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W. THOMAS KELLAHIN*

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March 26, 1997

VIA FACSIMILE

(505) 827-8177

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



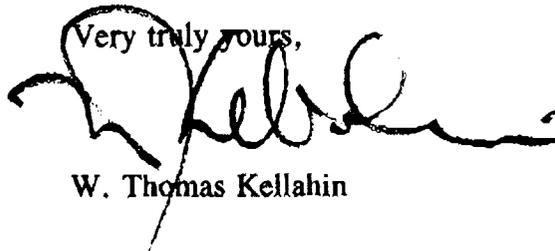
Re: *NMOCD Case 11638*
Application of Citation Oil & Gas Corp.
for two unorthodox gas well location
and for simultaneous dedication,
Eumont Gas Pool Lea County, New Mexico

Dear Mr. Stogner:

On behalf of Citation Oil & Gas Corp., and in accordance with the attached letter dated March 26, 1997, I would appreciate you continuing the referenced case from the Examiner docket schedule for April 3, 1997 to the Examiner hearing docket now scheduled for May 1, 1997. The purpose of this continuance is to provide Citation, Chevron and ARCO an additional period to attempt to resolve dedication and allocation issues involved in the E/2 of Section 20.

I have contacted Mr. William F. Carr, attorney for Chevron, and he concurs in this request.

Very truly yours,



W. Thomas Kellahin

cfx: Citation Oil & Gas Corp.
Attn: William A. Jack
cfx: William F. Carr, Esq.
Attorney for Chevron USA Inc.



Gary C. Johnson
Senior Vice President &
General Counsel

March 26, 1997

BY FACSIMILE

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
El Patio Building
117 North Guadalupe
Santa Fe, New Mexico 87501

RE: Our File No. 091
Devonian State Lease, Eurnont Field, Lea County, New Mexico

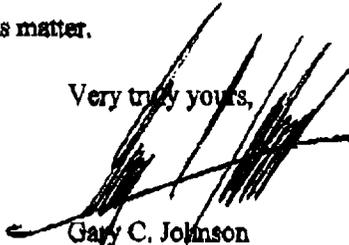
Dear Tom:

This morning representatives of Chevron and COGC met to discuss our respective positions on past and future operations and production of oil and gas from the east half of Section 20, T21S, R36E, Lea County, New Mexico. We made progress on resolving our differences, and agreed that we would jointly request Bill Carr and you to obtain a continuance to the May docket of the pending administrative hearing on this matter, with the thought that before then, we and Arco will have resolved our differences and come to an agreement on documents.

Please advise Bill Carr of this development and request the continuance.

Thank you for your kind attention to this matter.

Very truly yours,



Gary C. Johnson

G CJ:sdt

cc: Forrest E. Harrell
Louis C. Stipp
Steve K. Anna
William A. Jack
Robert Sample (by Facsimile)

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