

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-Qualified 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

2005 SEP 28 PM 1:40

- [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.

[Handwritten Signature]

Print or Type Name

Signature

KELLAMIN & KELLAMIN
Attorneys At Law

P.O. Box 2265

Santa Fe, NM 87504-2265

9/28/05
Date

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

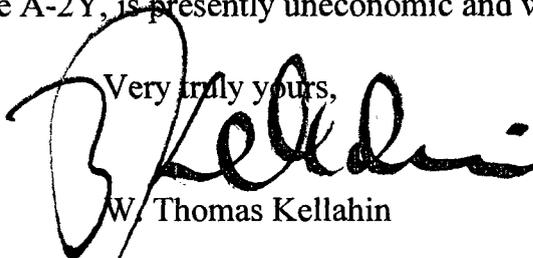
Re: NMOCD Administrative Application of
Citation Oil & Gas Corp. for a "well density"
exception to Order R-8170-P pursuant to Rule 4(B)
of the Special Rules and Regulations for Eumont Gas Pool
for NE/4 of Section 12, T21S, R35E
Lea County, New Mexico

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>Spud 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>Spud: 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:

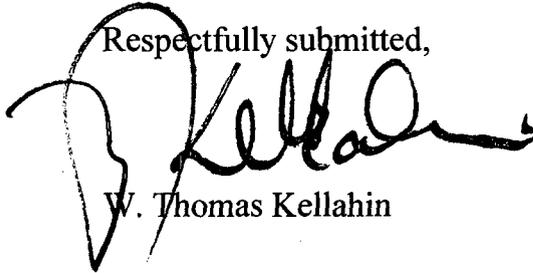
- a. The State "A" Well No. 2 as of June, 2004 shown only 1 Mcfpd and is clearly unecomomic and will be abandoned.
- b. The State "A" Well No. 2-Y, will replaced with the State "A" Well No. 2 and is expected to recover Eumont gas that will not be recovered by the other three wells within this GPU.
- 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,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

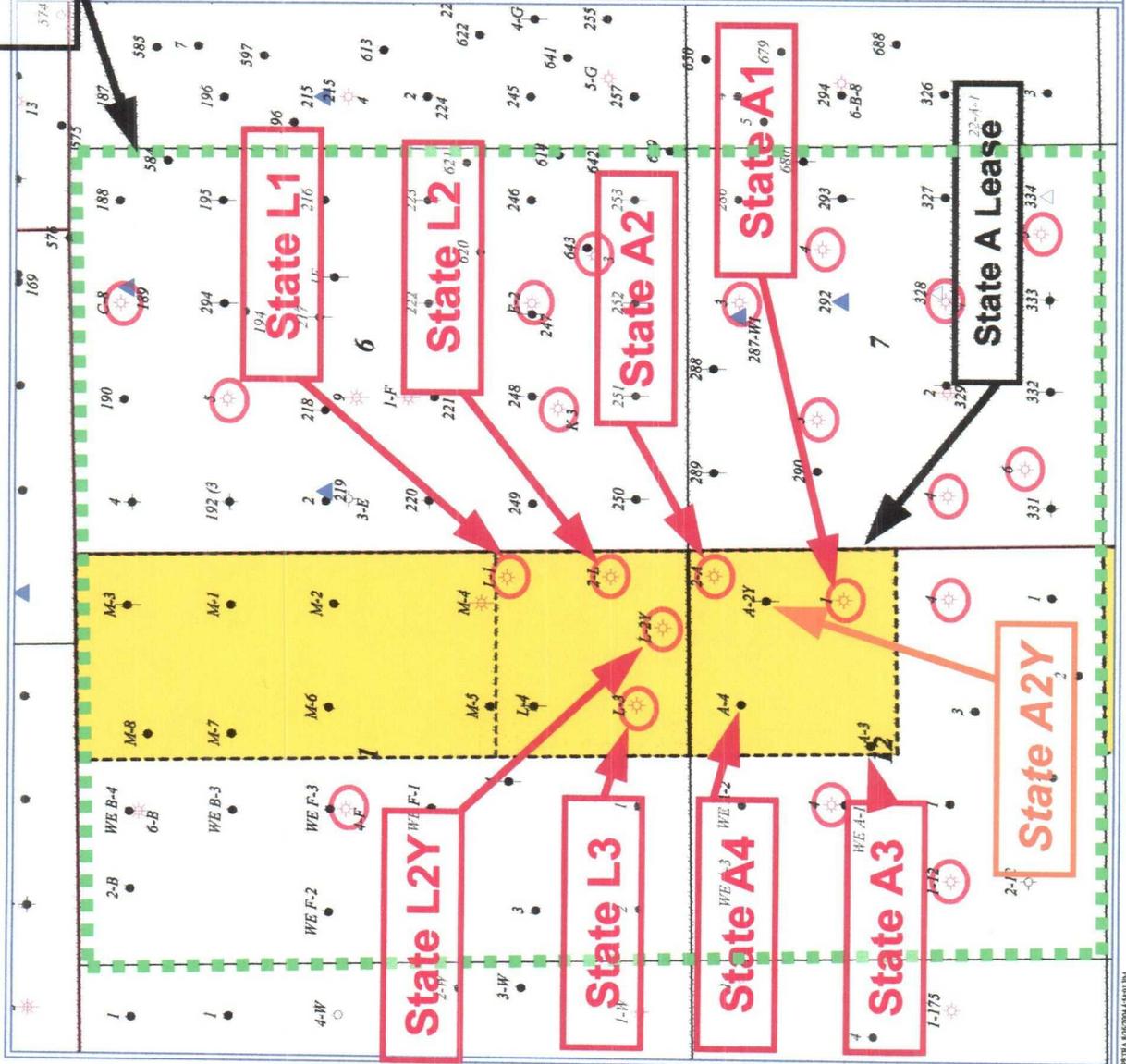
cc: Citation Oil & Gas Corp.
Attn: Charlie Adams (PE)



Eumont Map Showing Well Status

Area Where Well Status Checked

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



Citation
OIL & GAS CORP.

Summit Field
Lee County, New Mexico

Base Map
By: GREGCA

1,447
FEET

August 26, 2004

EXHIBIT

A

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 30-025-03455		² Pool Code		³ Pool Name Eumont Yates Seven Rivers Queen	
⁴ Property Code 002827		⁵ Property Name State A			⁶ Well Number 1
⁷ OGRID No. 004537		⁸ Operator Name Citation Oil & Gas Corp.			⁹ Elevation 3585 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
H	12	21S	35E		1980	North	660	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

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-8170-P
--------------------------------------	-------------------------------	----------------------------------	-------------------------------------

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@coqc.com Title and E-mail Address	
		Date March 4, 2005	
		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	



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

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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

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-8170-P
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		Signature	
		Printed Name Sharon Ward	
		Title and E-mail Address Regulatory Administrator sward@co.gc.com	
Date March 4, 2005		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. ~~H.E.S.~~
2. ~~F.R.W.~~
3. ~~B.N.P.~~
EWN
K.R.K.

