

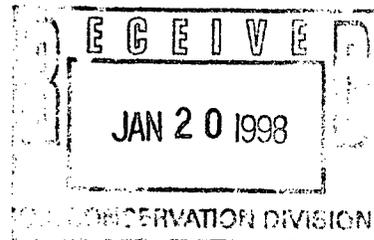
NSL(SD) 2/16/98



PMESD-610248476

January 16, 1998

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



ATTN: Mr. Michael Stogner

Re: Administrative Application for Unorthodox Gas Well
Location - State L Well #2Y and Administrative Application
for Simultaneous Dedication State L Well #2 and #2Y
Eumont Yates Seven Rivers Queen (Pro Gas) Pool
SE Section 1, T21S, R35E, Lea County, New Mexico

Dear Mr. Stogner:

Citation Oil & Gas Corp. respectfully requests your approval of this administrative application for an Unorthodox Gas Well Location for the State L #2Y well. This well is located 330' FSL and 990' FEL, making it unorthodox for this field.

The State L #2 well was drilled in 1937 as an oil well on 160 acres. It was dually completed under OCD order #R-217 dated 12/4/52. The oil zone was abandoned in August, 1969. Well #2Y was completed as an oil well on 40 acres in 1955. The most recent GOR test filed with the OCD, required reclassification of this well to gas. A copy of Order R-217 is attached.

Citation intends to simultaneously dedicate the existing 160-acre Gas Proration Unit currently dedicated to our State L #2 gas well to both the State L #2 and #2Y.

In order to prevent waste and to have both wells classified as gas, approval to this administrative application is requested. Attached is a map showing offset operators and copies of Form C-102 and C-104 for reclassification of the L #2Y. A copy of this letter and attachments, with waiver to objection forms are being furnished by Certified Mail to offset operators as notice of this application.

If you have any questions or require additional information, please contact me at (281) 469-9664.

