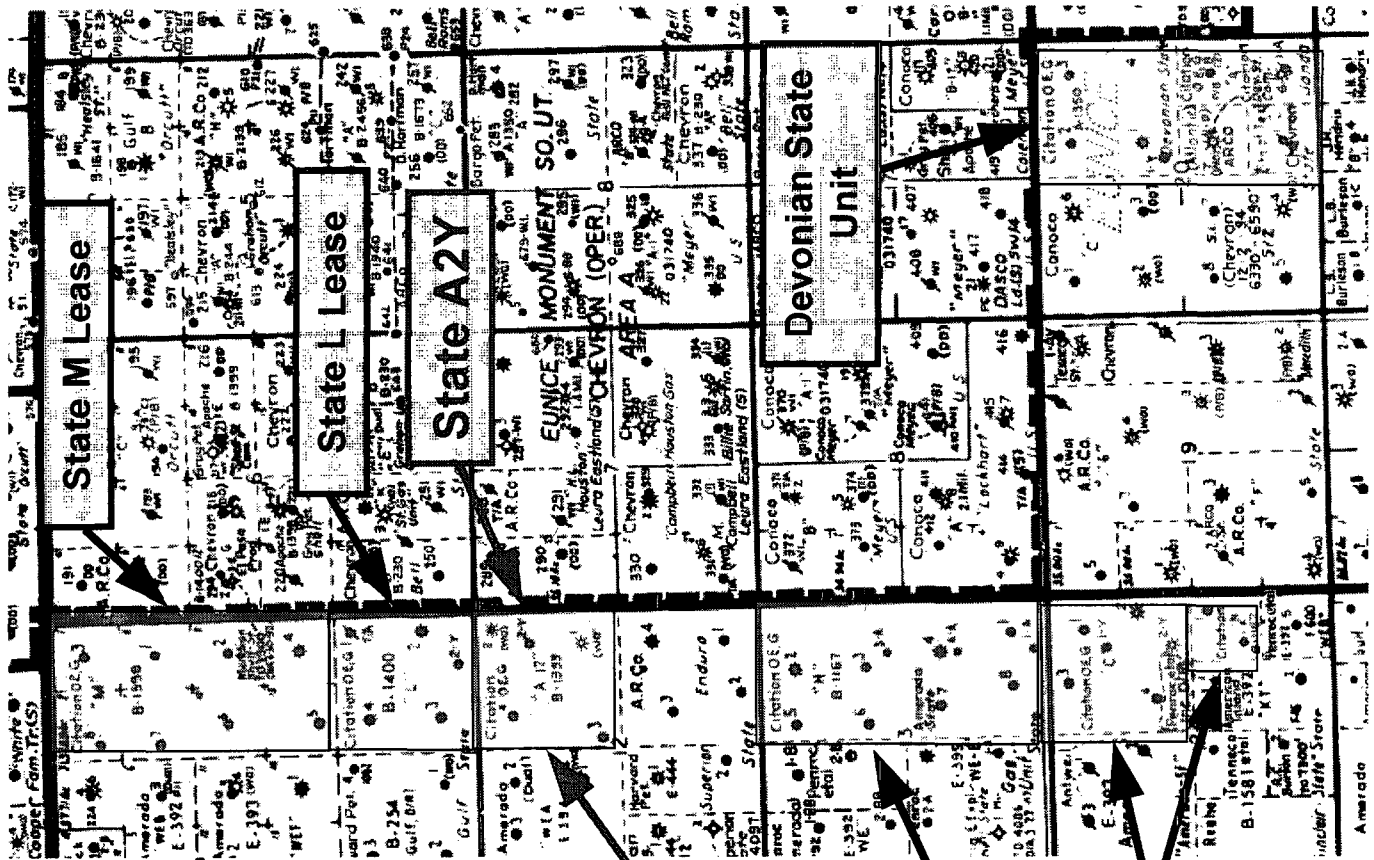
Citation Leases and State A Lease  
Located in NE/4 Sec. 12 T35E R21S

