

Waiver

CONTINENTAL OIL COMPANY

FAIR BUILDING
FORT WORTH 2, TEXAS

H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

April 24, 1959

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Continental Oil Company has been notified of Shell Oil Company's application for a 320-acre unit to be assigned to its Devonian-State 1, Eumont Pool, Lea County, New Mexico. It is understood that the non-standard proration unit will consist of E/2, Section 20, T-21-S, R-36-E, Lea County, New Mexico.

Continental Oil Company hereby waives notice and hearing to the subject application.

Yours very truly,



HLJ-SL



SHELL OIL COMPANY

MAIN OFFICE OCC

1959 APR 22

P. O. Box 845
Roswell, N. M.

File

April 22, 1959

Subject: Nonstandard Gas Proration Unit
Eumont Gas Pool
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Enclosed are return receipts of certified mail notifications which were erroneously omitted from our like-captioned request of April 17, 1959, for administrative approval of the enlargement of a 160-acre Nonstandard Eumont Gas Proration Unit being the NE/4 Section 20-21S-36E to include SE/4 Section 20.

Very truly yours,

P. A. Dennie
Division Production Manager

Attachments



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 669 — ROSWELL, NEW MEXICO

April 21, 1959

File

FORT WORTH
PRODUCTION DIVISION

ROSWELL DISTRICT

W. A. SHELLSHEAR
District Manager

E. S. GREAR
District Exploration Manager

M. I. TAYLOR
District Production Manager

G. A. PRICE
District Services Manager

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

This is to advise that Gulf Oil Corporation has been given due notice that Shell Oil Company has made application for permission to enlarge the existing 160-acre non-standard Eumont Gas Proration Unit being the NE/4 of Section 20, Township 21 South, Range 36 East, Lea County, New Mexico, to include the SE/4 of Section 20. It is understood that this non-standard gas proration unit will be assigned to Shell's Devonian-State Well No. 1, located 1980 feet from the north and east lines of Section 20, Township 21 South, Range 36 East, Lea County, New Mexico.

We hereby waive any objection to the granting of permission for the enlargement of this gas proration unit to encompass the following acreage:

320 acres consisting of
the E/2 of Section 20,
Township 21 South, Range
36 East, Lea County, New
Mexico.

Executed this 21st day of April, 1959.

Yours very truly,

W. A. Shellshear

W. A. SHELLSHEAR



SHELL OIL COMPANY

P. O. Box 845
Roswell, New Mexico

April 17, 1959

Subject: Proposed 320-Acre Nonstandard Gas
Proration Unit, Eumont Gas Pool,
Lea County, New Mexico

Certified Mail
Return Receipt Requested

Atlantic Refining Company
P. O. Box 6640
Roswell, New Mexico

Gulf Oil Corporation
P. O. Box 669
Roswell, New Mexico

Continental Oil Company
825 Petroleum Building
Roswell, New Mexico

Standard Oil Company of Texas
P. O. Box 1660
Midland, Texas

Gentlemen:

Attached hereto is a self-explanatory copy of Shell Oil Company's application for the enlargement of an existing Nonstandard Gas Proration Eumont Gas Pool. If you have no objection to the proposed unit, please execute and return to us, two of the attached waivers; the third copy of the waiver may be retained by you.

Very truly yours,

Original Signed by
P. A. Dennie

P. A. Dennie
Division-Production Manager

RCC:mlp

Attachments

cc: New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico



MAIL ROOM
1959 APR 14 PM 1:21
SHELL OIL COMPANY

NSP
488
5/11/59
(Waiting period)

P. O. Box 845
Roswell, New Mexico

April 17, 1959

Subject: Nonstandard Gas Proration Unit
Eumont Gas Pool, Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Under the provisions of Order R-520, Rule 5 (b), Shell Oil Company requests administrative approval for the enlargement of the existing 160-acre Nonstandard Eumont Gas Proration Unit being the NE/4 Section 20-21S-36E, to include the SE/4 Section 20. The proposed 320-acre Nonstandard Gas Proration Unit, being the E/2 of Section 20-21S-36E, would be dedicated to Shell et al Devonian-State 1, located 1980' FN & EIs of Section 20, the well now producing on the existing unit.

Shell et al Devonian-State 1 was recompleted from a single zone oil well to a gas/oil dual producer in September 1953 and produced in that manner until January 10, 1956, at which time the oil zone was temporarily abandoned. Devonian-State 1 continues to produce Eumont gas from the casing/tubing annulus. Agreements have been executed by the Gulf Oil Corporation, Standard Oil Company of Texas, The Atlantic Refining Company and Shell Oil Company whereby all the working interest owners in the E/2 of Section 20-21S-36E agree to pool the Eumont gas right for production from Devonian-State 1. All of the royalty interest in the E/2 Section 20 is owned by a one party, the State of New Mexico.