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. 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

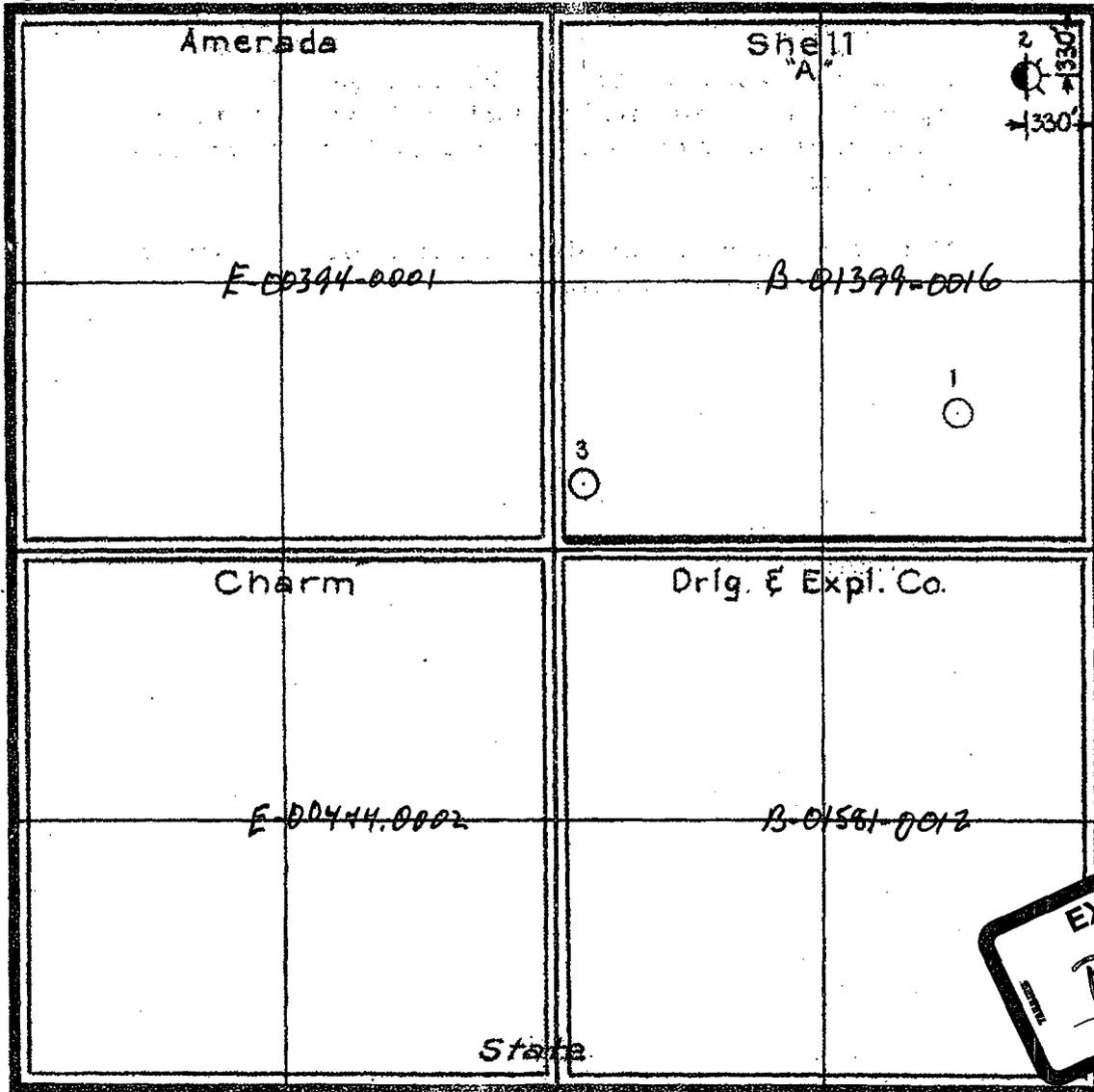
Date 10-27-53

Shell Oil Company State A Well No. 2
Operator Lease

Name of Producing Formation Yates Pool Jaico

No. Acres Dedicated to the Well 160

SECTION 12 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

RWH

District I
1625 N. French Dr., Hobbs, NM 88240
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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 30-025-03456		² Pool Code 22800		³ Pool Name Eumont Yates Seven Rivers Queen	
⁴ Property Code 002827		⁵ Property Name State A			⁶ Well Number 2Y
⁷ OGRID No. 004537		⁸ Operator Name Citation Oil & Gas Corp.			⁹ Elevation -

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		990	North	660	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

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-8170-P
--------------------------------------	-------------------------------	----------------------------------	-------------------------------------

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

<p>16</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Sharon Ward</i> Signature</p> <p>Sharon Ward Printed Name Regulatory Administrator sward@cogc.com Title and E-mail Address</p> <p>March 4, 2005 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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></p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p>
<p>Certificate Number</p>	

EXHIBIT
B-5

District I
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-03457		² Pool Code 22800		³ Pool Name Eumont Yates Seven Rivers Queen	
⁴ Property Code 002827		⁵ Property Name State A			⁶ Well Number 3
⁷ OGRID No. 004537		⁸ Operator Name Citation Oil & Gas Corp.			⁹ Elevation 3585 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
G	12	21S	35E		2310	North	2515	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

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-8170-P
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16	2310	2515	2	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> <u>Sharon Ward</u> Signature Sharon Ward Printed Name Regulatory Administrator sward@cogc.com Title and E-mail Address March 4, 2005 Date
			4	
			1	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
		3		



NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

NOTICE OF INTENTION TO DRILL

Notice must be given to the Oil Conservation Commission or its proper agent and approval obtained before drilling begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in triplicate. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

Hobbs, New Mexico
Place

September 21, 1939
Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico

Gentlemen:

You are hereby notified that it is our intention to commence the drilling of a well to be known as

DUPLICATE

Shell Oil Company, Inc. State "A" Well No. 3 in NE/4

of Sec. 12, T. 21S, R. 35E, N. M. P. M., Eunice Field, Lea County.

AREA 640 ACRES
LOCATE WELL CORRECTLY

The well is 2310 feet [~~N~~] [S.] of the North line and 2515 feet [~~E~~] [W.] of the East line of Section 12

(Give location from section or other legal subdivision lines. Cross out wrong directions.)

If state land the oil and gas lease is No. _____ Assignment No. _____

If patented land the owner is _____

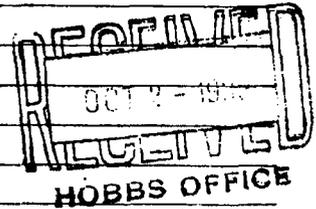
Address _____

If government land the permittee is _____

Address _____

The lessee is _____

Address _____



We propose to drill well with drilling equipment as follows: _____

Franks rotary unit. Diesel powered.

The status of a bond for this well in conformance with Rule 39 of the General Rules and Regulations of the Commission is as follows: _____

We propose to use the following strings of casing and to land or cement them as indicated:

Size of Hole	Size of Casing	Weight Per Foot	New or Second Hand	Depth	Landed or Cemented	Sacks Cement
11"	7-5/8"	26	New	1600	Cemented	600
6 1/2"	4-1/6"	9 1/2	New	3800	Cemented	100

If changes in the above plan become advisable we will notify you before cementing or landing casing. We estimate that the first productive oil or gas sand should occur at a depth of about _____ feet.