Lea County, New Mexico

State A Lease and 160 Ac.  
GPU in Eumont Gas Pool

State H Lease

Former  
Citation State  
C & N Leases -  
Recently Sold

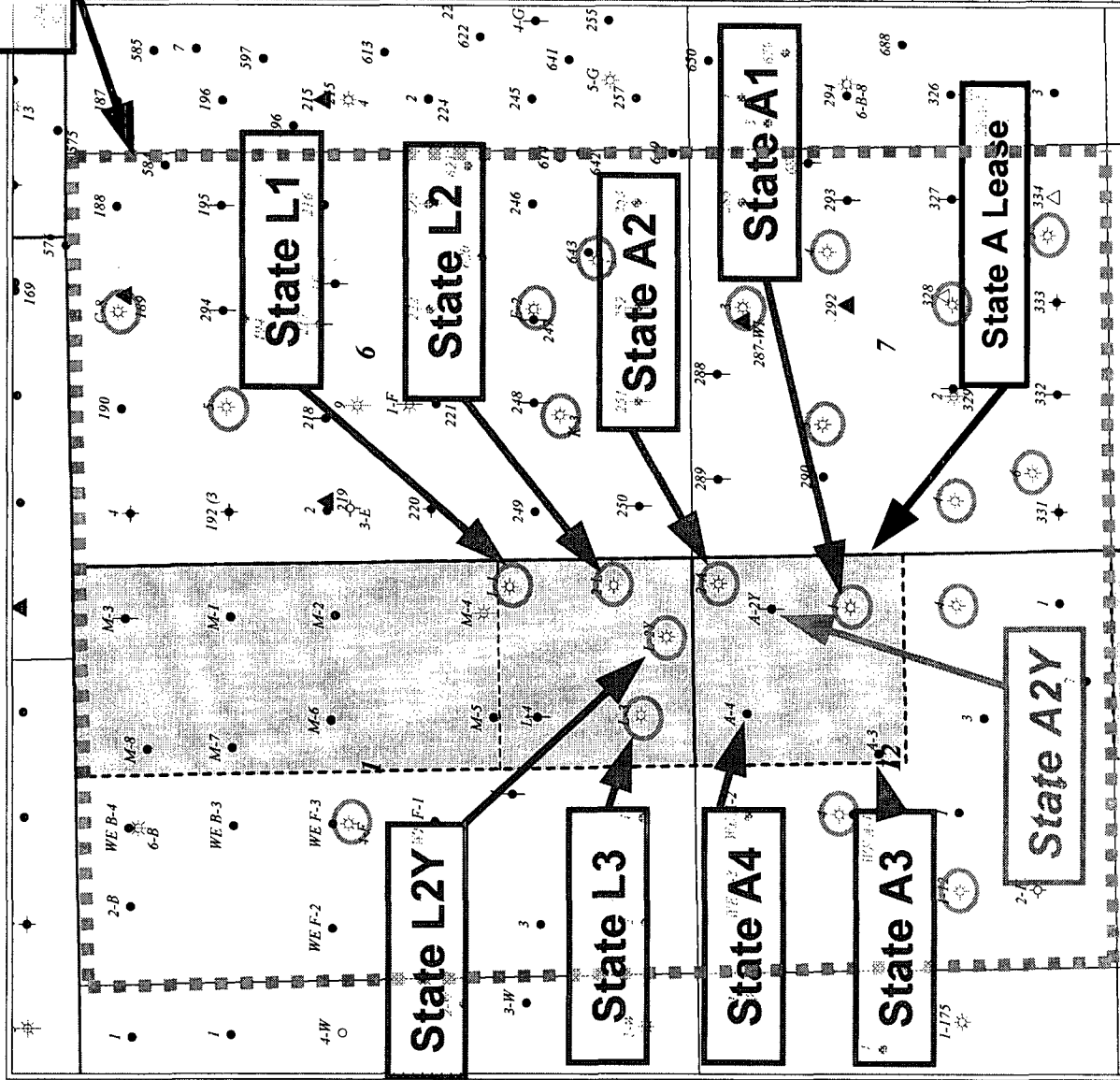




# Eumont Map Showing Well Status

Area Where Well Status Checked

- Active Gas Wells –  
Eumont Pool  
(YATES-7 RVRs-  
QUEEN (PRO GAS))
- Inactive Gas Wells
- Active Oil Wells
- Inactive Oil Wells
- P&A'd Oil Wells
- Injection Wells



Eumont Field

Las County, New Mexico

Base Map

By: GREGG

0 1,447

FEET

August 25, 2004



# Citation Eumont 6/2005 Production

## New Mexico Field Names and Numbers

22800 EUMONT; YATES-7 R VRS-QUEEN (OIL)

76480 EUMONT; YATES-7 R VRS-QUEEN (PRO GAS)

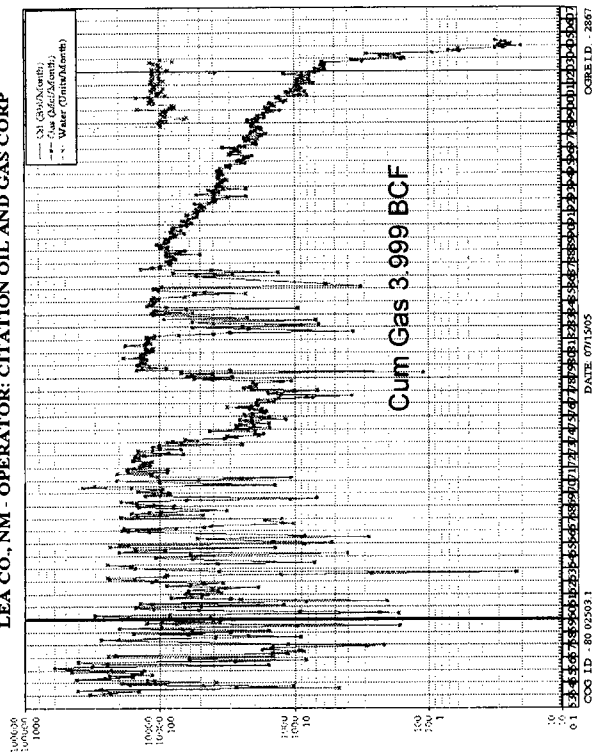
23000 EUNICE MONUMENT; GRAYBURG-SAN ANDRES

Data for Field from 5/2005 COG NM Form C-115

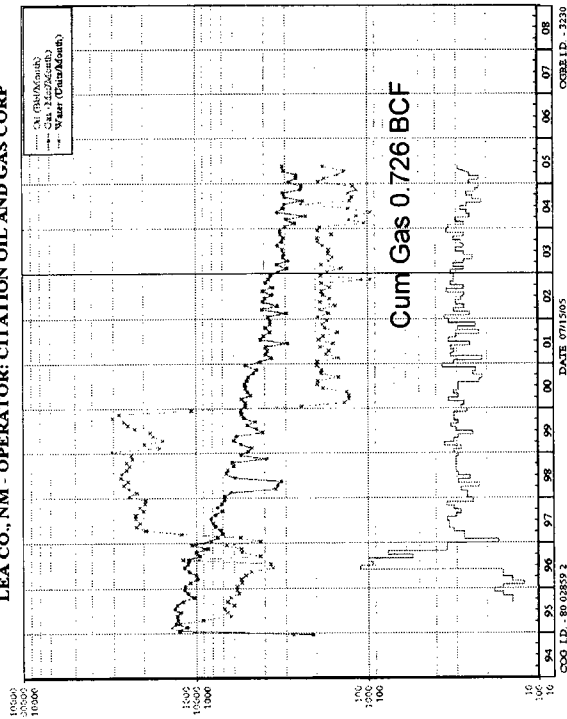
Month of Prod.	COG WellID	WellName	Field and Pool #	Internal Well Type	Status	Oil BOPM	Gas MCFPM	Gas Sold MCFPM	GOR	Water BWPM	Days On	Date Pulled	Notes
5/1/2005	80.02503.1	STATE A "12" 2	76480 G	G	PR	0	31	29	--	0	31	7/15/2005	Planned for P&A
5/1/2005	80.02859.2	STATE A 1 (GAS)	76480 G	G	PR	29	3118	2898	107,517	181	31	7/15/2005	
5/1/2005	80.02860.1	STATE A 2Y	22800 O	O	SR	0	0	0	--	0	0	7/15/2005	Subject of New Application
5/1/2005	80.02861.1	STATE A 3	22800 O	O	PR	29	343	319	11,828	181	31	7/15/2005	
5/1/2005	80.02862.1	STATE A 4	22800 O	O	PR	29	343	319	11,828	181	31	7/15/2005	