Sincerely,
Debra Harris
Debra Harris
Regulatory Analyst

Attachments

cc: NMOCD District I - Hobbs, NM
NM Commissioner of Public Lands Office

**CITATION OIL & GAS CORP.
STATE "L" LEASE**

**Application for an Unorthodox
Gas Well Location
and
Simultaneous Dedication of Acreage**

**Eumont Yates Seven Rivers Queen (Pro Gas) Pool
SE Section 1, T21S, R35E
Lea County, New Mexico**

OFFSET OPERATORS

**State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148**

**Surface Owner
Sec. 1, T21S, R35E**

**Amerada Hess Corp.
Drawer D
Monument, NM 88265**

**Sec. 1, T21S, R35E, Unit N, SE SW
Sec. 1, T21S, R35E, Unit K, NE SW
and NE SW
Sec. 1, T21S, R35E, Unit C, NE NW**

**Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702**

**Sec. 6, T21S, R36E, Unit L, NW SW
Sec. 6, T21S, R36E, Unit M, SW SW
Sec. 7, T21S, R36E, Unit D, NW NW**

**Unichem International, Inc.
P.O. Box 1499
Hobbs, NM 88240**

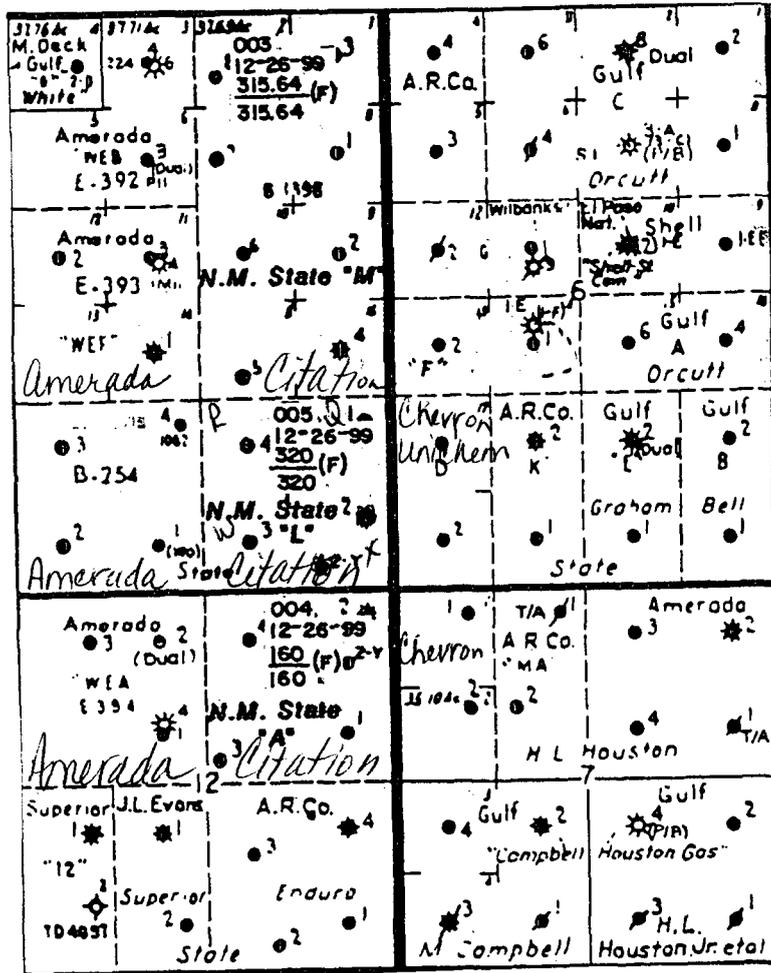
Sec. 6, T21S, R36E, Unit L, NW SW

CITATION OIL & GAS CORP.

Unorthodox Location
and
Simultaneous Dedication Application

Eumont Yates Seven River Queen (Pro Gas) Pool
State "L" Lease
Wells #2 and #2Y
SE Section 1, T21S, R35E
Lea County, Texas

PRORATION UNIT MAP
OFFSET OPERATORS





January 16, 1998

Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

Re: Administrative Application for Unorthodox Gas Well
Location and Simultaneous Dedication
Eumont Yates Seven Rivers Queen (Pro Gas) Pool
SE Sec. 1, T21S, R35E, Lea County, New Mexico

Gentlemen:

Attached is a copy of Citation's administrative application and waiver to objection for for NMOCD approval of an Unorthodox Gas Well Location and Simultaneous Dedication in the referenced pool. It is our desire to simultaneously dedicate the existing 160-acre gas proration unit assigned to our State "L" #2 with the State "L" #2Y.

Please sign the attached waiver and return one original to the undersigned. Retain the other original for your records.

If you have any questions, please contact me at (281) 469-9664.

Sincerely,

A handwritten signature in cursive script that reads "Debra Harris".

Debra Harris
Regulatory Analyst

Attachments

OFFSET OPERATOR:

Please indicate your approval for our request as detailed in the attached package by signing the waiver form below. Please return the signed waiver in the enclosed self-addressed, stamped envelope.

Thank you for your cooperation in this matter.

WAIVER TO OBJECTION
CITATION OIL & GAS CORP.

Application for Administrative Approval for
Unorthodox Gas Well Location
and
Simultaneous Dedication of Acreage

State "L" Lease
Wells No. 2 and 2Y
Eumont Yates Seven Rivers Queen (Pro Gas) Pool
SE Section 1, T21S, R35E
Lea County, New Mexico

I/We do hereby waive any objection to Citation Oil & Gas Corp.'s request for NMOCD Administrative Approval for Unorthodox Gas Well Location and Simultaneous Dedication of Acreage for the three wells listed above.

Signed: _____
Title: _____
Company: Chevron USA, Inc.
Date: _____



January 16, 1998

Amerada Hess Corp.
Drawer D
Monument, NM 88265

Re: Administrative Application for Unorthodox Gas Well
Location and Simultaneous Dedication
Eumont Yates Seven Rivers Queen (Pro Gas) Pool
SE Sec. 1, T21S, R35E, Lea County, New Mexico

Gentlemen:

Attached is a copy of Citation's administrative application and waiver to objection for for NMOCD approval of an Unorthodox Gas Well Location and Simultaneous Dedication in the referenced pool. It is our desire to simultaneously dedicate the existing 160-acre gas proration unit assigned to our State "L" #2 with the State "L" #2Y.

Please sign the attached waiver and return one original to the undersigned. Retain the other original for your records.

If you have any questions, please contact me at (281) 469-9664.

Sincerely,

A handwritten signature in cursive script that reads "Debra Harris".

Debra Harris
Regulatory Analyst

Attachments

OFFSET OPERATOR

Please indicate your approval for our request as detailed in the attached package by signing the waiver form below. Please return the signed waiver in the enclosed self-addressed, stamped envelope.

