Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-025-03457

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No. NM B-1399

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: State A

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

8. Well Number: 3

2. Name of Operator: Citation Oil & Gas Corp.

9. OGRID Number: 004537

3. Address of Operator: P O Box 690688, Houston, Texas 77269

10. Pool name or Wildcat: Eumont Yates Seven Rivers Queen

4. Well Location

Unit Letter G : 2310 feet from the North line and 2515 feet from the East line

Section 12 Township 21S Range 35E NMPM Lea County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*

3585' DF

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type_____ Depth to Groundwater_____ Distance from nearest fresh water well_____ Distance from nearest surface water_____

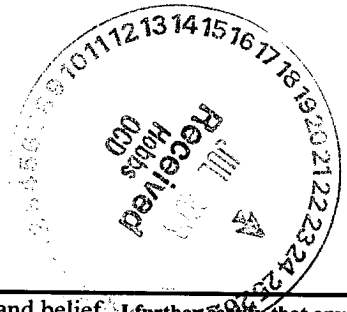
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER: Recomplete to Yates Seven Rivers	☒			OTHER:			☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Citation Oil & Gas Corp. proposes to recomplete this well to the Yates Seven Rivers per attached procedures under NMOCD order SD-05-04.



I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.**

SIGNATURE Sharon Ward TITLE Permitting Manager DATE July 19, 2006

Type or print name Sharon Ward E-mail address: sward@cogc.com Telephone No. 281-517-7309

For State Use Only

APPROVED BY: _____ TITLE PETROLEUM ENGINEER DATE AUG 04 2006

Conditions of Approval (if any):

WORKOVER PROCEDURE

PROJECT: State A #3 – OAP and Frac

DRILLED & COMPLETED: 5/40 LAST WO: 10/85: Acidized

LOCATION: 2,310' FNL; 2,515' FEL; Sec 12; T-21-S and R-35-E

FIELD: Eumont COUNTY: Lea STATE: NM

TD: 3,880' PBTD: 3,822' DATUM: 3,581' DF KB: 10'

CASING AND LINER RECORD

SIZE	WEIGHT	DEPTH	CEMENT	HOLE	TOC	REMARKS
7 5/8"	26 ppf	1,576'	600 sxs	9 1/2"	Surf	Cmt circ'd
4 ½"	9.5 ppf	3,780'	150 sxs	6 3/4"	3,000"	TOC calc'd w/ 75% xs

Producing Formation: Queen Perfs: OH 3,780' - 3,880'

Rods: 1 ¼" x 16' PR w/ 1 ½" x 10' PRL; (2') ¾" Grade KD subs; (149) ¾" Grade KD rods; 2" x 1 1/2" x 12' pump

Tubing: (1) 2 3/8" x 6' tb sub; (59 jnts) 2 3/8" 4.7 ppf J-55 eue 8rd; (62 jnts) 2 3/8" 4.7# J-55 10v; (1) 2 3/8" SN; (1) 2 3/8" perf'd sub; (1 jnt) 2 3/8" BPMA

Note:

PROCEDURE

- **Notify NMOCD of planned work.**
- **Use 2% KCl water for all water placed in wellbore.**
- **RU gas buster pit and flowback manifold using secure steel lines w/ targeted connections.**
- **Need air unit to clean out after frac - flow back.**
- **Locate and rack 3800' 2 7/8" 6.5# P-110 WS.**
- **Locate and rack 3,800' 2 3/8" 4.7# L-80 WS.**
- **Contact Reef Chemical (Gary Hyer – 432-570-7038) to line up 750 gal Gas Plus (375 gal per stage).**

1. MIRU PU. Kill w/ 2% KCL water if necessary.
2. ND WH. NU BOP.
3. RIH w/ 3 7/8" MT skirted bit and 2 3/8" SN on 2 3/8" 4.7# L-80 WS to 3,770' (OH @ 3,780'). Tally in hole. POH w/bit.
4. RIH w/ 2 3/8" WS and set CIBP @ +/- 3,750'. POH 2 3/8" WS **(Note: do not use WL set CIBP)**.
5. RIH and dump bail 2 1/2 sx cmt on CIBP @ +/- 3,750' (need 35' of cement on CIBP).
6. Load hole w/ 2% KCL and PT to 250 psi. **(NOTIFY Midland of results.)**

