

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-Quantified 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 _____

[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.

Print or Type Name

Signature

KELLAMIN & KELLAMIN

Attorneys At Law

P.O. Box 2265

Santa Fe, NM 87504-2265

Date

3/16/06

2006 MAR 16 PM 4 05

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
KELLAHIN@EARTHLINK.NET

P.O. Box 2265,
SANTA FE, NEW MEXICO 87504
117 NORTH GUADALUPE,
SANTA FE, NEW MEXICO 87501

March 16, 2006

HAND DELIVERED

Mr. Michael E. Stogner
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 from Rule 3 of Order R-8170-P, pursuant to Rule 4(B)
of the Special Rules and Regulations for Eumont Gas Pool
for its State "M" lease wells within an existing 315.2 acre non-standard
proration unit consisting of Lots A, B, G, H, J, I, O, P
(being the eastern half less the SE/4) of
Irregular Section 1, T21S, R35E
Lea County, New Mexico

Dear Mr. Stogner:

This is the last of four (4) non-standard spacing units ¹within the Eumont Pool for which Citation Oil & Gas Corp. ("Citation") is seeking approvals that will allow it to recomplete existing Eumont wells within the Eumont pool limits and to simultaneously dedicate all these wells to existing non-standard proration and spacing units.

¹ State "L" Lease--NMOCD Administrative Order reference No. SD-04-08, dated October 18, 2004, application dated March 3, 2006 to update approvals.

State "H" Lease--NMOCD Administrative Order reference No. SD-05-05, dated February 23, 2006

State "A" Lease--NMOCO Administrative Order reference No. SD-05-04, dated November 2, 2005

2006 MAR 16 PM 4 05

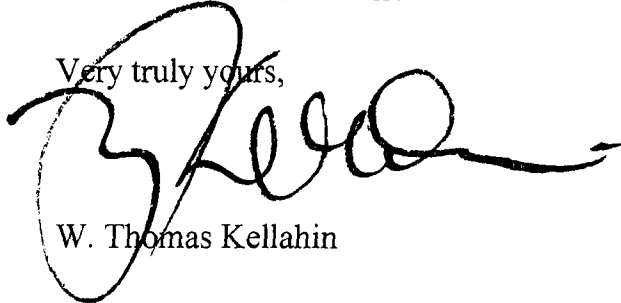
New Mexico Oil Conservation Division

March 16, 2006

-Page 2-

This application deals with the eight (8) "M" wells that Citation calls its State "M" Lease and includes its request to recomplete and simultaneously dedicate its State M-3 and M-8 wells.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the closing text.

W. Thomas Kellahin

cc: Citation Oil & Gas Corp.
Attn: Sharon Ward

**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-P OF THE SPECIAL RULES
AND REGULATIONS FOR THE EUMONT GAS POOL
FOR ITS STATE "M" LEASE WELLS,
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 add the State "M" Well No. 3, located 660 feet FNL and 660 feet FEL of Irregular Section 1, T21S, R35E, and the State "M" Well No. 8, located 914 feet FNL and 2310 feet FEL as gas wells to this currently approved non-standard proration unit "NSP" consist of the Lots A, B, G, H, J, I, O and P of this section, ("GPU") that also contains the State "M" Wells No. 1, 2, 4, 5, 6, and 7, as an exception to the "well density" provisions of Rule 3(C) for this pool and in support states:

**CURRENT STATUS OF WELLS
WITHIN THIS 315.2-ACRE GPU**

These 8 existing wells are each located on a separate 40-acre tract within this GPU are operated by Citation and are as follows: (See well locator map attached as Exhibit No. 1, a draft composite C-102 showing all eight wells attached as Exhibit No. 2 and an OCD printout of Well Selection Criteria Quick Print for Section 1, T21S R35E attached as Exhibit No. 3)

(a) Unit H (SE/4NE/4):

State "M" Well No. 1

- i. API 30-025-03394
- ii. Standard location 1980 feet FNL and 660 feet FEL
- iii. Spudded: 1/21/1937
- iv. Completed: 2/27/1937
- v. Current Status: producing Eumont *oil* well (GOR **7,119**)
- vi. Cumulative production as of 8/1/05:
3,864 BO & 71,795 MCF