Thank you for your cooperation in this matter.

WAIVER TO OBJECTION
CITATION OIL & GAS CORP.

Application for Administrative Approval for
Unorthodox Gas Well Location
and
Simultaneous Dedication of Acreage

State "L" Lease
Wells No. 2 and 2Y
Eumont Yates Seven Rivers Queen (Pro Gas) Pool
SE Section 1, T21S, R35E
Lea County, New Mexico

I/We do hereby waive any objection to Citation Oil & Gas Corp.'s request for NMOCD Administrative Approval for Unorthodox Gas Well Location and Simultaneous Dedication of Acreage for the three wells listed above.

Signed: _____
Title: _____
Company: Amerada Hess Corp.
Date: _____



January 16, 1998

Unichem International, Inc.
P.O. Box 1149
Hobbs, NM 88240

Re: Administrative Application for Unorthodox Gas Well
Location and Simultaneous Dedication
Eumont Yates Seven Rivers Queen (Pro Gas) Pool
SE Sec. 1, T21S, R35E, Lea County, New Mexico

Gentlemen:

Attached is a copy of Citation's administrative application and waiver to objection for for NMOCD approval of an Unorthodox Gas Well Location and Simultaneous Dedication in the referenced pool. It is our desire to simultaneously dedicate the existing 160-acre gas proration unit assigned to our State "L" #2 with the State "L" #2Y.

Please sign the attached waiver and return one original to the undersigned. Retain the other original for your records.

If you have any questions, please contact me at (281) 469-9664.

Sincerely,

A handwritten signature in cursive script that reads "Debra Harris".

Debra Harris
Regulatory Analyst

Attachments

OFFSET OPERATOR:

Please indicate your approval for our request as detailed in the attached package by signing the waiver form below. Please return the signed waiver in the enclosed self-addressed, stamped envelope.

Thank you for your cooperation in this matter.

WAIVER TO OBJECTION
CITATION OIL & GAS CORP.

Application for Administrative Approval for
Unorthodox Gas Well Location
and
Simultaneous Dedication of Acreage

State "L" Lease
Wells No. 2 and 2Y
Eumont Yates Seven Rivers Queen (Pro Gas) Pool
SE Section 1, T21S, R35E
Lea County, New Mexico

I/We do hereby waive any objection to Citation Oil & Gas Corp.'s request for NMOCD Administrative Approval for Unorthodox Gas Well Location and Simultaneous Dedication of Acreage for the three wells listed above.

Signed: _____
Title: _____
Company: Unichem International, Inc.
Date: _____

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|------------------------------|--|---|--|--|-------------------------|
| 1 API Number 30-025-03390 | | 2 Pool Code 76480 | | 3 Pool Name Eumont Yates Seven Rivers Queen | |
| 4 Property Code 002834 | | 5 Property Name State L | | | 6 Well Number 2 |
| 7 OGRID No. 004537 | | 8 Operator Name Citation Oil & Gas Corp. | | | 9 Elevation 3380' DF |

10 Surface Location

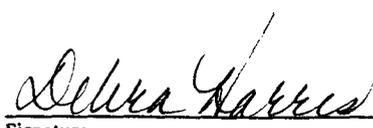
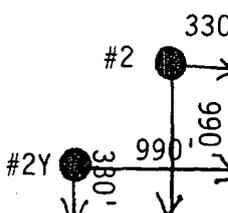
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| X | 01 | 21S | 35E | -- | 990 | South | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| X | 01 | 21S | 35D | -- | 990 | South | 330 | East | Lea |

| | | | |
|---------------------------|-------------------------|-----------------------------|---------------------------------|
| 12 Dedicated Acres 160 | 13 Joint or Infill N | 14 Consolidation Code -- | 15 Order No. R-217 (12/4/52) |
|---------------------------|-------------------------|-----------------------------|---------------------------------|

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 Debra Harris Printed Name Regulatory Analyst Title 1/15/98 Date | |
| | 01 | | | 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> | |
| STATE "L" | | | Date of Survey Signature and Seal of Professional Surveyer: | | |
| | | |  Certificate Number | | |

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|------------------------------|--|---|--|--|-------------------------|
| 1 API Number 30-025-03393 | | 2 Pool Code 76480 | | 3 Pool Name Eumont Yates Seven Rivers Queen | |
| 4 Property Code 002834 | | 5 Property Name State L | | | 6 Well Number 2-Y |
| 7 OGRID No. 004537 | | 8 Operator Name Citation Oil & Gas Corp. | | | 9 Elevation 3588' DF |