7. RIH w/ GR/CBL/CCL. Run f/ PBTD (3715') to TOC or minimum run. POH w/ logging tools. Evaluate log for cmt top.
8. RU WL w/ full lubricator. RIH w/ 3 1/8" csg gun. Correlate to Welex Radioactive Log (GR / Neutron log) dated 10/7/57. Perf (stage 1) Seven Rivers w/ 1 SPF Select Fire (0.38" holes) as recommended by Reservoir group.
9. POOH w/ Csg guns.
10. RU hydrotesters and RIH w/ PPI Tool, 2 3/8" SN on 2 3/8" WS to bottom perf of 1st stage hydrotesting 2 3/8" L-80 WS to 7,000 psi (62% of new rating). Straddle target perfs and set PPI tool. Break down w/ 15% AS HCL acid (**Max treating pressure = 6,000 psi**). Rlse PPI tool and proceed to the next group of target perfs repeating the procedure until all Seven Rivers perfs are broken down / treated. **(Note- Record Max and Min pressures, Average injection rate, ISIP and signs of communication for each treatment).** POOH w/ PPI tool on 2 3/8" WS.
11. RU hydrotesters. RIH w/ Arrowset 1X Frac Pkr w/ Dual Direction flapper valves, P-110 Inner Flow Tube (2.0"ID) and T-2 On/Off tool and 2 7/8" SN on 2 7/8" 6.5 ppf P-110 WS. Test tbg to 10,000 psi BS **(69% of new rating).** Set PKR +/- 50' above top perf..
12. RU acid/frac company. Load csg w/ 2% KCl. Hold 500 psi on csg w/ pop off set at +/- 750 psi. Monitor csg throughout acid and frac job.
13. Pump (375 Gallons) Reef GAS PLUS as per recommendation. Frac Seven Rivers perfs as per service company recommendation using CO_2. Tag w/ IR-192 @ 0.5MC/1M# sand (74 day half-life). Record rates, max and min pressures and SIP's. **(NOTE: Max pressure = 8,500 psi. All sand tagged w/ IR-192.)**
14. RU gas buster pit and flowback manifold using secure steel lines w/ targeted connections. Connect steel lines to tubing via hose. Rlse On-Off Tool and sting +/- 10' out of packer. Check for backflow. Pump an tubing volume + 20 bbls of 2% KCL water using a pump truck down the back side, circulating out of the tubing to the steel lines, manifold and the gas buster pit **(NOTE: Initial flowback will likely be hard due to CO2 bubble that will circulate off bottom).**
15. POH w/ Inner Flow Tube and On-Off tool.
16. RU WL w/ full lubricator. Pressure csg to 500 psi w/ 2% KCL. RIH w/ 4" csg gun. Correlate to Gamma Ray Neutron log. Perf (stage 2) Yates w/ 1 SPF Select Fire (0.38" holes) as recommended by the Reservoir group.
17. POH w/ csg guns.
18. RIH w/ PPI Tool, 2 3/8" SN on 2 3/8" WS to bottom perf of 2nd stage. Straddle target perfs and set PPI tool. Break down w/ 15% AS HCL acid (**Max treating pressure = 6,000 psi**). Rlse PPI tool and proceed to the next group of target perfs repeating the procedure until all Yates perfs are broken down / treated. . **(Note- Record Max and Min pressures, Average injection rate, ISIP and signs of communication for each treatment).** POOH w/ PPI tool on 2 3/8" WS.
19. RIH w/ treating PKR, 2 7/8" SN AND X-Over on 2 7/8" P-110 WS and set PKR +/- 50' above top perf.
20. Load csg w/ 2% KCl. Hold 500 psi on csg w/ pop off set at +/- 750 psi. Monitor csg throughout acid and frac job.
21. Pump (375 Gallons) Reef GAS PLUS as per recommendation. Frac Yates as per service company recommendation using CO_2. Tag w/ SC-46 @ 0.5MC/1M# sand (84 day half-life). Record rates, max and min pressures and SIP's. **(NOTE: Max pressure = 8,500 psi. All sand tagged w/SC-46.)**
22. Flow well back to gas buster pit using flow-back manifold w/ targeted connections and secure steel lines.
23. Kill well w/ 2% KCL if required. Rlse Pkr. POH w/ 2 7/8" WS. LD Pkr and 2 7/8" P-110 WS.

