



OIL CONSERVATION DIVISION
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November 11, 1992

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

Attn: Michael Stogner

Re: Surface Commingling Request
State M-4
Eumont Field
Lea County, New Mexico

Dear Mr. Stogner:

Citation Oil & Gas Corp. requests approval to reactivate the Eumont Field State M-4 prorated gas well commingle this gas well gas with the casing head gas produced from Citation's Eumont Field State M lease.

As shown on the attached schematic, the State M-4's gas well gas produced volumes will be metered separately prior to commingling with the casing head gas produced on Citation's Eumont Field M lease.

For allocation purposes the gas well gas volumes will be held whole. Estimated production from the State M-4 well is 50 MCFD.

If you need additional information, please contact me at 713-469-9664. Thank you.

Respectfully requested,

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

Sharon E. Ward
Production Regulatory Supv

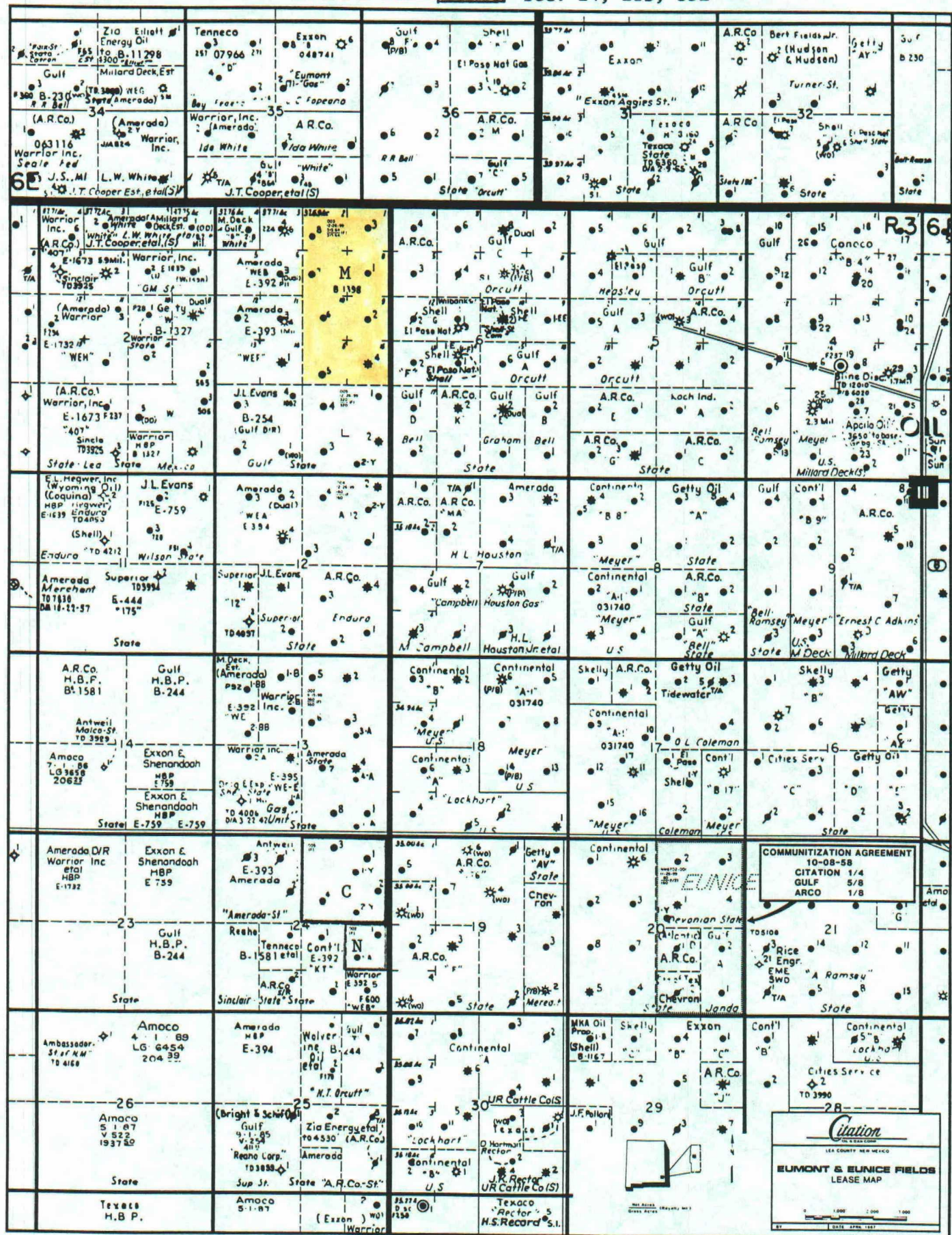
Citation Oil & Gas Corp.