Additional information:

Location granted at Hearing held in Santa Fe September 18, 1939

OCT 2 - 1939

Approved _____ 19____
except as follows:

Sincerely yours,

Shell Oil Company, Inc.
Company or Operator

By C. A. Hull

Position District Engineer

Send communication regarding well to

Name C. A. Hull

Address Dr. 1457, Hobbs, New Mexico

OIL CONSERVATION COMMISSION

By Roy Yarbrough

Title OIL & GAS INSPECTOR



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, 1935

TO: Shell Oil Company
Box 1937
Hobbs, New Mexico

Gentlemen:

In accordance with the provisions of Commission Order No. R-520, your State A, 3 G, 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 Queen Pool effective September 1, 1935, 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, 1935. 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 Queen 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



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 30-025-03458		² Pool Code 22800		³ Pool Name Eumont Yates Seven Rivers Queen	
⁴ Property Code 002827		⁵ Property Name State A			⁶ Well Number 4
⁷ OGRID No. 004537		⁸ Operator Name Citation Oil & Gas Corp.			⁹ Elevation 3557 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
B	12	21S	35E		660	North	1980	East	Lea

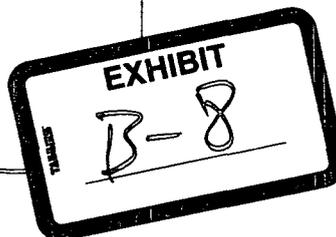
¹¹ Bottom Hole Location If Different From Surface

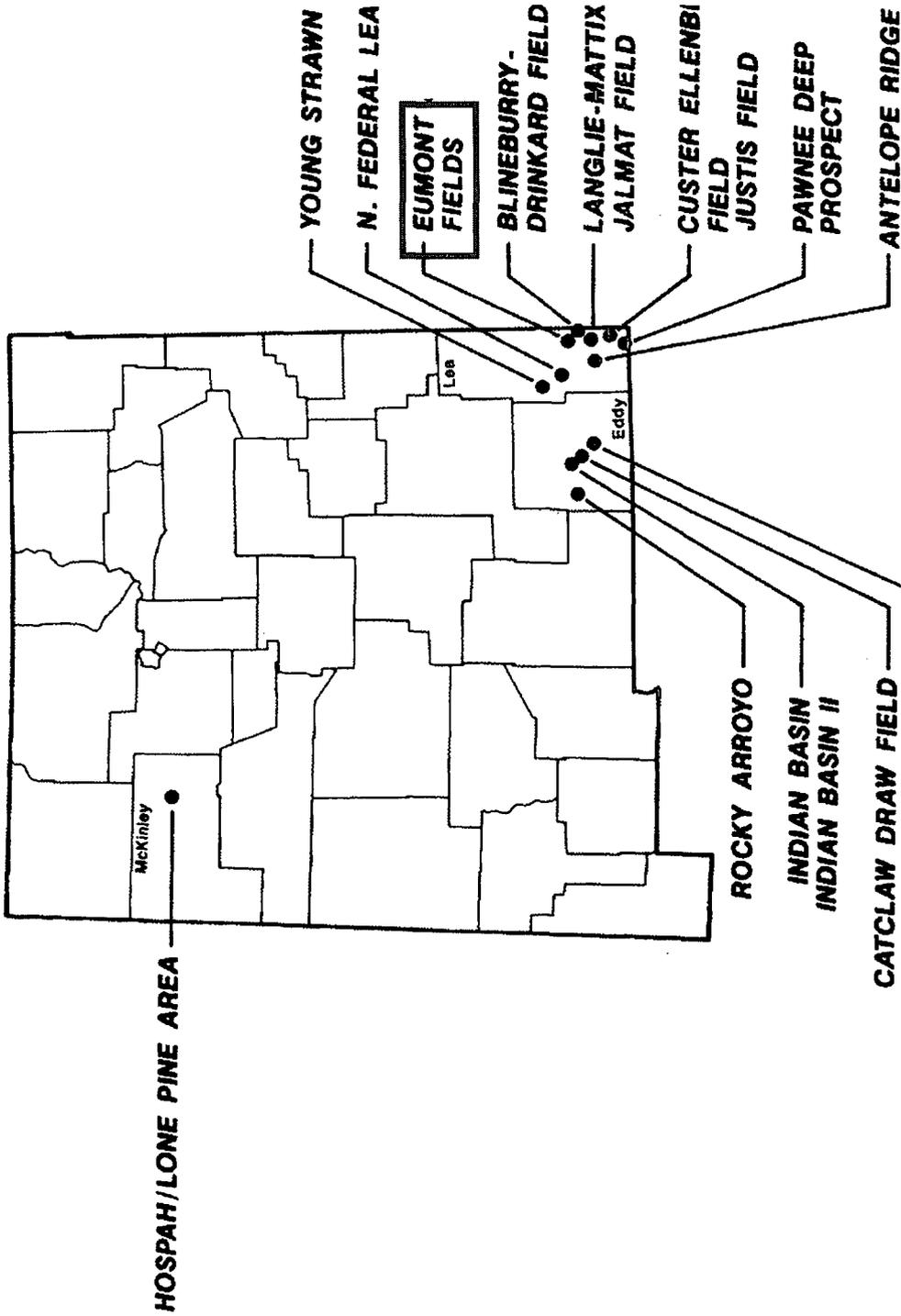
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-8170-P
--------------------------------------	-------------------------------	----------------------------------	-------------------------------------

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

<p>16</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Sharon Ward</i> Signature</p> <p>Sharon Ward Printed Name Regulatory Administrator sward@cogc.com Title and E-mail Address</p> <p>March 4, 2005 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p>
<p>Certificate Number</p>	





Location Map - Eumont Field

Lea Co., NM



Location Map

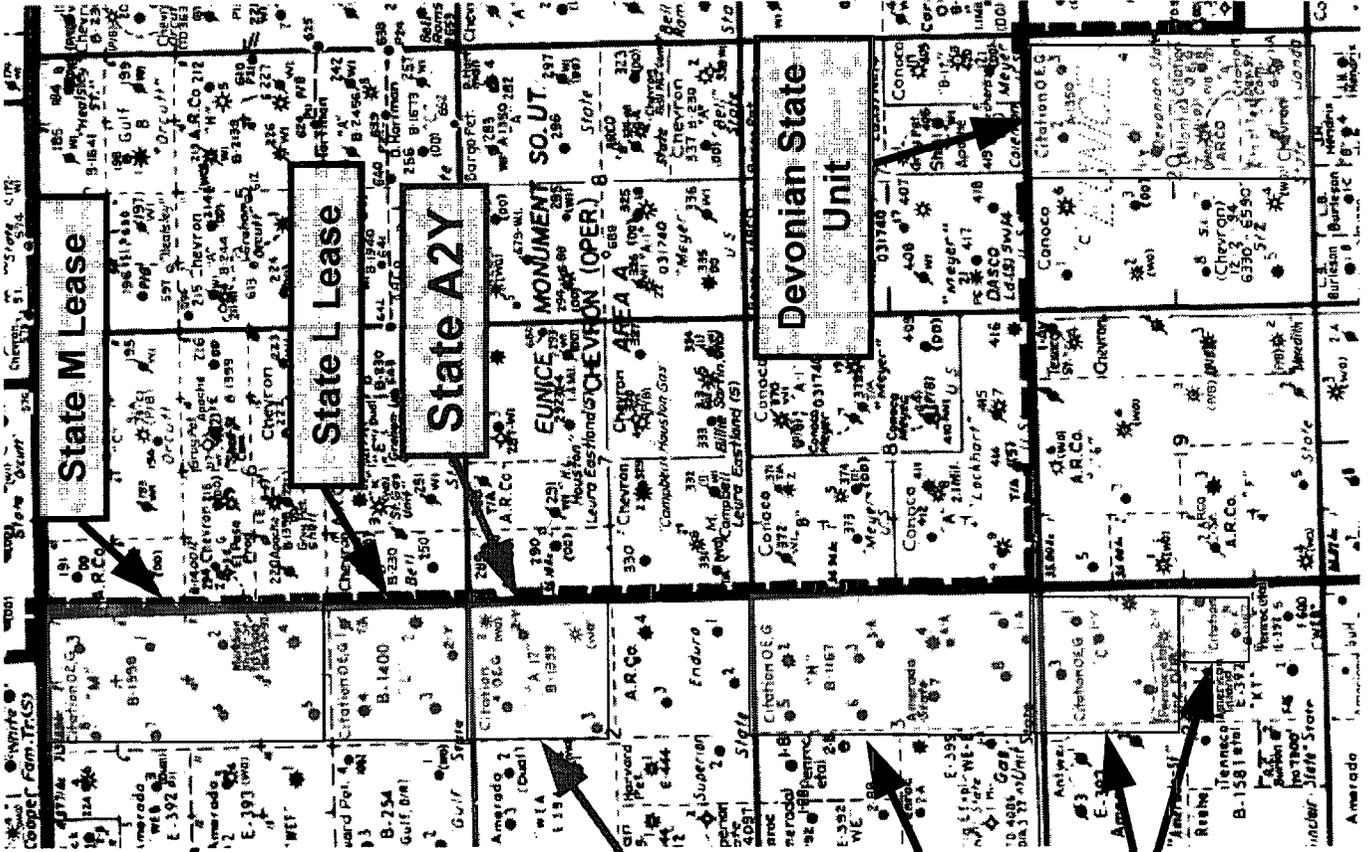
**Citation Leases and State A Lease
Located in NE/4 Sec. 12 T35E R21S**