10 Surface Location

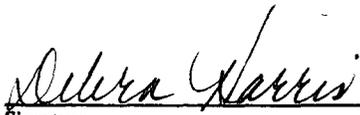
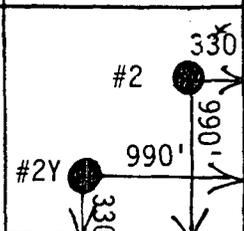
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| X | 01 | 21S | 35E | -- | 330 | South | 990 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| X | 01 | 21S | 35E | -- | 330 | South | 990 | East | Lea |

| | | | |
|---------------------------|-------------------------|-----------------------|----------------------------------|
| 12 Dedicated Acres 160 | 13 Joint or Infill N | 14 Consolidation Code | 15 Order No. R -217 (12/4/52) |
|---------------------------|-------------------------|-----------------------|----------------------------------|

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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief | |
| | | | |  Signature Debra Harris Printed Name Regulatory Analyst Title 12/5/97 Date | |
| | | | | 18 SURVEYOR CERTIFICATION 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. | |
| | | 01 | STATE "L" | Q | Date of Survey |
| | | | W | | Signature and Seal of Professional Surveyer: |
| | | | |  | Certificate Number |

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-104

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

5 Copies

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| | | |
|--|--|--|
| Operator name and Address Citation Oil & Gas Corp. 8223 Willow Place South, Suite 250 Houston, Texas 77070-5623 | | OGRID Number 004537 |
| | | Reason for Filing Code Reclassification |
| API Number 30-0 25-03393 | Pool Name Eumont Yates Seven Rivers Queen | Pool Code 76480 |
| Property Code 002834 | Property Name State L | Well Number 2Y |

II. Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| X | 01 | 21S | 35E | -- | 330 | South | 990 | East | Lea |

Bottom Hole Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| X | 01 | 21S | 35E | -- | 330 | South | 990 | East | Lea |

| | | | | | |
|---------------|----------------------------|---------------------|---------------------|----------------------|-----------------------|
| Lse Code S | Producing Method Code P | Gas Connection Date | C-129 Permit Number | C-129 Effective Date | C-129 Expiration Date |
|---------------|----------------------------|---------------------|---------------------|----------------------|-----------------------|

III. Oil and Gas Transporters

| Transporter OGRID | Transporter Name and Address | POD | O/G | POD ULSTR Location and Description |
|-------------------|---|---------|-----|------------------------------------|
| 009171 | GPM Gas Corporation Bartlesville, OK 74004 | 0743630 | G | Q 01 21S 35E Lea County |
| 037480 | EOTT Oil Pipeline LP P.O. Box 4666 Houston, TX 77210-4666 | 0743610 | O | Q 01 21S 35E Lea County |
| | | | | |
| | | | | |
| | | | | |

IV. Produced Water

| | |
|----------------|---|
| POD 0743650 | POD ULSTR Location and Description Q 01 21S 35E Lea County |
|----------------|---|

V. Well Completion Data

| Spud Date | Ready Date | TD | PBTD | Perforations | DHC, DC, MC |
|-----------|----------------------|-----------|--------------|--------------|-------------|
| | | | | | |
| Hole Size | Casing & Tubing Size | Depth Set | Sacks Cement | | |
| | | | | | |
| | | | | | |
| | | | | | |

VI. Well Test Data

| Date New Oil | Gas Delivery Date | Test Date | Test Length | Tbg. Pressure | Csg. Pressure |
|--------------|-------------------|-----------|-------------|---------------|---------------|
| | | | | | |
| Choke Size | Oil | Water | Gas | AOF | Test Method |
| | | | | | |

| | | |
|---|---------------------------|--|
| <p>I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Debra Harris</i></p> <p>Printed name: Debra Harris</p> <p>Title: Regulatory Analyst</p> <p>Date: 12/5/97 Phone: (281) 469-9664</p> | OIL CONSERVATION DIVISION | |
| | Approved by: | |
| | Title: | |
| | Approval Date: | |

* If this is a change of operator fill in the OGRID number and name of the previous operator

| Previous Operator Signature | Printed Name | Title | Date |
|-----------------------------|--------------|-------|------|
| | | | |



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OFFICE OF THE SECRETARY
2540 South Paseo Street
Santa Fe, New Mexico 87305
(505) 827-8980

Jennifer A. Salisbury
CABINET SECRETARY

October 20, 1997

Citation Oil & Gas Corp.
ATT: Teri Courter
8223 Willow Place South, #250
Houston, TX 77070

RE: Reclassification of Well
State L, #2Y-X
Sec. 1-T21S-R35E
Eumont Yates SR-QU Pool

Gentlemen:

The annual Gas-Oil-Ratio Test for the above-referenced well indicated this well should be reclassified from an oil well to a gas well in the Eumont Pool, with the oil allowable being cancelled effective January 1, 1998.