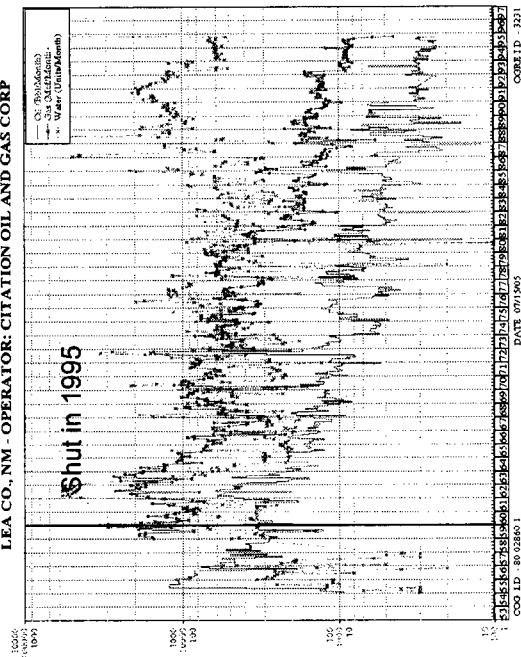
STATE A "12" 2  
EUMONT FIELD, YATES 7 RVRs QUEEN ZONE  
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



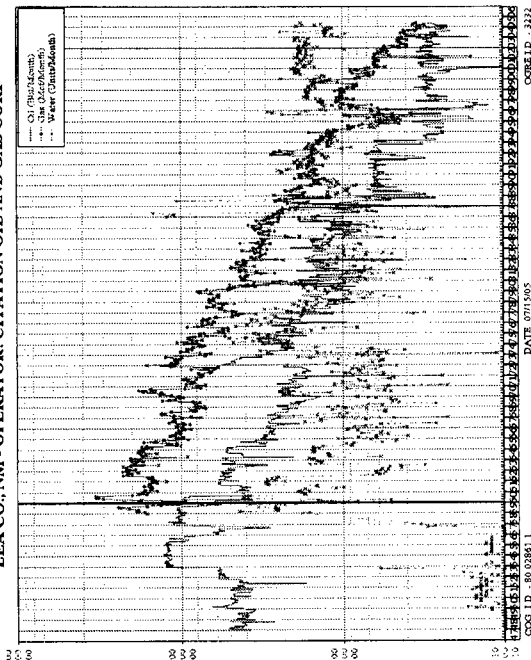
STATE A 1 (GAS)  
EUMONT FIELD, YATES 7 RVRs QUEEN ZONE  
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



STATE A 2V  
EUMONT FIELD, YATES 7 RVRs QUEEN ZONE  
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP

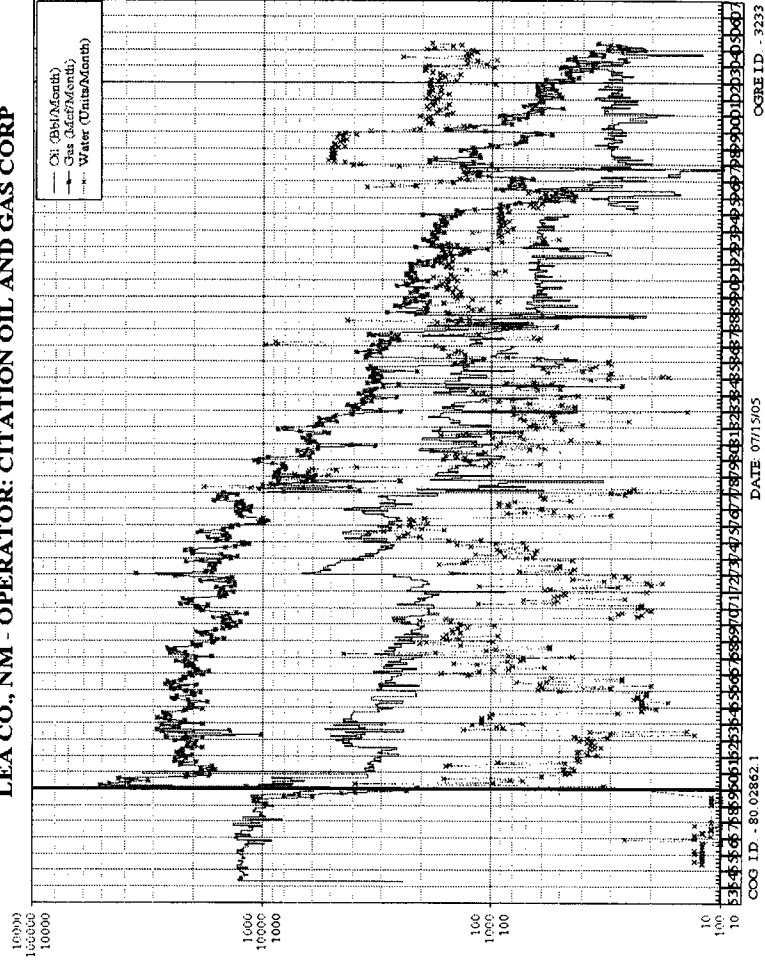


STATE A 3  
EUMONT FIELD, YATES 7 RVRs QUEEN ZONE  
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP





STATE A 4  
EUMONT FIELD, YATES 7 RVRs QUEEN ZONE  
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP

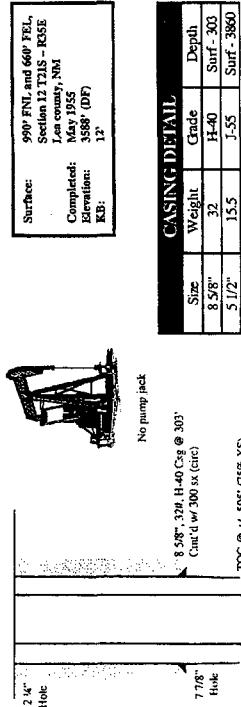
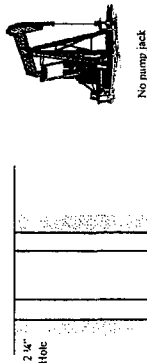




