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W. THOMAS KELLAHIN*

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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

May 27, 1997

VIA FACSIMILE
(505) 827-8177

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

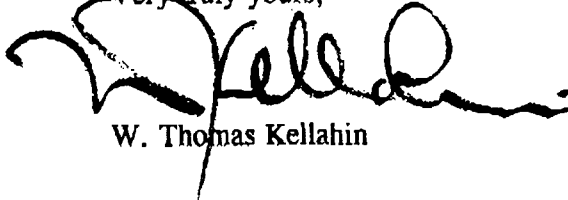
Re: **NMOCD Case 11638**
Application of Citation Oil & Gas Corp.
for two unorthodox gas well location
and for simultaneous dedication,
Eumont Gas Pool Lea County, New Mexico

Dear Mr. Stogner:

The referenced case is currently pending hearing on the Examiner's docket for May 28, 1997. Citation Oil & Gas Corporation believes it has negotiated with ARCO Permian and Chevron USA Production Company an agreement which settled the issues involving the wells which are the subject of the referenced case and is now awaiting the signature of those parties to this agreement.

Accordingly, on behalf of Citation Oil & Gas Corp., I would appreciate you continuing the referenced case from the Examiner docket schedule for May 28, 1997 to the Examiner hearing docket now scheduled for June 26, 1997. The purpose of this continuance is to provide Citation, Chevron and ARCO an additional period to complete signature of the settlement agreement prior to the Division hearing this matter. I have contacted Mr. William F. Carr, attorney for Chevron and ARCO and he concurs in this request.

Very truly yours,


W. Thomas Kellahin

cfx: Citation Oil & Gas Corp.
Attn: Gary C. Johnson
cfx: William F. Carr, Esq.
Attorney for Chevron USA Inc.

*W.S.**continue to
6-26-97*