Lea County, New Mexico

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

State H Lease

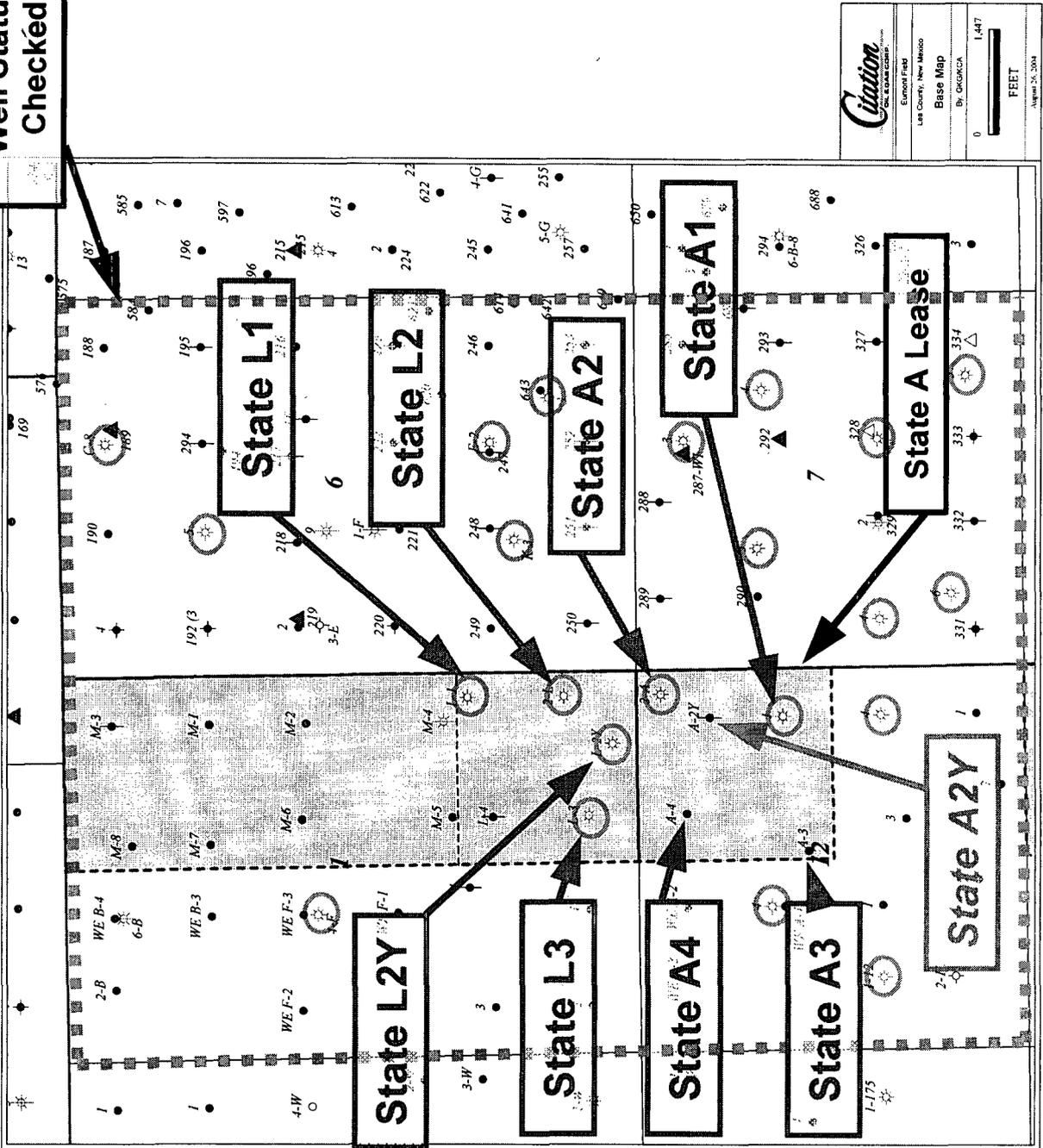
**Former
Citation State
C & N Leases -
Recently Sold**





Eumont Map Showing Well Status

Area Where Well Status Checked



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

Citation
OIL & GAS CORP.

Eumont Field
Las County, New Mexico
Base Map
By: GREGGCA
1:447

0 FEET



Citation Eumont 6/2005 Production

New Mexico Field Names and Numbers

- 22800 EUMONT; YATES-7 RVRS-QUEEN (OIL)
- 76480 EUMONT; YATES-7 RVRS-QUEEN (PRO GAS)
- 23000 EUNICE MONUMENT; GRAYBURG-SAN ANDRES

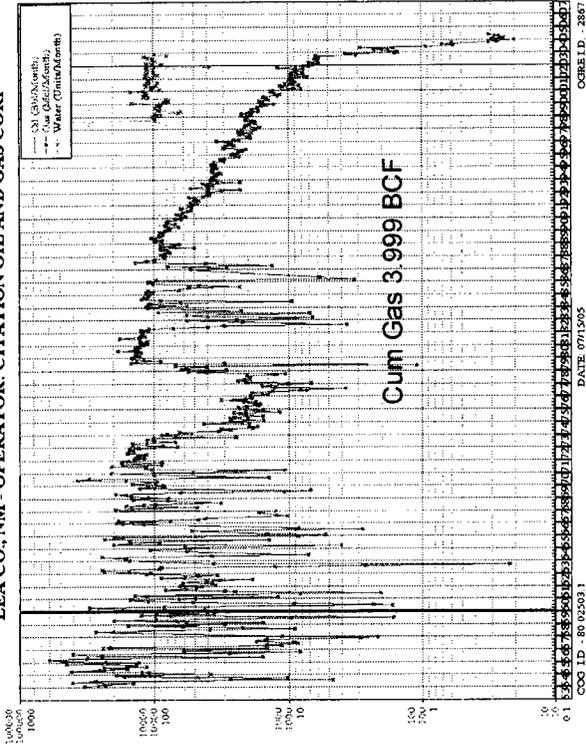
Data for Field from 5/2005 COG NM Form C-115