24. RIH w/ frac Pkr retrieving head and 2 3/8" SN on 2 3/8" WS to frac Pkr. RU foam air unit and clean out sand to Pkr. RD foam air unit. Latch onto Pkr and release. POH w/ frac Pkr and 2 3/8" WS.
25. RIH w/ notched collar, 2 3/8" SN on 2 3/8" WS. Tag for fill. RU foam air unit and clean out frac sand to PBTD. CHC. RD foam air unit. POH w/ bit and LD 2 3/8" WS.
26. RU WL w/ Lubricator. Run After Frac Spectra (dual isotope) GR Log f/ 2,700' - PBTD. POH and RD WL.
27. Run 2 3/8" 4.7 ppf J-55 eue 8rd production tbg string as follows:

QTY	ITEM	LENGTH	DEPTH
TUBING	KB	10'	10'
114	Jts 2 3/8" 4.7# J-55 eue 8rd tbg	3556'	3,566'
1	Jt 2 3/8" 4.7# J-55 eue 8rd IPC tbg	31'	3,597'
1	2 3/8" SN	1'	3,598'
1	2 3/8"x 4' TBG Sub	4'	3,602'
1	Cavins D2301G Desander	20'	3,622'
2	2 Jts 2 3/8" BPMA	62'	3,684'

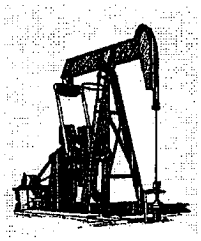
28. RU Swab. Swab well until clean fluid is produced. RD Swab.
29. Run rod string as follows:

RODS			
1	1 1/4" x 16' PR w/ 1 1/2" x 10' Liner	16'	16'
Set	3/4" KD Rod Subs w/ SM couplings	10' (+/-)	26'
144	3/4" KD Rods w/ SM couplings	3600'	3626'
1	3/4" KD Rod Sub w/ SM couplings	2'	3628'
1	2" x 1 1/4" x 12' RHBC Pump	12'	3640'

30. Load tbg w 2% KCl and pressure test pump. Space out and hang well on. Place pumping unit in 44" SL at +/- 7 SPM (Expected production rate +/- 49 BFPD @ 100% efficiency and 1 ¼" pump).
31. RD MO PU. Return well to production and place on test.

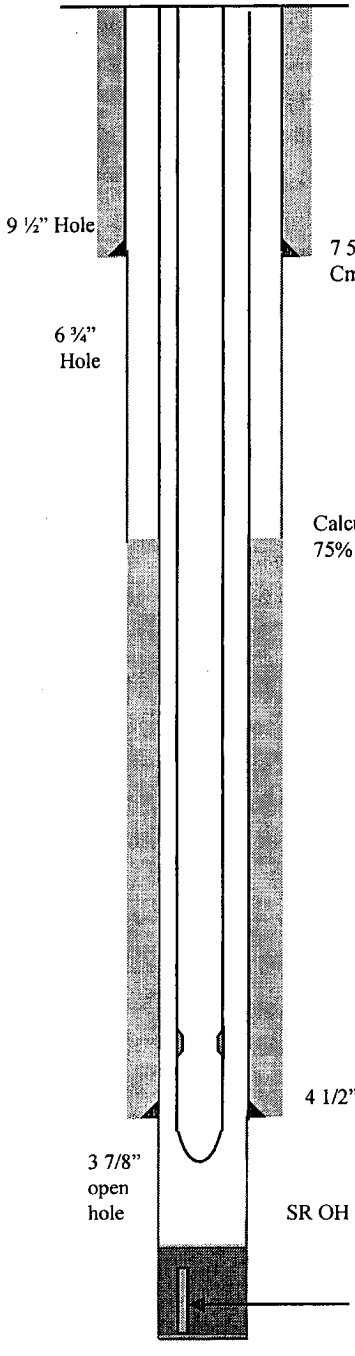
CITATION OIL AND GAS CORPORATION
CURRENT WELLBORE DIAGRAM AND INFORMATION

Well Name: State A#3 **Field:** Eumont field
Date: January 27, 2006 **Location:** 2310' FNL 2515' FEL, Sec 12
County: Lea **State:** New Mexico



Parkersburg C 54 in
44' stroke hole running 11 spm

API #:	**30-025-03457**
Surface:	**2310' FNL 2515' FEL, Sec 12 T-21-S and R-35-E Lea County, NM**
Completed:	**5/40**
Elevation:	**3,581" (DF)**
KB:	**10'**