# A2Y – Shut-in Prior to Workover

## CITATION OIL AND GAS CORPORATION CURRENT WELLBORE DIAGRAM AND INFORMATION

Well Name: State A.2Y Field: Eumont  
Date: May 13, 2005 Location: 990' FNL and 660' FEL Section 12  
County: Lea State: New Mexico



CASING DETAIL			
Size	Weight	Grade	Depth
8 5/8"	32	H-40	Surf. - 303
5 1/2"	15.5	J-55	Surf. - 3860

Surface: 990' FNL and 660' FEL, Section 12 T21S - R3SE  
Lea county, NM  
Completed: May 1955  
Elevation: 3588' (DF)  
KB: 12'

8 5/8" - 32#, H-40 Csg @ 303'  
Cmt'd w/ 300 ss (cnc)  
TOC @ +/- 595' (75% XS)

Queen Perfs:  
3785' - 3789' sq'd 1056  
3.798" - 3.849"  
5 1/2" - 15.5#, J-55 Csg @ 3,860'  
Cmt'd w/ 750 ss (cnc? 84% xs)

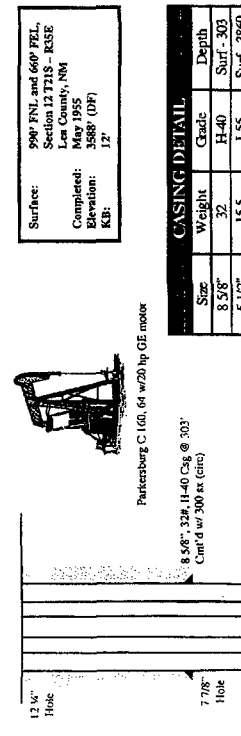
PTD @ 383'  
TD @ 3,861'

No pump jack

HIC at unknown depth

## CITATION OIL AND GAS CORPORATION PROPOSED WELLBORE DIAGRAM AND INFORMATION

Well Name: State A.2Y Field: Eumont  
Date: May 13, 2005 Location: 990' FNL and 660' FEL Section 12  
County: Lea State: New Mexico



CASING DETAIL			
Size	Weight	Grade	Depth
8 5/8"	32	H-40	Surf. - 303
5 1/2"	15.5	J-55	Surf. - 3860

Surface: 990' FNL and 660' FEL, Section 12 T21S - R3SE  
Lea county, NM  
Completed: May 1955  
Elevation: 3588' (DF)  
KB: 12'

8 5/8" - 32#, H-40 Csg @ 303'  
Cmt'd w/ 300 ss (cnc)  
TOC @ +/- 595' (75% xs)

SQZ'd HIC

Yates Perfs:  
3095' - 3113', 3133' - 3140',  
3213' - 3250', 3253' - 3268',  
3272' - 3290', 3318' - 3342',  
3346' - 3364'

Seven River Perfs:  
3476' - 3500', 3505' - 3507', 3512' - 3522',  
3526' - 3536', 3556' - 3596', 3616' - 3622',  
3632' - 3636', 3644' - 3654', 3670' - 3684',  
3698' - 3704'

Chlor @ 3,760' w/ 20' cmt cap  
Queen Perfs:  
3785' - 3789' sq'd 1056  
3.798" - 3.849"  
5 1/2" - 15.5#, J-55 Csg @ 3,860'  
Cmt'd w/ 750 ss

PTD @ 383'  
TD @ 3,861'

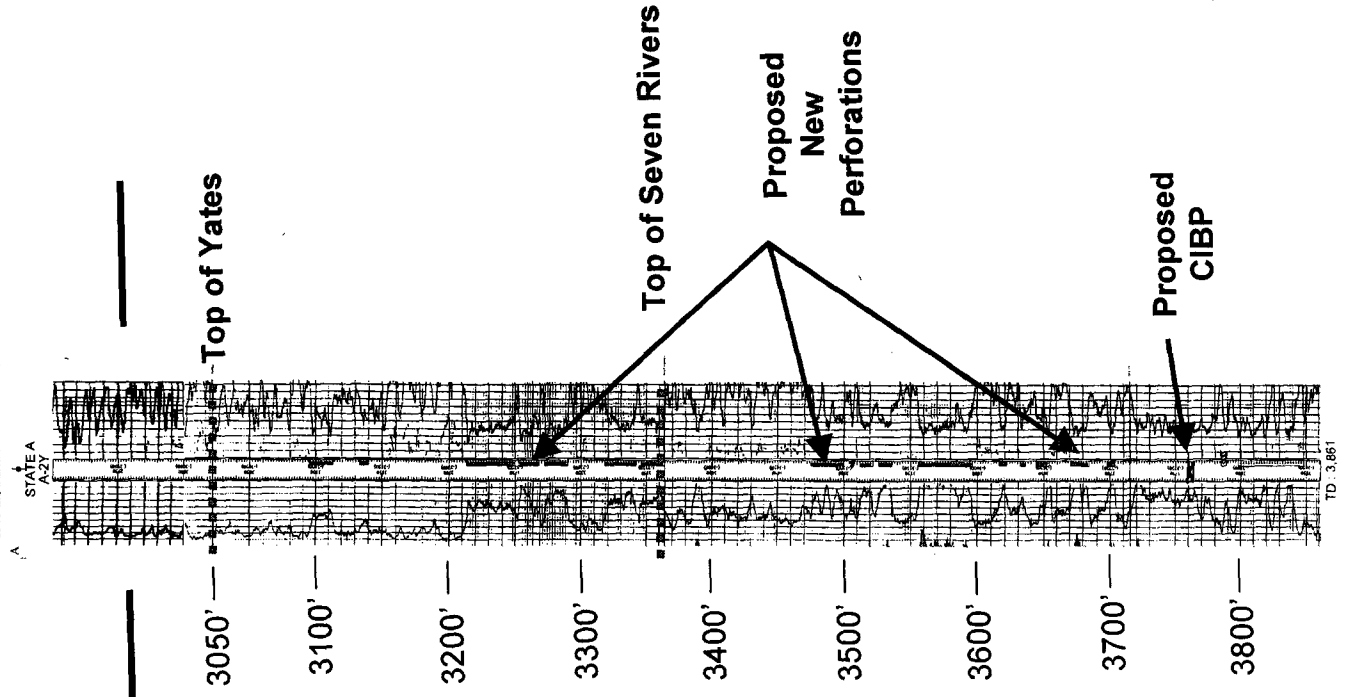
TUBING DETAIL			
QY	Description	Length	Depth
1	KB	13	10
114	J6 2 3/8" 4.7# J-55 Ibg	3534	3544
1	1/4 2 3/8" 4.7# J-55 IFC (bg)	31	3575
1	2 3/8" SN	1	3576
1	2 3/8" Ibg Sub	4	3580
1	Chlorin D230IGD separator	20	3600
2	J6 2 3/8" BFWA	62	3602