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	

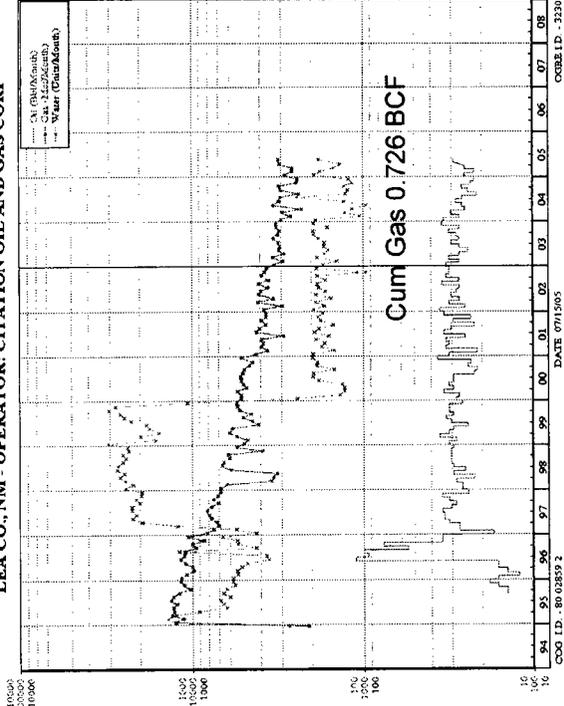


Exhibit 5

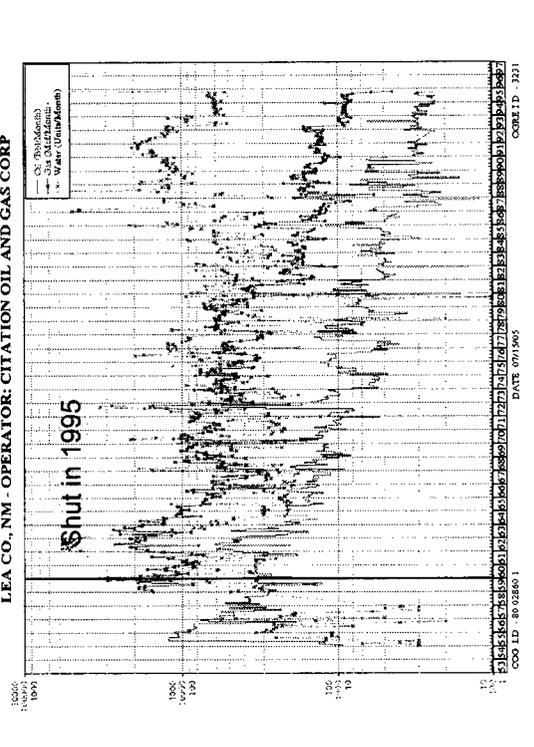
STATE A "12" 2
 EUMONT FIELD, YATES 7 RVRs QUEEN ZONE
 LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



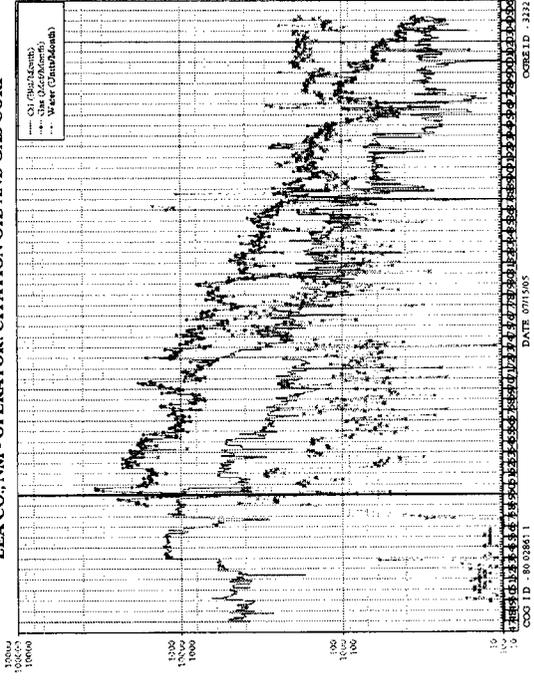
STATE A 1 (GAS)
 EUMONT FIELD, YATES 7 RVRs QUEEN ZONE
 LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



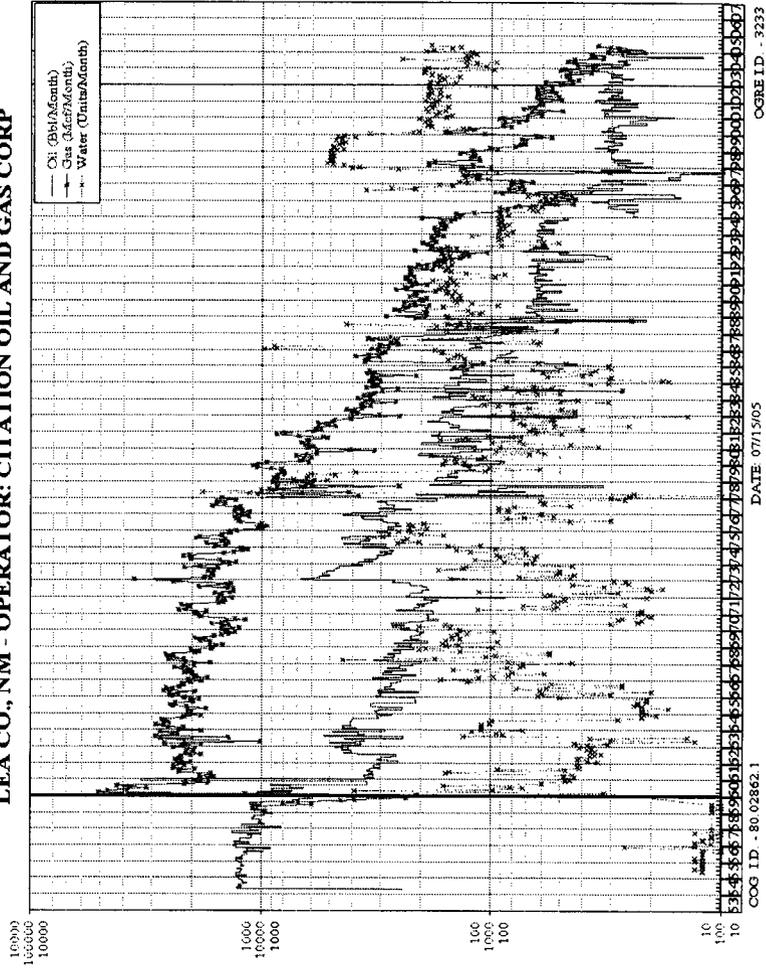
STATE A 2V
 EUMONT FIELD, YATES 7 RVRs QUEEN ZONE
 LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