CASING DETAIL

Size	Weight	Depth
7 5/8"	26#	Surf - 1,576'
4 1/2"	9.5#	Surf - 3,780'
3 7/8"	Open Hole	3,780' - 3,880'

TUBING DETAIL

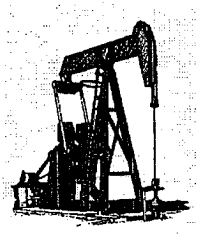
Qty	Description	Length	Depth
—	KB	10	10
1	2 3/8" x6' tbg sub	6	16
59	2 3/8" 4.7# J-55 eue 8rd	1825	1841
62	2 3/8" 4.7# J-55 eue 10v	1892	3733
1	2 3/8" SN	1.1	3734
1	2 3/8" Perf Sub	4	3738
1	2 3/8" BPMA	31	3769

ROD DETAIL

Qty	Size	Type	Length
1	1 1/4"	PR	16'
1	3/4"	Pony rods	2'
149	3/4"	steel rods	3,725
Polish Rod:	1 1/4" x 16' PR w/ 1 1/2" x 10' PRL		
Pump:	2" x 1 1/2" x 12' pump		

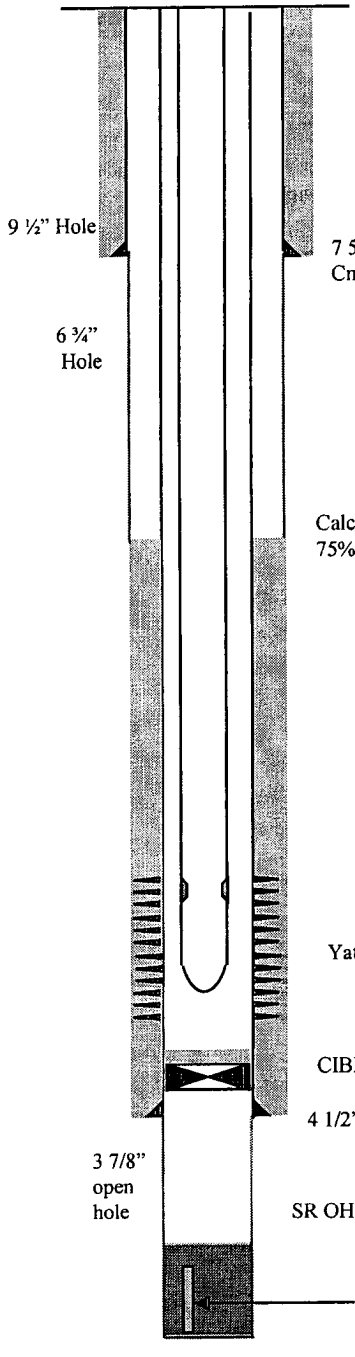
CITATION OIL AND GAS CORPORATION
PROPOSED WELLBORE DIAGRAM AND INFORMATION

Well Name: State A#3 **Field:** Eumont field
Date: January 27, 2006 **Location:** 2310' FNL 2515' FEL, Sec 12
County: Lea **State:** New Mexico



Parkersburg C 54 in
44' stroke hole running 7 spm

API #:	**30-025-03457**
Surface:	**2310' FNL 2515' FEL, Sec 12 T-21-S and R-35-E Lea County, NM**
Completed:	**5/40**
Elevation:	**3,581'' (DF)**
KB:	**10'**



CASING DETAIL		
Size	Weight	Depth
7 5/8"	26#	Surf - 1,576'
4 1/2"	9.5#	Surf - 3,780'
3 7/8"	Open Hole	3,780' - 3,880'

TUBING DETAIL			
Qty	Description	Length	Depth
—	KB	10	10
114	Jts 2 3/8", 4.7#, J-55 euetbg	3556	3566
1	Jt 2 3/8", 4.7#, J-55 IPC tbg	31	3597
1	2 3/8" SN	1	3598
1	2 3/8" Tbg Sub	4	3602
1	Cavins D2301G Desander	20	3622
2	Jts 2 3/8" BPMA	62	3684

ROD DETAIL			
Qty	Size	Type	Length
1	3/4"	KD Subs	+/- 10
144	3/4"	KD	3,600'
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'		