(b) Unit I (NE/4SE/4):

State "M" Well No. 2

- i. API 30-025-08554
- ii. Standard location 3300 feet FNL and 660 feet FEL
- iii. Spudded: 3/13/1937
- iv. Completed: 5/14/1937
- v. Current Status: producing Eumont oil well (GOR **350**)
- vi. Cumulative production as of 8/1/05: 17,055 BO & 33,815 MCF

(c) Unit A (NE/4NE/4):

State "M" Well No. 3

- i. API 30-025-08555
- iii Standard location 660 feet FNL and 660 feet FEL
- ii. Spudded: 3/14/1937
- iii. Completed: 4/27/1937
- iv. Current Status: Shut-In Eumont oil well
- v. Cumulative production as of 8/1/05:
315 MBO & 1,739MMCFG

NMOCD Administrative Application
Citation Oil & Gas Corporation
-Page 3-

(d) Unit H (SE/4NE/4):

State "M" Well No. 4

- i. API 30-025-03395
- ii. Standard location 46200 feet FNL and 660 feet FEL
- iii. Spudded: 6/2/1937
- iv. Completed: 7/8/1937
- v. Current Status: TA
- vi. *Cumulative production* ???

(e) Unit O (SW/4SE/4)

a. State "M" Well No. 5

- i. API 30-025-03396
- ii. Unorthodox location 3300 feet FNL and 1980 feet FEL
- iii. Spudded: 8/23/1954
- iv. Completed 9/3/1954
- v. Current Status: *Producing* Eumont oil well (*GOR* 7,527)
- vi. Cumulative production as of 8/1/05: 5,034 BO 79,666 MCF

(f) Unit J (NE/4SE/4)

a. State "M" Well No. 6

- i. API 30-025-03369
- ii. Standard location 3224 feet FNL and 1980 feet FEL
- iii. Spudded: 9/23/1954
- iv. Completed: 10/11/1954
- v. Current Status: *Producing Eumont gas* well (*GOR* 36,964)
- vi. Cumulative production as of 8/1/05: 5,652 BO & 186,386 MCF

(g) Unit G (SW/4NE/4)

a. State "M" Well No. 7

- i. API 30-025-03370
- ii. Unorthodox location 1980 feet FNL and 2310 feet FEL
- iii. No apparent "NSL" found for this wellbore (a search of OCD records and Citation's files failed to locate an order—Note: The Eumont Gas Pool was created February 17, 1953 and gas prorationing became effective January 1, 1954. Although this wellbore was completed January 31, 1955, it may have been "grandfathered")
- iv. Spudded: 1/21/1955
- v. Completed: 1/31/1955
- vi. Current Status: *Producing* Eumont oil well (*GOR 44,393*)
- vii. Cumulative production as of 8/1/05: *5,586 BO 191,261 MCF*

(h) Unit B (NW/4NE/4)

a. State "M" Well No. 8

- i. API 30-025-03371
- ii. Unorthodox location 914 feet FNL and 2310 feet FEL
- iii. No apparent "NSL" found for this wellbore (a search of OCD records and Citation's files failed to locate an order—Note: The Eumont Gas Pool was created February 17, 1953 and gas prorationing became effective January 1, 1954. Although this wellbore was completed January 31, 1955, it may have been "grandfathered")
- iv. Spudded: 2/21/1955
- v. Completed: 3/2/1955
- vi. Status: *Producing* Eumont oil well (*GOR 8,927*)
- vii. Cumulative production as of 8/1/05: *119 MBO and 3,876 MMCFG*

CURRENT REQUEST

By this application, Citation requests approval to add the State "M" Well No. 3 and State "M" Well No. 8 as exceptions to the "well density" provisions of Rule 3(C) for this pool. In addition, Citation requests that this approval, if granted, contain the language used by the Division in Division application reference No. pMES0-605438354, dated February 23, 2006.