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



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





A2Y - Proposed Production Configuration

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

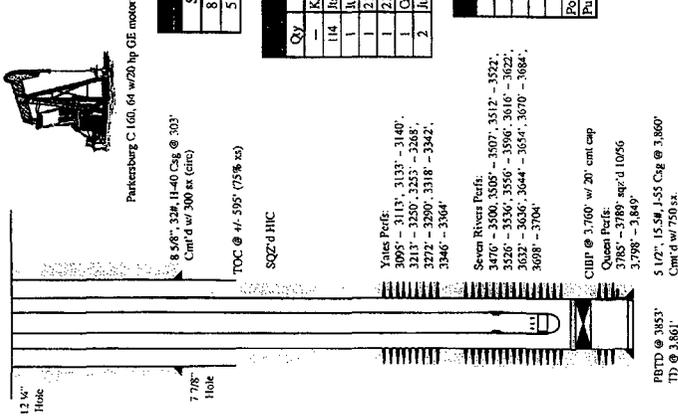
Surface: 990' FNL and 660' FEL,
 Section 12 T21S - R3SE
 Lea county, NM
 Completed: May 1955
 Elevation: 3588' (DF)
 KB: 12'

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

TUBING DETAIL			
Qty	Description	Length	Depth
1	KB	13	10
114	1/2 2 3/8", 4.7M, J-55 Lg	3584	3584
1	1/2 2 3/8", 4.7M, J-55 IPC Lg	31	3575
1	2 3/8" SN	1	3576
1	2 3/8" Tub Sub	4	3580
1	Chum D230IGDzander	20	3600
2	1/2 2 3/8" BPPMA	62	3602

ROD DETAIL			
Qty	Size	Type	Length
1 set	3/4"	KD Subs	47-10
143	3/4"	KD	3,575
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'



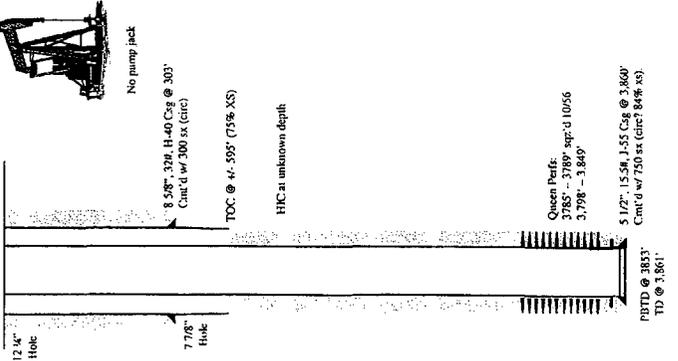
A2Y - Shut-in Prior to Workover

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

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

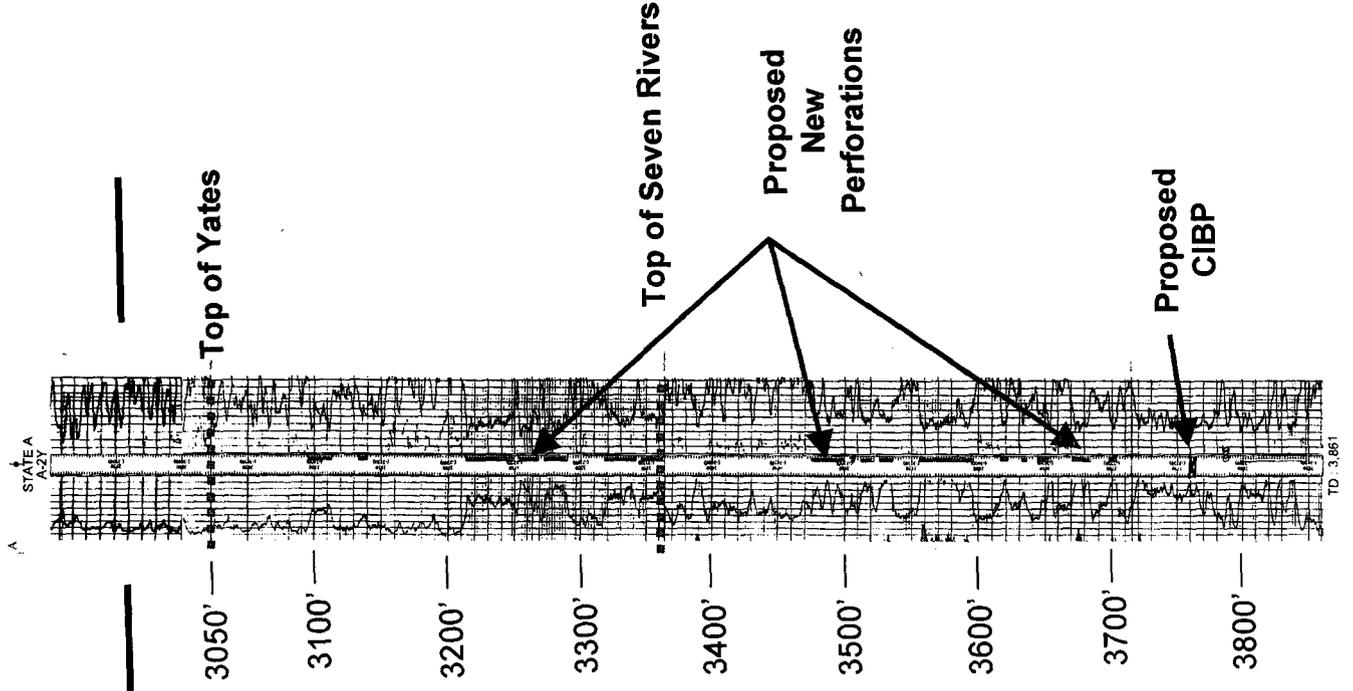
CASING DETAIL			
Size	Weight	Grade	Depth
8 5/8"	32	H-40	Surf. - 303
5 1/2"	15.5	J-55	Surf. - 3860