If for some reason you feel this test does not reflect the proper classification of this well, please submit another test for our consideration by November 3, 1997.

If the well is to be reclassified from oil to gas you will need to submit the following:

- 1.) Form C-102 acreage dedication plat for the well, outlining a standard 640 acres proration unit or application for a NSP.
- 2.) Form C-104 showing reclassification from oil to gas effective January 1, 1998, indicating transporters of condensate and dry gas for this well.
3. Indicate if gas well gas is separately metered.

If you have questions concerning the above, please contact Nelda Morgan at (505) 393-6161.

Very truly yours,

OIL CONSERVATION DIVISION

A handwritten signature in cursive script that reads "Chris Williams".

Chris Williams
Supervisor, District I

CW:nm

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

~~H.E.S.~~
~~F.H.W.~~
B.M.M.
E.W.N.
K.L.R.C.

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

File
Eumont

Subject: Unorthodox Location - Shell Oil
Company's State L-2 SE/4 Section
1, Township 21 South, Range 35 East
Eumont Gas Pool.

Dear Sir:

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-370-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
(1) Unorthodox File
(2) OCC, Hobbs
(1) Gulf Oil Corp., Hobbs
(1) The Atlantic Refining Co., Midland

Box 1957
Hobbs, New Mexico

December 10, 1953

Subject: Application for Waiver of
Unorthodox Location of
Shell State L-2, Eumont Pool,
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

A request hereby is submitted for waiver of the unorthodox location of Shell State L-2, a gas well in the Eumont Pool of Lea County, New Mexico. This well is located 990 feet from the south line and 330 feet from the east line of Section 1, Township 21 South, Range 35 East, and is the only Eumont Pool gas well in the SE/4 of Section 1. At this location the well is nearer than 660 feet (the legal distance specified in Rule 3, Case 584, Order No. R-370-A for a gas well) to the boundary of the SE/4 of Section 1. A plat showing the location of this well already has been submitted. State L-2 was completed as a Eunice Field oil well in January 1938 and recompleted as a gas-oil dual in January 1953. This well produces gas from the Yates formation.

A copy of this letter is being mailed to all operators within a 1320-foot radius of State L-2 as notification of this request for waiver.