ROD DETAIL			
QY	Size	Type	Length
1	9/64	KD Subs	47-10
143	3/4"	KD	3,275
1	3/4"	KD Sub	2

Polish Rod: 1 1/4" x 16 w/ 1 1/2" x 10' Liner  
Pump: 2" x 1 1/4" x 12"

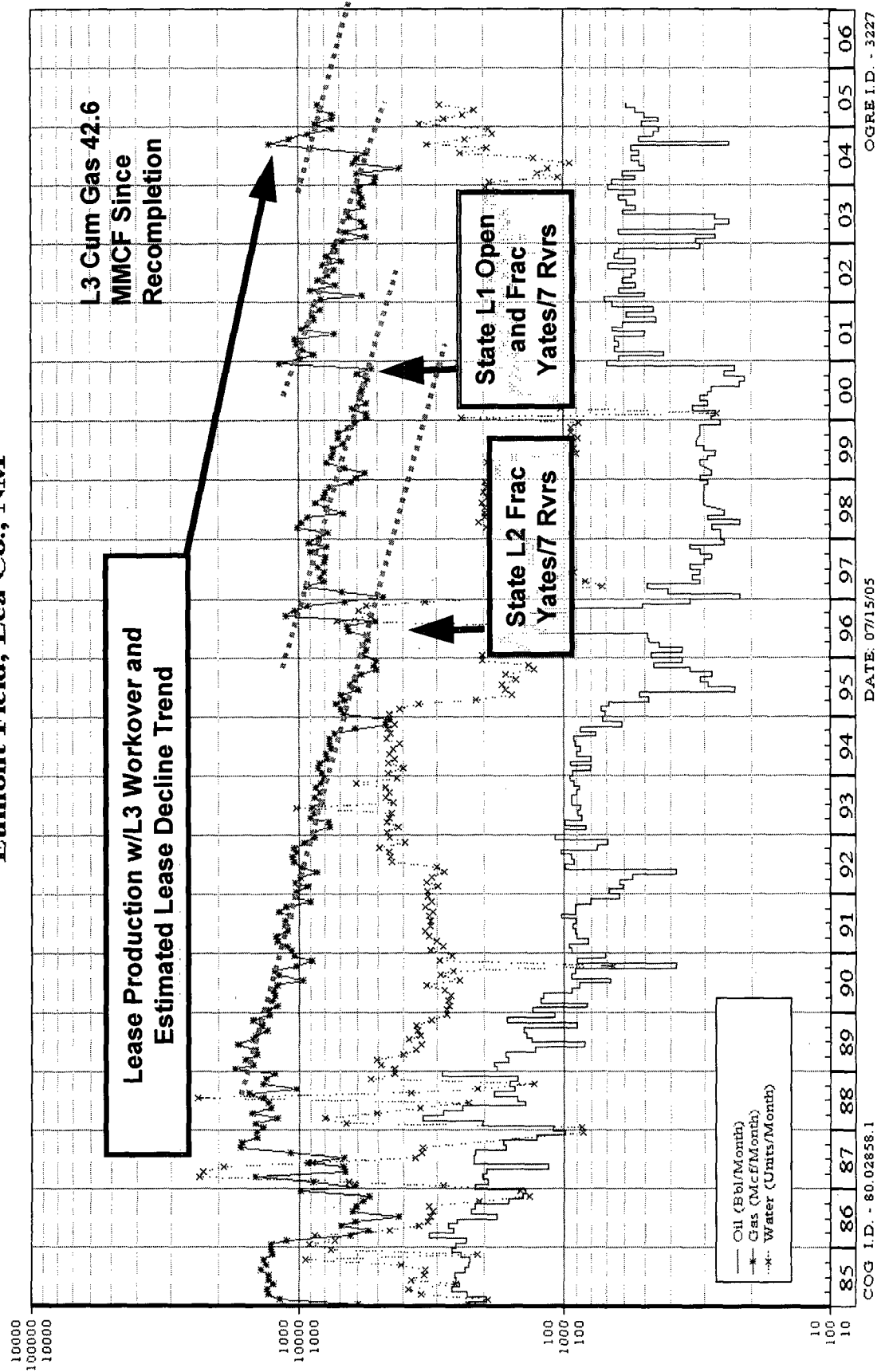


State A2Y  
Gamma Ray Neutron Log  
with New Completion  
Details





State L Lease - Summary Plot  
Citation Oil & Gas Corp.  
Eumont Field, Lea Co., NM





WTA

STATE L 3

EUMONT FIELD  
LEA COUNTY, NM  
OAP and Frac

**Morning Reports with Estimated  
Gas Rates**

CapBudget#: 107  
AFE#: 040355  
AFE Cost: \$295,000  
COG WI: 100 %  
STATUS: A

8/24/2004 Day: 25 /

**Present Operation:** Pumping to battery

8/23/04

24 hrs Pmp'd 0 BO, 2 BW, 319 MCF, FAP = 221' (foam?), TP = 200#, CP = 11#,  
BLWTR = 1248

Lease Production: 17 BO, 270 BW, 582 MCF

DC: \$0

CC: \$335,620

TD:

PBTD:

8/25/2004 Day: 26 /

**Present Operation:** Pumping to battery

8/24/04

24 hrs Pmp'd 1 BO, 4 BW, 326 MCF, FAP - N/A, TP = 200#, CP = 11#, BLWTR =  
1244

Lease Production: 16 BO, 272 BW, 589 MCF

DC: \$0

CC: \$335,620

TD:

PBTD:

8/26/2004 Day: 27 /

**Present Operation:** Pumping to battery

8/25/04

24 hrs Pmp'd 0.5 BO, 5 BW, 313 MCF, FAP - 310' (foam), TP = 200#, CP = 7#,  
BLWTR = 1239

Lease Production: 17 BO, 273 BW, 580 MCF

DC: \$0

CC: \$335,620

TD:

PBTD:

8/27/2004 Day: 28 /

**Present Operation:** Pumping to battery

8/26/04

24 hrs Pmp'd 0 BO, 0 BW, 167 MCF, FL @ 86 JFS, FAP - 798', TP = 110#, CP =  
18#, BLWTR = 1239 (Comp dn 16 hrs - wtr temp)

Lease Production: 10 BO, 250 BW, 303 MCF (Comp dn 16 hrs - wtr temp)

Note: \$6,000 added for moving & setting pumping unit, wrist pin repair & pumping  
unit base.