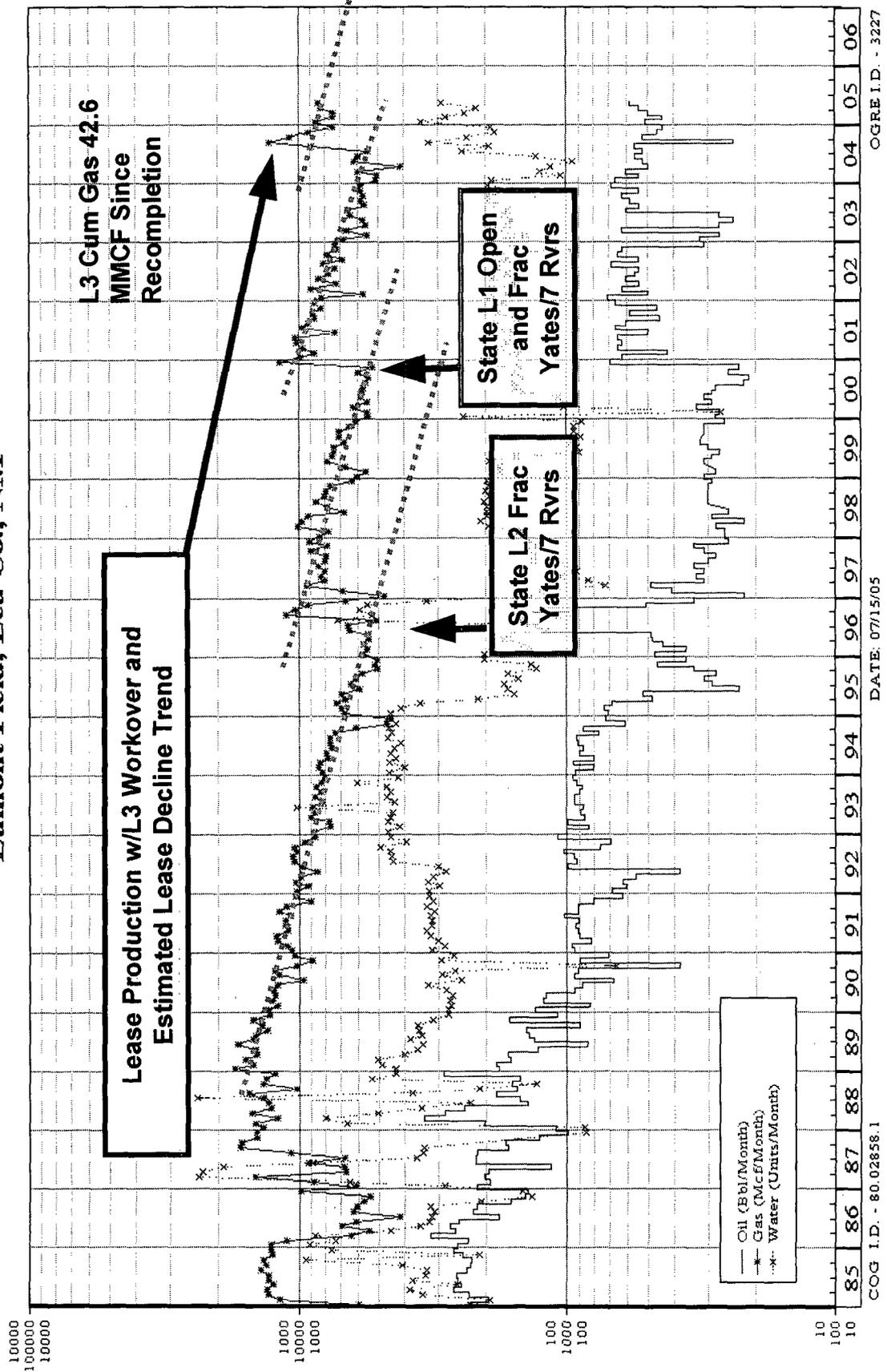
State A2Y

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 = $Q = - 365 X (q_i - q_f) / \ln (1 - D)$

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

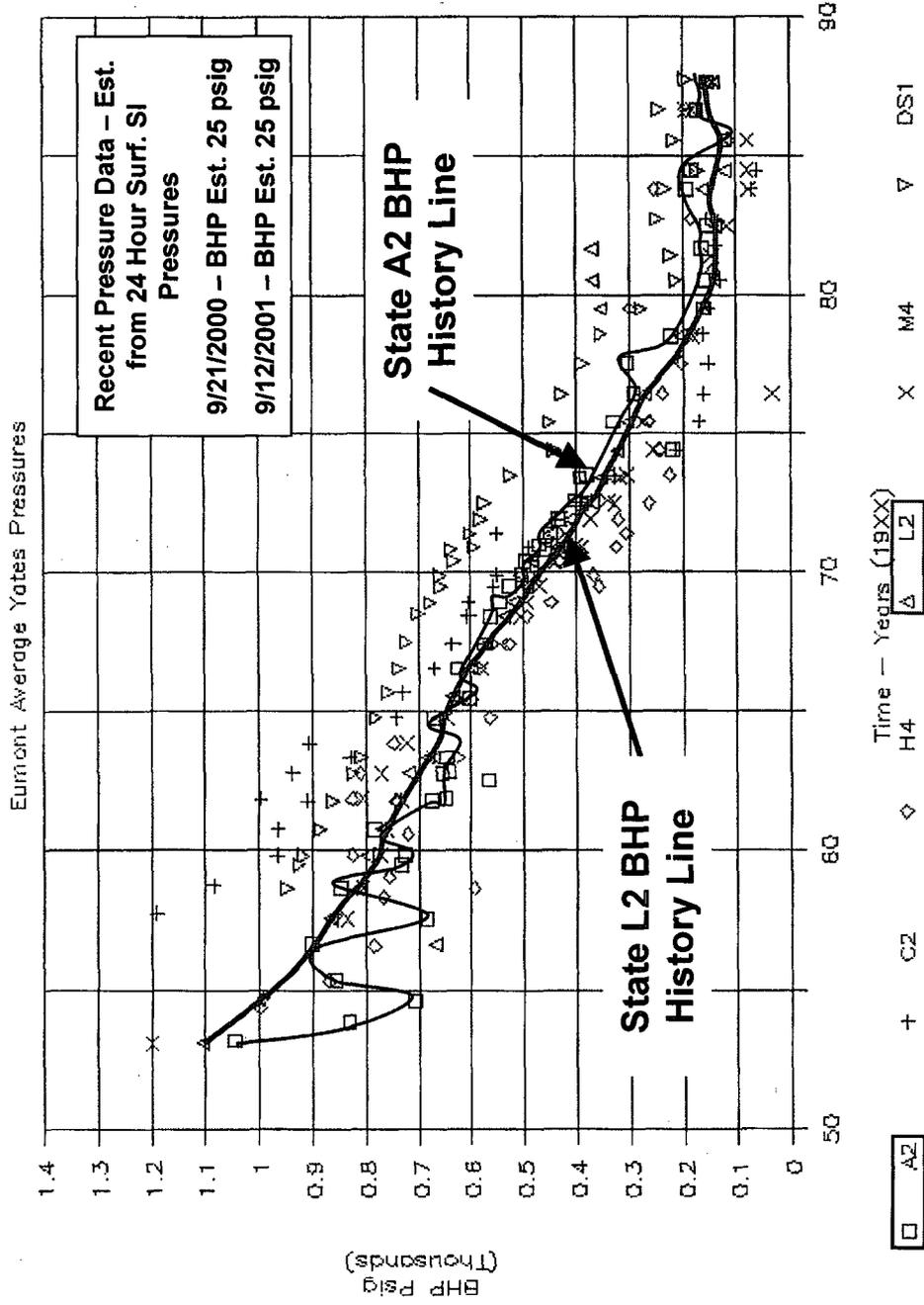
Remaining Reserve = $Q = - 365 X (q_i - q_f) / \ln (1 - D)$