Yours very truly,

Original Signed By
L. E. Slagle

L. E. Slagle
Division Production Superintendent


KGR:BV

cc: Gulf Oil Corp.
Box 2167
Hobbs, New Mexico

cc: The Atlantic Refining Co.
McClintic Building
Midland, Texas

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date 10-27-53

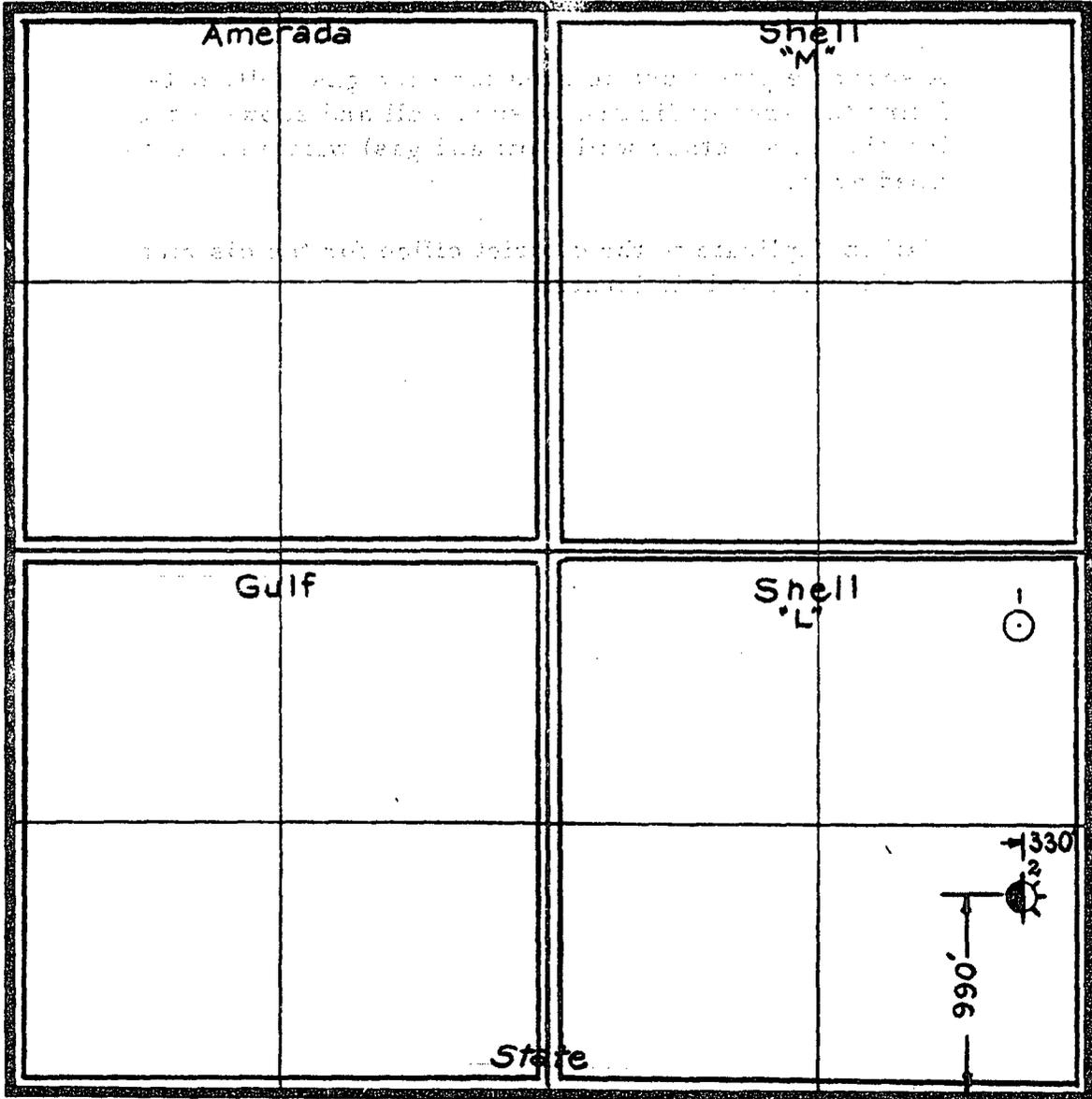
Shell Oil Company State L 2
Operator Lease Well No.

Name of Producing Formation Yates Pool Eumont

No. Acres Dedicated to the Well 160

Southernmost 640 acres of

SECTION 1 TOWNSHIP 21-S RANGE 35-E



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

(over)

NEW MEXICO OIL CONSERVATION COMMISSION
BOX 2045
HOBBS, NEW MEXICO

DATE December 2, 1953

TO: Shell Oil Company
Box 1957, Hobbs, New Mexico

GENTLEMEN:

Form C-104 for your State L 2 1-21-35 Eumont - *Eumer*
LEASE WELL S.T.R. POOL

has been approved, however, since this well is:

- (X) An unorthodox location,
- () Located on an unorthodox proration unit,
- () Outside the boundaries of a designated pool,

it will be necessary for you to;

- () Comply with the provisions of Rule 4 of Commission Order _____
- () Comply with the provisions of Rule 7 of Commission Order R-370 A
- () File Form C-123

Pending further Commission action this unit will be assigned an 160 acre allowable.

SJS
A. L. Porter, Jr.
Proration Manager

ALP/pb

cc/ Transporter El Paso Natural Gas Co.