In support of this application, the following is offered:

1. The proposed 320-acre Nonstandard Gas Proration Unit consists of contiguous quarter-quarter sections.
2. The proposed 320-acre Nonstandard Gas Proration Unit lies wholly within a single governmental section.
3. The entire proposed 320-acre Nonstandard Gas Proration Unit may reasonably be presumed to be productive of gas.
4. The length nor width of the proposed 320-acre Nonstandard Gas Proration Unit does not exceed 5280 feet.
5. Shell et al Devonian-State 1 has adequate capacity to produce at the estimated 320-acre allowable rate.

6. The attached plat shows the location of the proposed 320-acre Gas Proration Unit, existing gas proration units, and Eumont gas producers.
7. All operators owning interest within 1500 feet of Shell et al Devonian-State 1 have been furnished a copy of this application by Certified Mail (return receipts are attached) and waivers have been requested from each of them for the proposed unit enlargement.

In view of the above facts, Shell Oil Company respectfully submits this application and requests the New Mexico Oil Conservation Commission to issue an order enlarging the existing 160-acre gas proration dedicated to Shell et al Devonian-State 1 to comprise 320-acres being the E/2 Section 20-21S-36E, N.M.P.M. Survey, Lea County, New Mexico.

Very truly yours,



P. A. Dennie
Division Production Manager

RCC:mlp

Attachments

cc: See Attached List

cc: New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Atlantic Refining Company
P. O. Box 6640
Roswell, New Mexico

Cities Service Oil Company
P. O. Box 868
Roswell, New Mexico

Continental Oil Company
825 Petroleum Building
Roswell, New Mexico

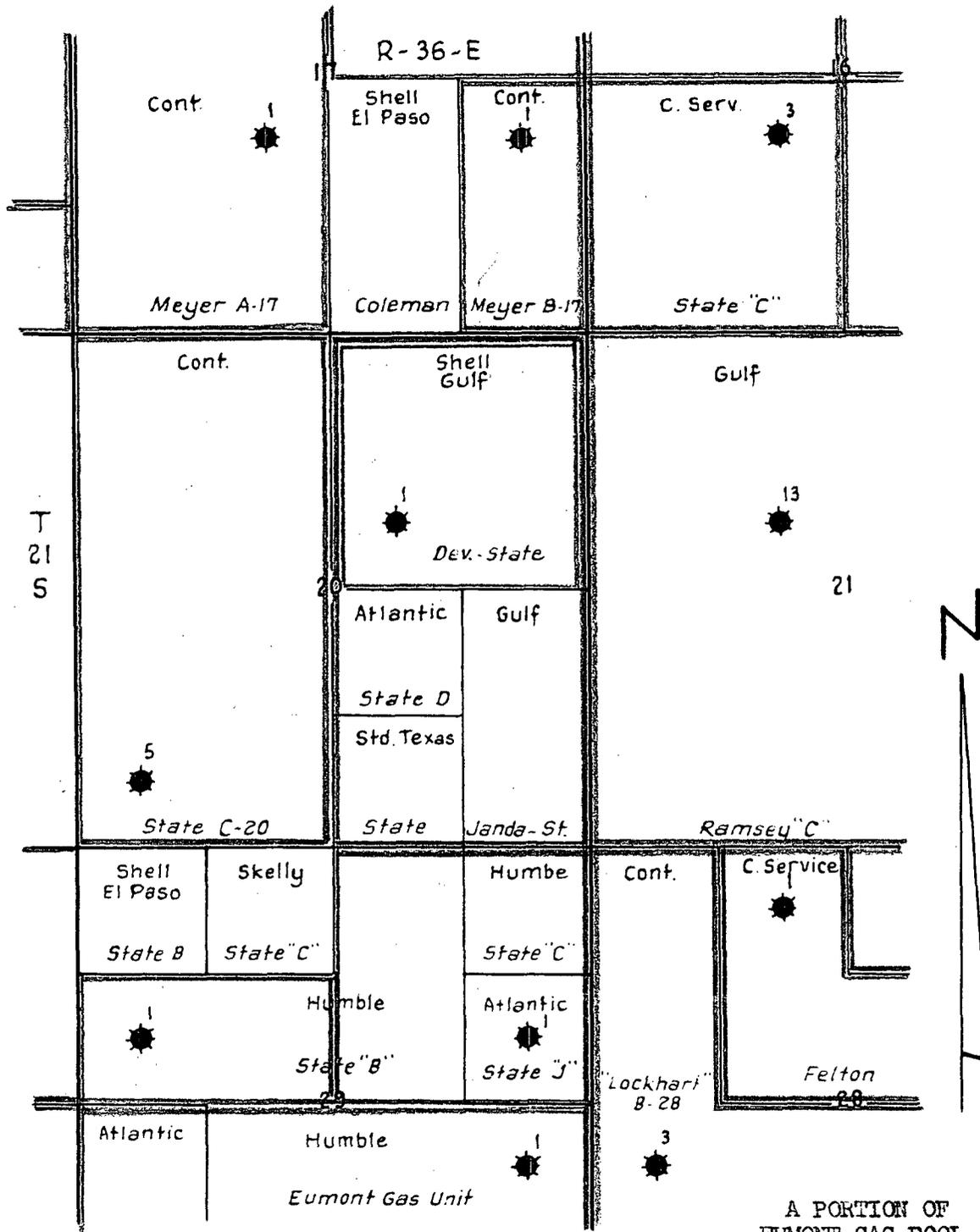
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