q_i = Initial Rate per Day

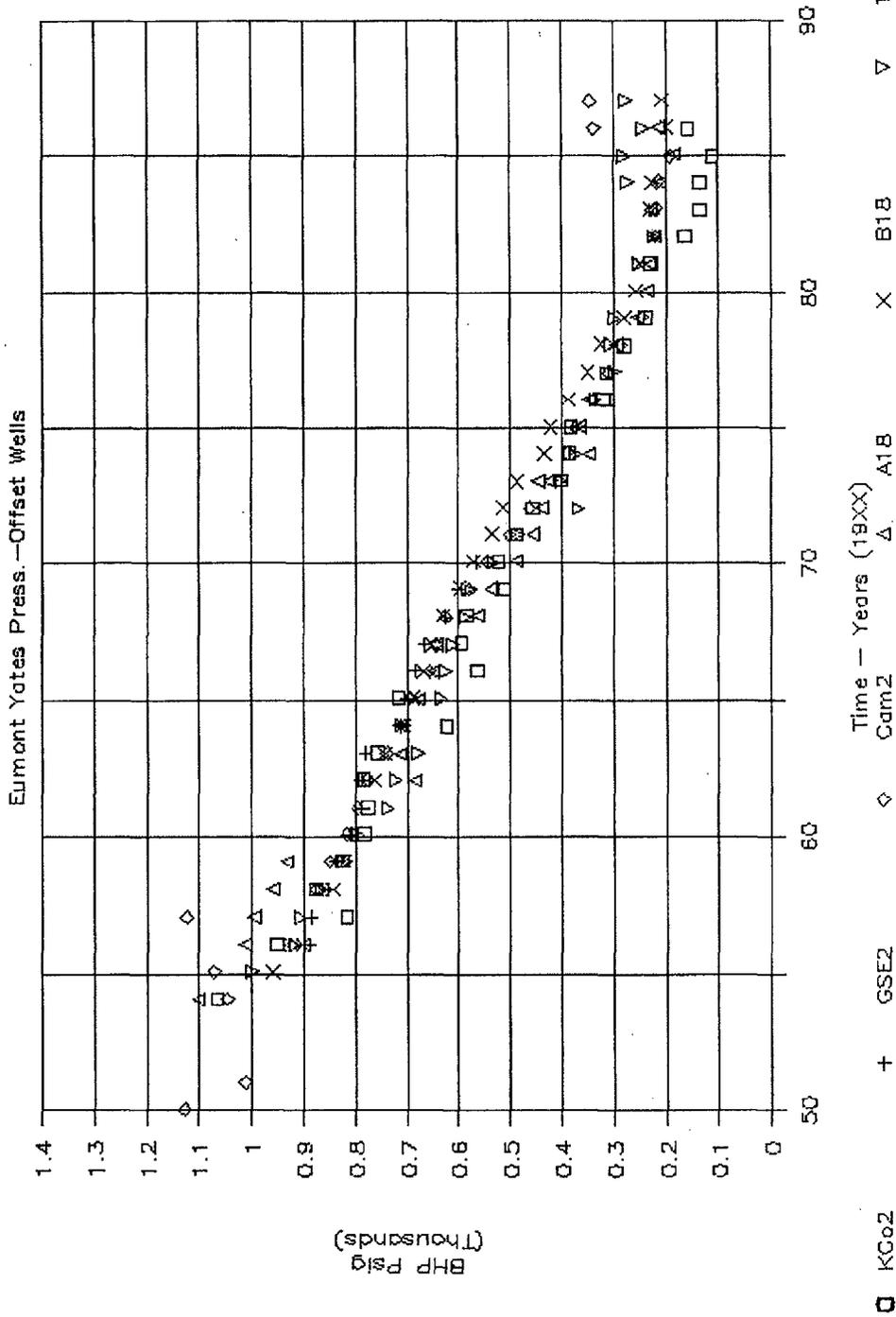
q_f = Final Rate per Day

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)

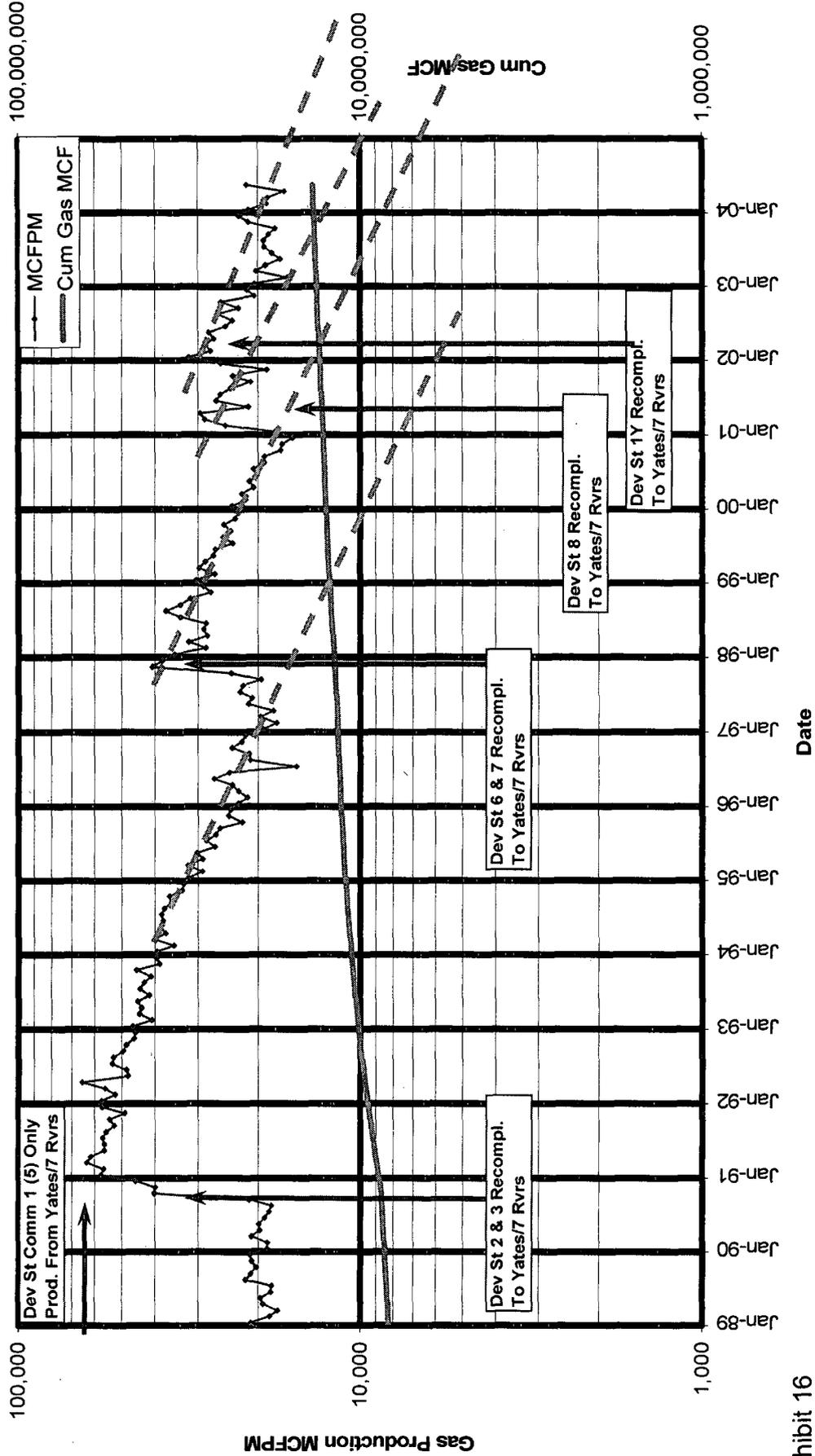


Exhibit 16

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:

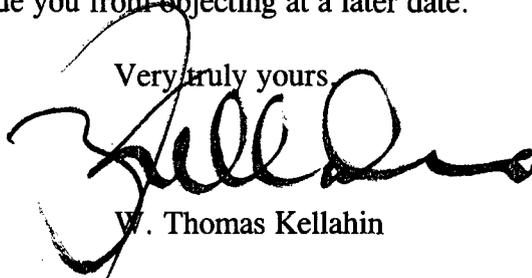
Re: Administrative Application of Citation Oil & Gas Corp. for a "well density" exception to Order R-8170-P pursuant to Rule 4(B) of the Special Rules and Regulations of the Eumont Gas Pool for NE/4 of Section 12, T21S, R35E, Lea County, New Mexico.

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