DC: \$6,000

CC: \$341,620

TD:

PBTD:



## State L3 - Recompletion to Yates/7 Rvrs Estimated Potential Reserves

Initial Rate = 105 MCFPD  
Est. Economic Limit = 7 MCFPD  
Est. Decline = 15% per Annum

Cum Production = 42,632 MCF 8/2004 to 5/2005

Remaining Reserve =  $Q = -365 \times (q_i - q_f) / \ln(1 - D)$

$q_i$  = Initial Rate per Day

$q_f$  = Final Rate per Day

$D$  = Decline Rate (fraction)

$Q = 220,688$  MCF

Estimated Ultimate = 263,320 MCF



**Reserve Adds from Recompletion and/or Stimulation of L2 and L1**

From Lease Production History Prior to L2 Work (9/96)

Initial Rate = 181 MCFPD  
Est. Economic Limit = 14 MCFPD  
Est. Decline = 16% per Annum

Remaining Reserve =  $Q = -365 X (qi - qf) / \ln(1 - D)$

Qa = 349,606 MCF - Remaining Lease Reserve  
PRIOR to L2 Work

**After L2 Work was Complete (from Lease Production Plot) :**

Cum Prod from 9/96 to 12/2000 (L1 Work):

Ca = 374,900 MCF

Initial Rate = 181 MCFPD  
Est. Economic Limit = 14 MCFPD  
Est. Decline = 14% per Annum

Remaining Reserve =  $Q = -365 X (qi - qf) / \ln(1 - D)$

Qb = 403,958 MCF - Remaining Lease Reserve  
PRIOR to L1 Work

Change in Reserves from Work on L2 in 1996:

Delta Q =  $(Qb + Ca) - Qa$

Therefore, Delta Q = 429,252 MCF (from L2 Work)

**After L1 Work was Complete (from Lease Production Plot) :**

Remaining Reserves Prior to L1  
Qa = 403,958 MCF

Cum Prod from 12/2000 to 8/2004 (L3 Work):

Ca = 321,980 MCF

Initial Rate = 181 MCFPD  
Est. Economic Limit = 14 MCFPD  
Est. Decline = 18% per Annum

Remaining Reserve =  $Q = -365 X (qi - qf) / \ln(1 - D)$

Qb = 307,009 MCF - Remaining Lease Reserve  
PRIOR to L1 Work

Change in Reserves from Work on L1 in 2000:

Delta Q =  $(Qb + Ca) - Qa$

Therefore, Delta Q = 225,030 MCF (from L1 Work)

**Summary of Gross Gas Reserve Additions:**

**Reserves Added by State L2 Frac – 429 MMCF**

**Reserves Added by State L1 Open Yates & 7**

**Rivers/Queen – 225 MMCF**

**Reserves Added by State L3 Open Yates & 7**

**Rivers/Queen – 263 MMCF**



## State A2Y - Recompletion to Yates/7 Rvrs Estimated Potential Reserves

Initial Rate      120 MCFPD  
Est. Economic  
    Limit =      7 MCFPD  
Est. Decline =    15% per Annum