Humble Oil & Refining Company
P. O. Box 2347
Hobbs, New Mexico

Skelley Oil Company
P. O. Box 38
Hobbs, New Mexico

Standard Oil Company of Texas
P. O. Box 1660
Midland, Texas



A PORTION OF
EUMONT GAS POOL
Lea County, New Mexico

-  - - - - Eumont Gas Well
-  Existing Eumont Gas Units
-  Proposed Eumont Gas Unit

STATE OFFICE DDD
MAY 19 11 22

Walter

Subject: Application of Shell Oil Company
for a 320-acre (E/2, Section 20-
21S-36E) to Be Dedicated To Their
Devonian-State 1, Located 1980'
FN & E1s of Section 20.

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

The undersigned company waives objection to the subject application
as described in Shell Oil Company's application dated April 17, 1959.

Yours very truly,

Company: The Atlantic Refining Company
Company

Date: April 23, 1959

By: *R. E. Howard*

R. E. Howard

Position: Regional Petroleum Engineer

RCC:mlp

OIL CONSERVATION COMMISSION

file

BOX 2045

HOBBS, NEW MEXICO

DATE May 1, 1959

OIL CONSERVATION COMMISSION
BOX 871
SANTA FE, NEW MEXICO

Re: Proposed NSP 488
Proposed NSL _____
Proposed NFC _____
Proposed DC _____

Gentlemen:

I have examined the application dated _____
for the Shell Oil Co. Devonian State #1 20-21-36
Operator Lease and Well No. S-T-R

and my recommendations are as follows:

- O.K.---E.F.E.
- O.K.---J.W.R.
- _____
- _____
- _____

Yours very truly,

OIL CONSERVATION COMMISSION

[Handwritten Signature]

1-INSTRUCTIONS TO DELIVERING EMPLOYEE

Deliver *ONLY* to addressee

Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

STANDARD OIL CO. OF TEXAS

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED

ADDRESS WHERE DELIVERED (only if requested in item # 1)

APR 20 1959

CS5-16-71548-4 GPO

1-INSTRUCTIONS TO DELIVERING EMPLOYEE

Deliver *ONLY* to addressee

Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

Gulf Oil Corp

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

L B Barker

DATE DELIVERED

ADDRESS WHERE DELIVERED (only if requested in item # 1)

APR 20 1959

CS5-16-71548-4 GPO

1-INSTRUCTIONS TO DELIVERING EMPLOYEE

Deliver *ONLY* to addressee

Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

Atlantic Ref Co.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Danny D. Graham

DATE DELIVERED

ADDRESS WHERE DELIVERED (only if requested in item # 1)

APR 20 1959

CS5-16-71548-4 GPO

1-INSTRUCTIONS TO DELIVERING EMPLOYEE

Deliver *ONLY* to addressee

Show address where delivered

(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

Atlantic Ref Co.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Margaret Hall

DATE DELIVERED

ADDRESS WHERE DELIVERED (only if requested in item # 1)

4-20-59

CS5-16-71548-4 GPO

NSP-488



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 12, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Citation Oil & Gas Corp.
c/o **W. Thomas Kellahin**
P. O. Box 2265
Santa Fe, New Mexico 87504

Administrative Order NSL-3646-A (SD)

Dear Mr. Kellahin:

Reference is made to the following: (i) Citation Oil & Gas Corp.'s ("Citation") initial application (*administrative application reference No. pSEM0-415530641*) filed with the New Mexico Oil Conservation Division ("Division") on June 1, 2004 by Ms. Sharon Ward; (ii) Ms. Ward's two letters with supplemental data submitted to the Division on June 28 and July 6, 2004; (iii) your e-mail to Mr. Michael E. Stogner, Hearing Officer/Engineer with the Division in Santa Fe, on Monday, July 12, 2004; (iv) your telephone conversation with Mr. Stogner Tuesday morning, July 13, 2004; (v) your addendum to Ms. Ward's original application filed with the Division on July 22, 2004; (vi) your second e-mail to Mr. Stogner on Friday morning, August 6, 2004 concerning this application; (vii) Mr. Stogner's voice-mail message to you Friday afternoon, August 6, 2004; (viii) your telephone conversation with Mr. Stogner Tuesday afternoon, August 10th; (ix) your letter dated August 11, 2004 with supplemental data to support this application; and (x) the Division's records in Hobbs and Santa Fe, including the files on Division Administrative Orders NSP-488 and NSL-3646 (SD) and Division Case No. 11638 (see Division Order No. R-10868): all concerning Citation's plans for additional development of the Eumont Gas Pool (76480) within the existing non-standard 320-acre stand-up gas spacing unit comprising the E/2 of Section 20, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of the "*Special Pool Rules for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

The subject 320-acre unit was initially established by Division Administrative Order NSP-488, dated May 11, 1959 for the Shell Oil Company Devonian State Well No. 1 (API No. 30-025-04728), now Citation's Devonian State Well No. 5, located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 20. It is the Division's understanding that this well is now shut-in and awaiting plug and abandonment, and is no longer allocated to this 320-acre unit.

Moreover, it is further understood that gas production attributed to the Eumont Gas Pool within this 320-acre unit is to be simultaneously dedicated to the eight (8) following-described Citation operated wells:

(1) The existing Devonian State Well No. 3 (API No. 30-025-04730), located at a gas well location now considered standard, but unorthodox when Division Order No. R-10868 was issued on September 3, 1997, 660 feet from the North and East lines (Unit A) of Section 20.

(2) The existing Devonian State Well No. 2 (API No. 30-025-04729), located at a gas well location now considered standard, but unorthodox when Division Order No. R-10868 was issued on September 3, 1997, 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20.

(3) The existing Devonian State Well No. 1-Y (API No. 30-025-04732), the replacement well to the original Shell Oil Company Devonian State Well No. 1 in Unit "G" of Section 20, located at an unorthodox gas well location 2310 feet from the North and East lines (Unit G) of Section 20.

(4) The existing Devonian State Well No. 4 (API No. 30-025-04731), located at a standard gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 20.

(5) The existing Devonian State Well No. 8 (API No. 30-025-04727), located at a standard gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 20.

(6) The existing Devonian State Well No. 7 (API No. 30-025-04717), formerly the Devonian State Com. Well No. 3, located at a gas well location now considered standard, but unorthodox when Division Administrative Order NSL-3646 (SD) was issued on April 3, 1996, 1980 feet from the South and East lines (Unit J) of Section 20.

(7) Proposed Devonian State Well No. 9 to be drilled at a standard gas well location 710 feet from the South line and 1980 feet from the East line (Unit O) of Section 20.

(8) The existing Devonian State Well No. 6 (API No. 30-025-33505), formerly the Devonian State Com. Well No. 3, located at a gas well location now considered standard, but unorthodox when Division Administrative Order NSL-3646 (SD) was issued on April 3, 1996, 710 feet from the South and East lines (Unit P) of Section 20. The provisions of Division Administrative Order NSL-3646 (SD) approved the location of this well to be drilled 660 feet from the East line of Section 20.

By the authority granted me under the provisions of Rules 4 (A), (B), and (D) of the special rules governing the Eumont Gas Pool: (i) the above-described unorthodox Eumont gas well location for Citation's Devonian State Well No. 1-Y is hereby approved; and (ii) Citation is authorized to simultaneously dedicate Eumont gas production to this 320-acre non-standard gas spacing unit from the above-described Devonian State Wells No. 1-Y, 2, 3, 4, 6, 7, 8, and 9.

Furthermore, all provisions applicable to the subject 320-acre non-standard gas spacing unit in Division Administrative Orders NSP-488, not in conflict with this order, shall remain in full force and affect until further notice.

It is further ordered however that Division Order No. R-10868 and Division Administrative Order NSL-3646 (SD) shall be placed in abeyance until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
File: Division Case No. 11638
NSP-488
NSL-3646 (SD)

Ms. Sharon Ward, Regulatory Administrator – Citation Oil & gas Corp., Houston