REASONS FOR REQUEST WITH SUPPORTING DATA

In accordance with Rule 4(C)(b)(2), Citation submits Exhibits 4 through 15 and states the following:

(a) Explanation:

- a. Base upon the results of the workover/recompletions of the State Lease L-1, L-2 and L-3, Citations expects The State "M" Well No. *3 and "M" 8 Well* may recover additional reserves for a total remaning recovery of 253,786 MCF. See Exhibits 9-12
- b. Each time Citation re-completed a well in the State L Lease, there was an increase in production with no apparent affect on the offsetting wells
- c. Citation expects that its re-completions of the State M Lease wells will mirror the success experienced with the State L Lease wells.

(b) Land plat. See Exhibit 1 attached

(c) Well information for GPU. **See Exhibit 4**

(d) Section 1 showing all Eumont wells. **See Exhibit 1 attached**

NMOCD Administrative Application
Citation Oil & Gas Corporation
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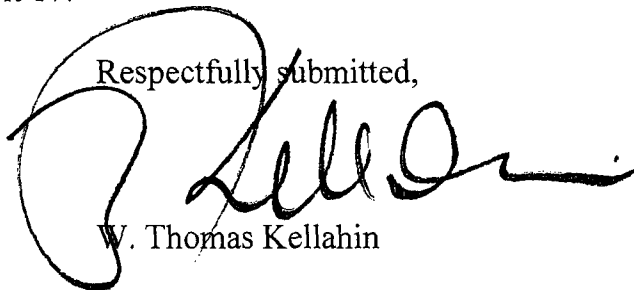
(e) Engineering and Geological Exhibits

See Engineering Exhibit 4 through Exhibit 15

NOTICE REQUIREMENTS

Copies of the application and notice letter (See Exhibit 16) were sent certified mail-return receipt requested to the parties listed set forth in Exhibit 17.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the typed name. The signature is fluid and cursive, with a large initial 'W'.

W. Thomas Kellahin

Cc: Citation Oil & Gas Corp.
Attn: (PE)