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD
MEMBER

STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

December 5, 1952

Shell Oil Company
Hobbs, New Mexico

Attention: Mr. C. R. Bickel

Gentlemen:

We attach signed copies of the following orders covering
your recent requests for dual completions:

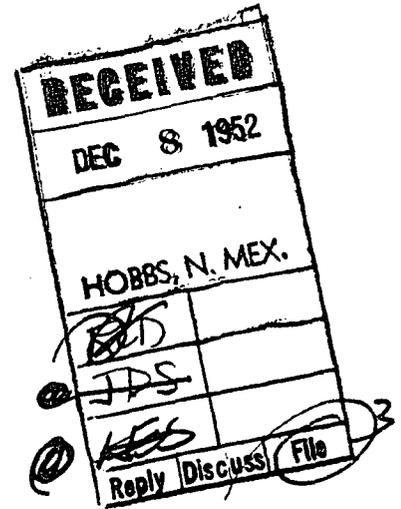
- Order R-217 in Case 430 *State 2 - Currier*
- Order R-222 in Case 433 - *State N-2 - Currier*
- Order R-223 in Case 434 *State M-4 Currier*

Yours very truly,

W. B. Macey /*WR*

W. B. Macey
Chief Engineer

WBM:nr





RD - 2/16/98

NSL-3949(50)

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

RAY POWELL, M.S., D.V.M.
COMMISSIONER

February 4, 1998

Citation Oil & Gas Corporation
8223 Willow Place South
Suite 250
Houston, Texas 77070-5623

Attn: Ms. Debra Harris

Re: Administrative Application for Unorthodox Gas Well Location
State H Well No. 2 and Administrative Application for Simultaneous Dedication
State H Well Nos. 3Y, 2 and 4
E/2, Section 13-21S-35E
State L Well Nos. 2 and 2Y
SE/4, Section 1, 21S-35E
Eumont Yates Seven Rivers Queen (Pro Gas) Pool
Lea County, New Mexico

Dear Ms. Harris:

We are in receipt of your letters of January 14th and 16th, 1998, wherein you have notified this office of the unorthodox well locations for the above-captioned wells.

We have no objections to your proposed request.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS



BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/JB/cpm

xc: Reader File

OCD--David Catanach and Ben Stone

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 430
ORDER NO. R-217

THE APPLICATION OF SHELL OIL
COMPANY FOR AN ORDER GRANTING
PERMISSION TO DUALY COMPLETE
AND PRODUCE ITS SHELL STATE "L",
NO. 2 WELL, LOCATED IN THE SE/4
SE/4 SECTION 1, TOWNSHIP 21 SOUTH,
RANGE 35 EAST, NMPM, LEA COUNTY,
NEW MEXICO, IN THE EUNICE-MONUMENT
POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on November 20, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 4th day of December, 1952, the Commission, a quorum being present, having considered the records and the testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice having been given as required by law, the Commission has jurisdiction of the case and the persons and subject matter thereof.

(2) That applicant's Shell State "L", No. 2 Well, SE/4 SE/4 Section 1, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, was completed in January 1938 as an oil well producing from the Queen-Grayburg formation in the open-hole interval 3775-3905, having drilled through the Yates-Seven Rivers gas zone at an approximate depth of 3100-3550.

(3) That although recent experiments tend to show that mechanical packers and other devices are ordinarily available for successful dual/multiple completions of oil - gas wells, the Commission is unconvinced of the soundness, as a waste-prevention practice, of such dual/multiple completions as a general practice in New Mexico without specific controls over each such project.

IT IS THEREFORE ORDERED:

That the applicant herein, Shell Oil Company, be, and it hereby is authorized to dually complete and produce its Shell State "L", well No. 2, SE/4 SE/4 Section 1, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, in such a manner that gas from the Yates-Seven Rivers formation may be produced through the annular space between the casing and the tubing, and oil from the Queen-Grayburg formation through the tubing by proper perforations and installation of a proper packer or packers;

PROVIDED, HOWEVER, That subject well shall be completed, and thereafter produced, in such a manner that there will be no commingling within the well bore, either within or outside the casing of gas, oil and gas, or oil produced from either or both of the separate strata, and,

PROVIDED FURTHER, That said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used, at any time, as may be required by the Commission or its representatives, in order that natural gas, oil or oil and gas from each separate stratum may be accurately measured and the gas-oil ratio thereof determined, and,

PROVIDED FURTHER, That the operator applicant shall make any and all tests, including segregation tests, but not excluding other tests and/or determinations at any convenient time and in such manner as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of the Commission and by representatives of offset operators, if any there be, at their election, and the results of each test properly attested to by the applicant herein and all witnesses, and shall be filed with the Commission within ten (10) days after the completion of such test, and,

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas/oil ratio and reservoir pressure determination of each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED, That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing, the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



GUY SHEPARD, Member



R. R. SPURRIER, Secretary

S E A L