



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



CORRECTED
COMMINGLING ORDER CTB-371

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

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

Attention: Sharon E. Ward

The above named company is hereby authorized to commingle Eumont Yates Seven Rivers Queen Pool production from the following leases:

Lease: State "C" Lease Well No. 2
Description: NE/4, Section 24, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

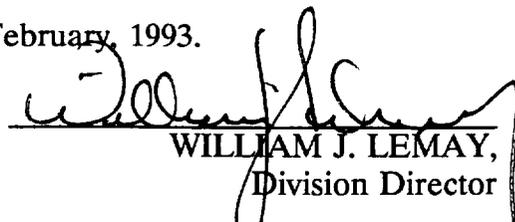
Lease: State "N" Lease Well No. 2
Description: NE/4 SE/4, Section 24, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

Production shall be allocated to each lease by separately metering the production from each lease comingling.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The Operator shall notify the Supervisor of the Hobbs District Office prior to implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 2nd day of February, 1993.


WILLIAM J. LEMAY,
Division Director

cc: Oil Conservation Division - Hobbs
State Land Office - Santa Fe

AMEND CTB 6/7/99



MAI 7

May 4, 1999

New Mexico State Energy and Minerals Dept.
Oil Conservation Division
P O Box 2088
Santa Fe, New Mexico 87501

Attn: Ben Stone

Re: Amendment to Surface Commingling Order CTB-371
State C and State N Leases
Lea County, New Mexico

Dear Mr. Stone:

Citation Oil & Gas Corp. request approval to amend the surface commingling order CTB-371 dated February 2, 1993 to include both oil and gas production.

The State C lease will be metered separately form the State N lease prior to commingling.

Oil volumes will be allocated based on well tests. The estimated commingled volume is 93 barrels per month with an average gravity of 33.9.

If you need additional information, please advise. Thank you.

Respectfully Requested,

A handwritten signature in cursive script that reads "Sharon Ward".

Sharon Ward
Regulatory Administrator

Cc: Oil Conservation Division – Hobbs
State Land Office – Santa Fe



DATE: 5-26-99

COMPANY: _____

CONTACT: Mark Ashley

FAX NO.: _____

FROM: Sharon WARD

The following document(s) consist of 2 pages including this cover page. Please contact the above at (281) 469-9664 if a problem arises in the transmission of this document.

Thank you.

Message: _____

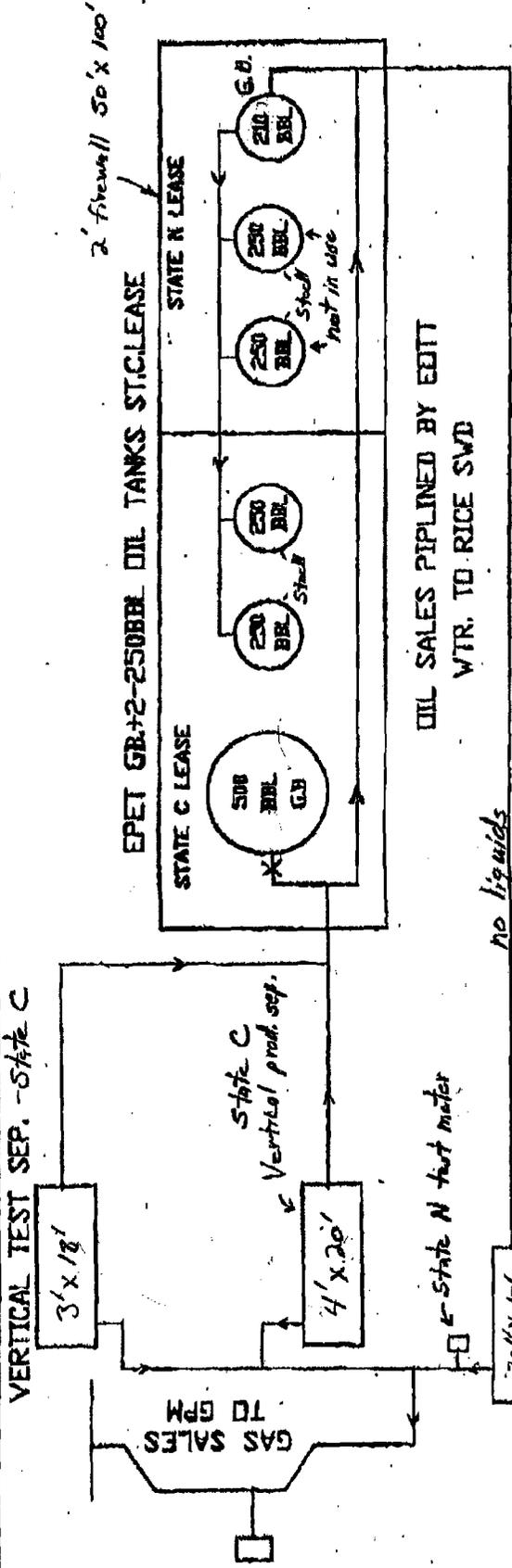
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8223 Willow Place South • Suite 250 • Houston, Texas 77070-5623 • 281/469-9664 • Fax 281/469-9667

m/forms/fax.for

4'X 120' BARBWIRE FENCE



OIL SALES PIPLINED BY EDIT
WTR. TO RICE SWD

NOT CONNECTED
JUNK
STORED
e BATTERY

FOUR 36'X 10' SEP.
JUNK VERTICAL

4X12.
4X12.
2-4' VERT. SEP.
JUNK

2-4'X 8'
HEATERS
JUNK

Section 24-215-35E

STATE 'C' & 'N' BATTERY
Eunont Field
Lea County, New Mexico

5-26-99

Not To Scale

RECEIVED TIME MAY 26, 10:06AM PRINT TIME MAY 25, 10:06AM



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5795

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

June 8, 1999

Citation Oil & Gas Corporation
P.O. Box 690688
Houston, Texas 77269-0688

Attn: Ms. Sharon E. Ward

Re: Amendment to Surface Commingling Order CTB-371
State C-2 and State N-2
Lea County, New Mexico

Dear Ms. Ward:

This office in receipt of your letter of May 4, 1999, wherein you have requested an Amendment to Surface Commingling Order CTB-371 to include both oil and gas production.

We understand that the State C lease will be metered separately from the State N lease prior to commingling.

In your previous application of December 15, 1992, your company was granted authorization by this office to surface commingle gas from the Eumont Field State C-2 and N-2 wells with the casing head gas produced from the Eumont Field C and N State Lease Well Nos. 1, 1Y, 2, 2Y, 3, 4 and State N Well Nos. 1 and 1Y. The C wells are located in the NE4 of Section 24-21S-35E, B-1400-14. The N wells are located in the NE4SE4 of Section 24-21S-35E, B-1167-51.

Also, gas produced from the C-2 wells would be metered individually prior to commingling with the casing head gas produced on Citation's Eumont Field C and N lease wells, all wells were currently completed in the Yates Rivers Queen pool, and there would be no changes in the price of the commingled production.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your Amendment to Surface Commingling Order CTB-371 is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

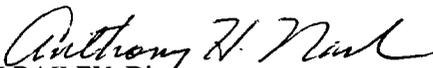
"WE WORK FOR EDUCATION"

Citation Oil & Gas Corporation
Page 2
June 8, 1999

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: 
FOI JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File

OCB--David Catanach and Ben Stone