Remaining Reserve =  $Q = - 365 \times (q_i - q_f) / \ln (1 - D)$

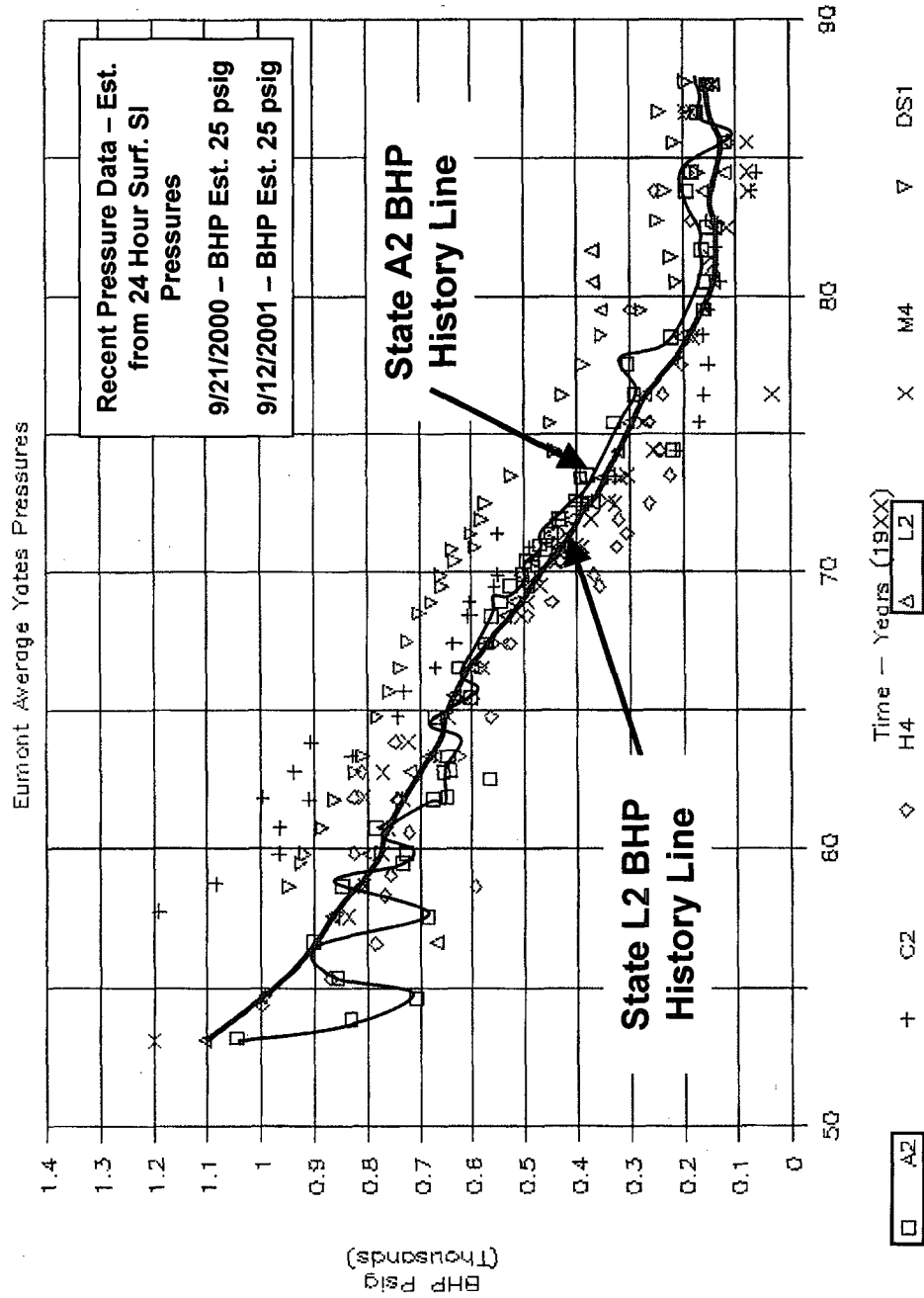
$q_i$  = Initial Rate per Day

$q_f$  = Final Rate per Day

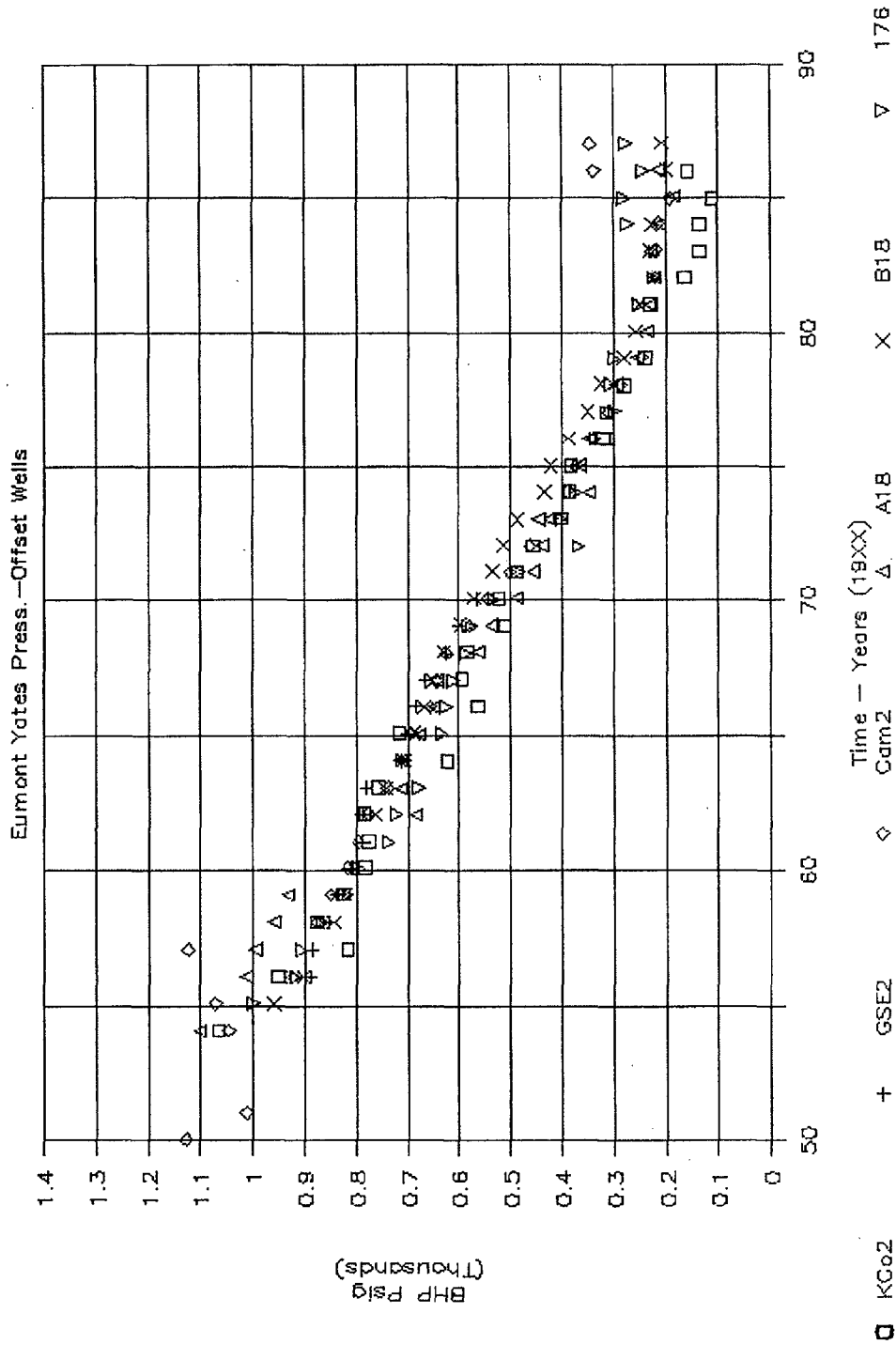
D = Decline Rate (fraction)

**Q = 253,786 MCF**





SI Wellhead Pressures from Various Citation Leases in the Eumont Field - COG Reservoir Study 1987-1988



**SI Wellhead Pressures from Various Leases Offsetting  
Citation Leases in the Eumont Field - COG Reservoir  
Study 1987-1988**



COG - Devonian State Gas Production History Yates/7 Rivers  
Initial Production - 1953 in Dev St Comm 1 (Now Dev St 5)

