



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

February 16, 1998

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

*Administrative Order NSL-3949(SD)*

Dear Ms. Harris:

Reference is made to your application dated January 16, 1998 for an unorthodox Eumont gas well location within an existing non-standard 160-acre gas spacing and proration unit ("GPU") for said Eumont Gas Pool comprising the SE/4 of irregular Section 1, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico. Said GPU was established by Division Order No. R-520, dated August 12, 1954 and currently has dedicated thereon the State "L" Well No. 1 (API No. 30-025-03390) located at an unorthodox gas well location 990 feet from the South line and 330 feet from the East line (Unit X) of said irregular Section 1 (see letter of approval dated December 30, 1954).

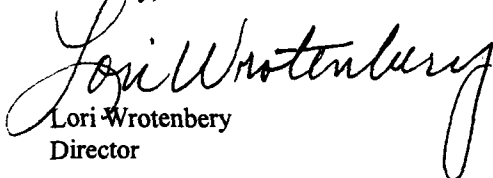
It is our understanding that the subject well in this application, the State "L" Well No. 2-Y (API No. 30-025-03393), located at a standard oil well location 330 feet from the South line and 990 feet from the East line (Unit X) of said irregular Section 1, was drilled to and completed within the Eumont Gas Pool in 1955. Since that time the State "L" Well No. 2-Y has been classified an "oil well." Recently however this well was reclassified to a Eumont "gas well" and pursuant to Rule 2(b)4 of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool," as promulgated by Division Order No. R-8170, as amended, said gas well location is considered to be unorthodox.

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division and the appropriate provisions of said special Eumont Gas Pool rules.

By authority granted me under the provisions of Rule 2(d) of said special pool rules for the Eumont Gas Pool and Division General Rule 104.F(2) the above-described unorthodox Eumont gas well location for said State "L" Well No. 2-Y is hereby approved.

Citation Oil & Gas Corporation is hereby authorized to simultaneously dedicate Eumont Gas production from both the State "L" Well Nos. 2 and 2-Y. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from both wells in any proportion.

Sincerely,

  
Lori Wrotenberg  
Director

LW/MES/kv

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