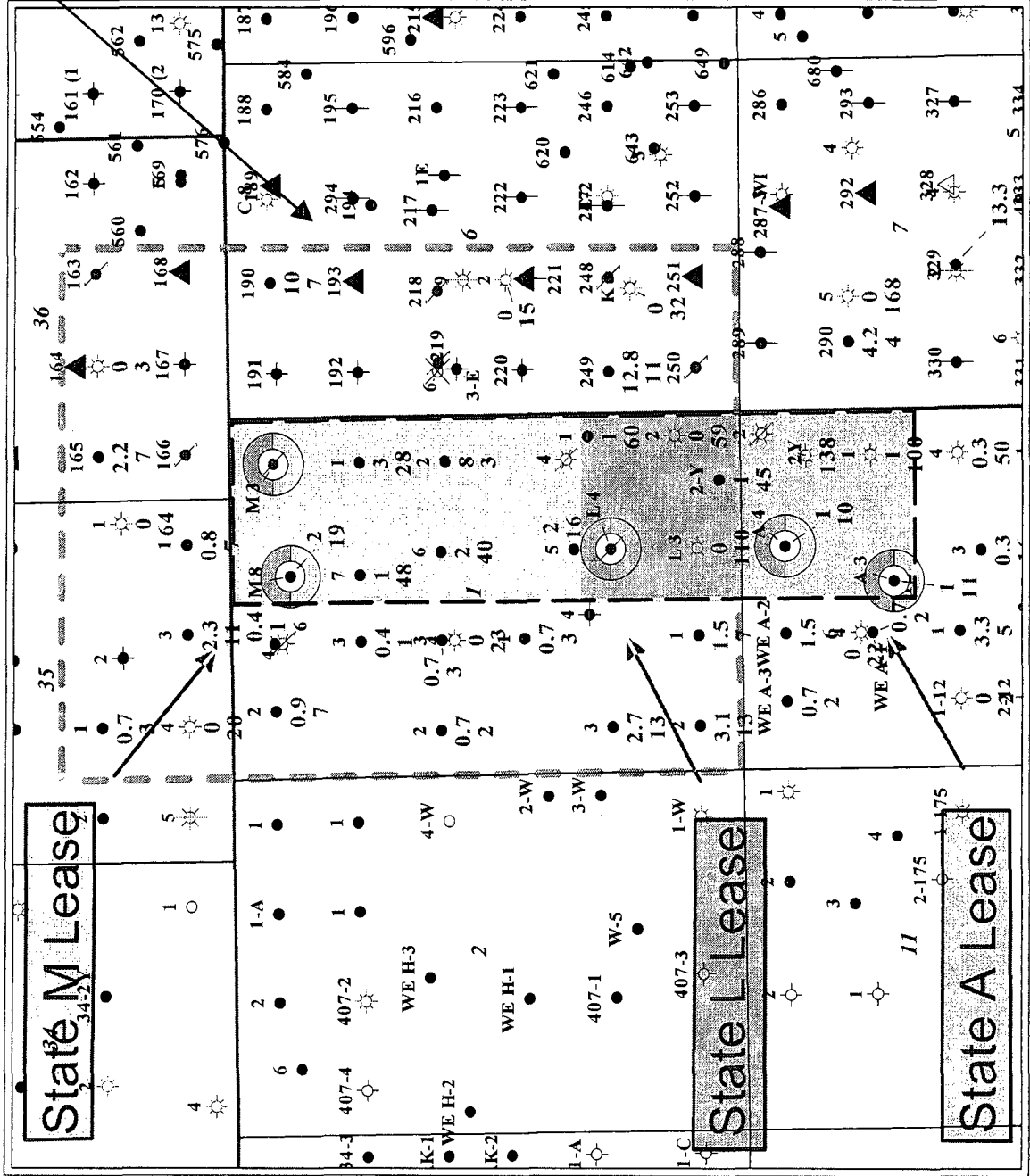
EXHIBIT

2

Green Outline
Area of Well
Check

State M Lease Well Applications

Citation
OIL & GAS CORP.



Citation OIL & GAS CORP.	
Eumont Field Area	
YATES 7RVRS Recommended Reconnections	State M Lease Offset Production
0 2,291 4,582 FEET	
POSTED WELL DATA	
Well Number	WELL: RPTD WELL: NKTD
ATTRIBUTE MAP	
Zone: YATES - YATES RCMP FLAG IS PRESENT Zone: 7RVRS - 7RVRS RCMP FLAG IS PRESENT	Zone: YATES - YATES RCMP FLAG IS PRESENT Zone: 7RVRS - 7RVRS RCMP FLAG IS PRESENT
WELL SYMBOLS	
Oil Well Gas Well Temporarily Abandoned Suspended Gas Well Dry Hole Injection Well TA INJECTOR Plugged and Abandoned Abandoned Oil Well Abandoned Gas Well Abandoned Service Shut In Oil Well Shut In Gas Well	Zone: YATES - YATES RCMP FLAG IS PRESENT Zone: 7RVRS - 7RVRS RCMP FLAG IS PRESENT
REMARKS	
February 8, 2006	
By: Dave Keck & Jerry Daues	

District I
1625 N. French Dr., Hob. 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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name Eumont Yates Seven Rivers Queen
⁴ Property Code 002835	⁵ Property Name State M	⁶ Well Number
⁷ OGRID No. 004537	⁸ Operator Name Citation Oil & Gas Corp.	⁹ Elevation

¹⁰ Surface Location

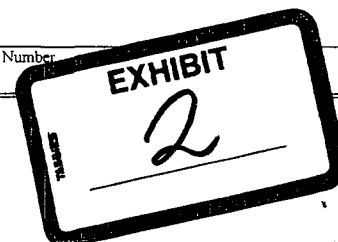
UL or lot no A,B,G,H,J,I,O,P	Section 1	Township 21S	Range 35E	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County LEA
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¹¹ Bottom Hole Location If Different From Surface