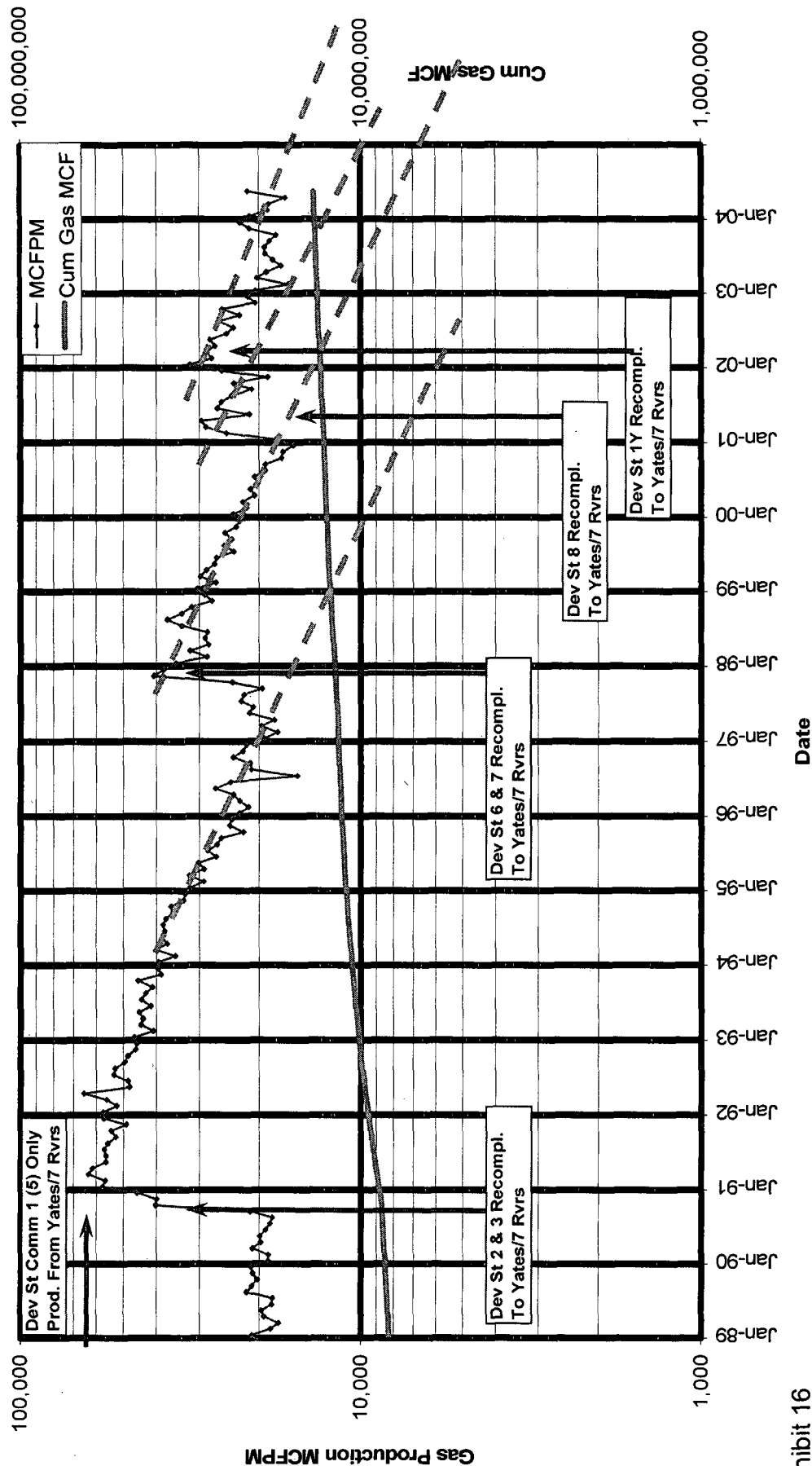


Exhibit 16

Note that, after each drainage point addition, the extrapolation (green dashed lines) of the production trends show a significant increase in gas reserves from the lease as a result of the work.

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. Thomas Kellahin**  
Recognized Specialist in the Area of  
Natural Resources-oil and gas law-  
New Mexico Board of Legal Specialization

P.O. Box 2265  
Santa Fe, New Mexico 87504  
117 North Guadalupe  
Santa Fe, New Mexico 87501

Telephone 505-982-4285  
Facsimile 505-982-2047  
kellahin@earthlink.net

September 28, 2005

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION  
DIVISION ADMINISTRATIVE CASE:**

*OFFSETTING OPERATOR:*

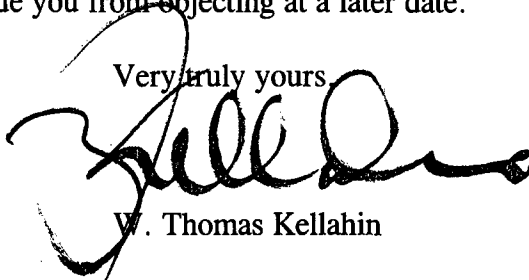
*Re: Administrative Application of Citation Oil & Gas Corp. for a "well  
density" exception to Order R-8170-P pursuant to Rule 4(B) of the Special Rules  
and Regulations of the Eumont Gas Pool for NE/4 of Section 12, T21S, R35E,  
Lea County, New Mexico.*

Dear Offsetting operator:

On behalf of Citation Oil & Gas Corp. please find enclosed a copy of its  
referenced administrative application. This notice is based upon records that  
indicate that you are an offsetting operator to the NE/4 of this section.

If you have no objection, then there is nothing for you to do. If you are  
willing to waiver objection, please sign this letter as indicated and return it to me.  
However, should you have any objection to the Division approving this  
application, then it will be necessary for you to file a written objection with the  
New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa  
Fe, New Mexico 87505 within twenty (20) days of the date of this letter. Failure  
to file a timely objection will preclude you from objecting at a later date.

Very truly yours,



W. Thomas Kellahin

**WAIVER OF OBJECTION:**

By: \_\_\_\_\_ with authority for  
and on behalf of \_\_\_\_\_  
Date: \_\_\_\_\_



**OFFSET OPERATOR NOTICE LIST  
EXHIBIT 18**

Amerada Hess Corp.  
P. O. Box 2040  
Houston, TX 77252-2040

BP America Production Company  
P. O. Box 22048  
Tulsa, OK 74121

Harvard Petroleum Corporation  
P. O. Box 936  
Roswell, NM 88202-0936

Momentum Operating Co. Inc.  
224 South Main  
Albany, TX 76430

XTO Energy, Inc.  
3000 North Garfield  
Suite 175  
Midland, TX 76430