Eumont Field (Yates 7 Rivers Queen)

State C Lease Sec. 24, 21S, 35E

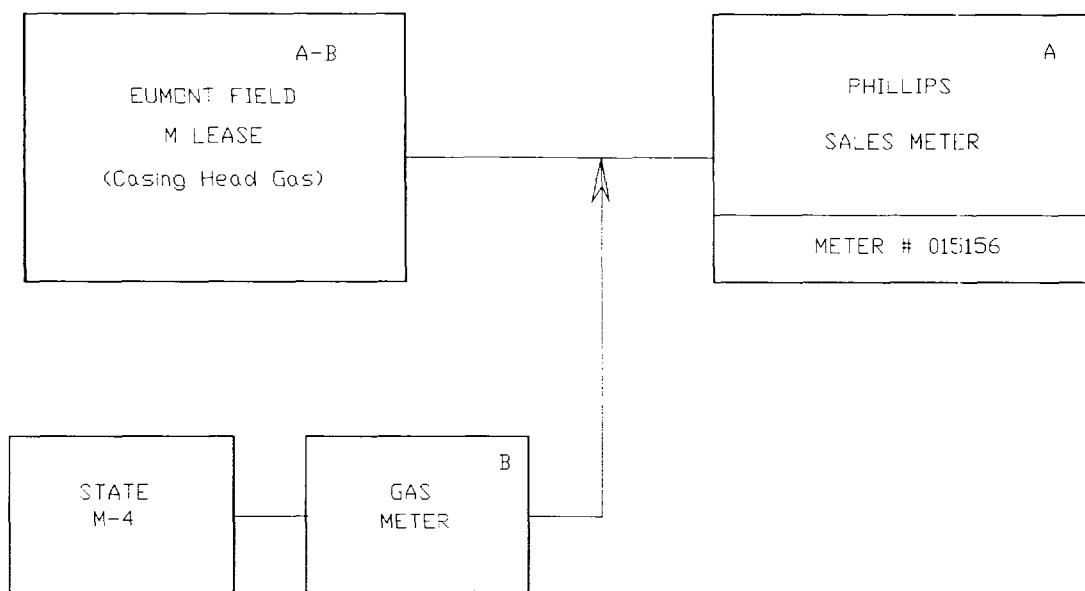
State M Lease Sec. 1, 21S, 35E

State N Lease Sec. 24, 21S, 35E





EUMONT FIELD LEASE
GAS FLOW SCHEMATIC



GAS ALLOCATION FORMULA

Phillips Sales Volume	<u> A </u>
State M-4 Gas Volume	<u> B </u>
Eumont Field M Lease Casing Head Gas	<u> A-B </u>



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

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

December 16, 1992

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

Attn: Ms. Sharon E. Ward

Re: Surface Commingling, State M Lease
Yates 7 Rivers Queen Pool
Lea County, New Mexico

Dear Ms. Ward:

This office is in receipt of your letter of December 4, 1992 wherein you have requested approval to surface commingle gas from the State M-4 well with the casing head gas produced from the Eumont Field State M Lease Well Nos. 1, 2, 3, 4, 6, 7 and 8. These wells are located in lots 1, 2, 7, 8, 9, 10, 15, 16, of Section 1, Township 21 South, Range 35 East.

We have derived the following information from your request:

1. The State M-4's gas produced volumes will be metered separately prior to commingling with the casing head gas produced on Citations's Eumont Field M lease wells.
2. All the wells are currently completed in the Yates 7 Rivers Queen pool.
3. There will be no change in the price of the commingled production.
4. All leases are located on State Lease No. B-1398-31.

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 surface commingling request 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.

Citation Oil & Gas Corporation
December 16, 1992
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If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
JB/FOP/pm
encls.
cc: Reader File
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December 30, 1992

Attn: Ben Stone
NMOCC
P.O. Box 2088
Santa Fe, New Mexico

Mr. Stone:

The information you requested on the State M lease is as follows:

State M well numbers 1,2,3,5,7,8 are presently being commingled.

Citation requests permission to surface commingle the State M-4 well with the above six wells.

If you have any questions, please contact me at 713-469-9664. Thank you.

Sharon Ward

Sharon Ward