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 315.2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-520, R-221, PC-825, 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 4 D 3 C Lot 2 B Lot 1 A 914' 2310' 660' 3 8 1980' 7 6 8 11 7 2310' 1980' 1 7 660'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Sharon Ward</u> Date: <u>1/19/06</u> Printed Name: <u>Sharon Ward</u>
12 A 11 K 10 J 9 8 7 6 5 4 3 2 1 3224' 1980' 3300' 660' 6 1980' 2 660' 4620' 660' 5 1980'	¹⁸ SURVEYOR CERTIFICATION 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. Date of Survey: Signature and Seal of Professional Surveyor: Certificate Number:



CMD :
OG5SECT

Sec : 01 Twp : 21S Rng : 35E Section Type : LONG

ONGARD
INQUIRE LAND BY SECTION
04/13/06 08:04:08
OGOMES -TPGW
PAGE NO: 1

12	4	5	11	3	6	10	2	7	1	8	9
40.00	37.75	40.00	40.00	37.71	40.00	40.00	37.69	40.00	37.65	40.00	40.00
CS	CS	CS	CS	CS	CS	CS	CS	CS	CS	CS	CS
MULTI		MULTI				B01398 0031		CITATION OIL & GA	B01398 0031		CITATION OIL & GA
						12/26/42			12/26/42		
P		P	P	A	P	A	P	P	P	P	P
13		14				15			16		
40.00		40.00				40.00			40.00		
CS		CS				CS			CS		
E00393 0005		E00393 0005				B01398 0031		CITATION OIL & GA	B01398 0031		CITATION OIL & GA
LEACO NEW MEXICO		LEACO NEW MEXICO				12/26/42			12/26/42		
06/11/55		06/11/55									
P		P				P			P		
L		K				J			I		
40.00		40.00				40.00			40.00		
CS		CS				CS			CS		
B00244 0001		B00244 0001				B01400 0014		CITATION OIL & GA	B01400 0014		CITATION OIL & GA
CHEVRON U S A INC		CHEVRON U S A INC				12/26/42			12/26/42		
11/22/38		11/22/38									
P		P				P			P		
M		N				O			P		
40.00		40.00				40.00			40.00		
CS		CS				CS			CS		
B00244 0001		B00244 0001				B01400 0014		CITATION OIL & GA	B01400 0014		CITATION OIL & GA
CHEVRON U S A INC		CHEVRON U S A INC				12/26/42			12/26/42		
11/22/38		11/22/38									
P		P				A			P	P	

Well Selection Criteria Quick Print

(WH_SEC = 01 and WH_TWPN = 21 and WH_RNGN = 35)

EXHIBIT

3

API Well #	Well Name and No.	Operator Name	Type	Stat	County	Surf	UL	Sec	Twp	Rng	FIN/S	FTL/W	UC/Prnt	Estm/Sp Dt
30-025-08555-00-00	STATE M	CITATION OIL & GAS CORP	O	A	Lea	S	A	1	21 S	35 E	660 N	660 E	CTB-446	4/7/2005
30-025-08554-00-00	STATE M	CITATION OIL & GAS CORP	O	A	Lea	S	A	1	21 S	35 E	3300 N	660 E	CTB-446	11/16/2005
30-025-03371-00-00	STATE M	CITATION OIL & GAS CORP	O	A	Lea	S	B	1	21 S	35 E	914 N	2310 E	CTB-446	12/29/1999
30-025-03369-00-00	STATE M	CITATION OIL & GAS CORP	O	A	Lea	S	B	1	21 S	35 E	3224 N	1980 E	CTB-446	11/16/2005
30-025-03370-00-00	STATE M	CITATION OIL & GAS CORP	O	A	Lea	S	B	1	21 S	35 E	1980 N	2310 E	CTB-446	12/29/1999
30-025-03381-00-00	STATE WEB	AMERADA HESS CORP	O	A	Lea	S	C	1	21 S	35 E	622 N	1980 W	H2S-16	
30-025-03383-00-00	STATE WEF	AMERADA HESS CORP	O	A	Lea	S	C	1	21 S	35 E	4620 S	660 W	H2S-16	
30-025-26548-00-00	STATE WEB	AMERADA HESS CORP	G	T	Lea	S	C	1	21 S	35 E	780 N	1980 W		11/30/2005
30-025-03380-00-00	STATE WEB	AMERADA HESS CORP	O	A	Lea	S	C	1	21 S	35 E	1980 N	1980 W	H2S-16	
30-025-03384-00-00	STATE WEF	AMERADA HESS CORP	O	A	Lea	S	C	1	21 S	35 E	3226 N	1980 W	H2S-16	
30-025-03389-00-00	L W WHITE NOT B TR B	ARCH PETROLEUM INC	O	A	Lea	P	D	1	21 S	35 E	660 N	990 W	CTB-510	
30-025-03382-00-00	STATE WEF	AMERADA HESS CORP	O	A	Lea	S	F	1	21 S	35 E	3300 S	1980 W	H2S-16	
30-025-03396-00-00	STATE M	CITATION OIL & GAS CORP	O	A	Lea	S	G	1	21 S	35 E	3300 S	1980 E	CTB-446	7/26/2001
30-025-03394-00-00	STATE M	CITATION OIL & GAS CORP	O	A	Lea	S	H	1	21 S	35 E	1980 N	660 E	CTB-446	12/29/1999
30-025-03395-00-00	STATE M	CITATION OIL & GAS CORP	G	A	Lea	S	H	1	21 S	35 E	4620 N	660 E		12/22/2005
30-025-03395-00-00	STATE M	CITATION OIL & GAS CORP	G	A	Lea	S	H	1	21 S	35 E	4620 N	660 E		12/22/2005
30-025-12720-00-00	STATE L	CITATION OIL & GAS CORP	G	A	Lea	S	I	1	21 S	35 E	2310 S	330 E	NSL-3949	7/26/2001
30-025-12720-00-00	STATE L	CITATION OIL & GAS CORP	G	A	Lea	S	I	1	21 S	35 E	2310 S	330 E	NSL-3949	7/26/2001
30-025-03392-00-00	STATE L	CITATION OIL & GAS CORP	O	A	Lea	S	J	1	21 S	35 E	1930 S	1980 E	CTB-446	4/7/2005
30-025-26549-00-00	STATE WEF	AMERADA HESS CORP	G	A	Lea	S	K	1	21 S	35 E	3420 N	1980 W	H2S-16	7/26/2001
30-025-03388-00-00	GULF STATE	HARVARD PETROLEUM CORPO	O	A	Lea	S	K	1	21 S	35 E	2310 S	2310 W		
30-025-03387-00-00	GULF STATE	HARVARD PETROLEUM CORPO	O	A	Lea	S	L	1	21 S	35 E	1980 S	660 W		7/26/2001
30-025-03386-00-00	GULF STATE	HARVARD PETROLEUM CORPO	O	A	Lea	S	M	1	21 S	35 E	660 S	660 W		7/26/2001
30-025-03385-00-00	GULF STATE	HARVARD PETROLEUM CORPO	O	A	Lea	S	N	1	21 S	35 E	660 S	1980 W		7/26/2001
30-025-03385-00-00	GULF STATE	HARVARD PETROLEUM CORPO	O	A	Lea	S	N	1	21 S	35 E	660 S	1980 W		7/26/2001
30-025-03393-00-00	STATE L	CITATION OIL & GAS CORP	G	A	Lea	S	P	1	21 S	35 E	330 S	990 E	CTB-446	7/26/2001
30-025-03393-00-00	STATE L	CITATION OIL & GAS CORP	G	A	Lea	S	P	1	21 S	35 E	330 S	990 E	CTB-446	7/26/2001
30-025-03390-00-00	STATE L	CITATION OIL & GAS CORP	G	A	Lea	S	P	1	21 S	35 E	990 S	330 E		12/29/1999
30-025-03391-00-00	STATE L	CITATION OIL & GAS CORP	G	A	Lea	S	W	1	21 S	35 E	660 S	1980 E	CTB-231	7/26/2001
30-025-03391-00-00	STATE L	CITATION OIL & GAS CORP	G	A	Lea	S	W	1	21 S	35 E	660 S	1980 E	CTB-231	7/26/2001



**Eumont Field
Lea County, New Mexico
Geological and Engineering Exhibits
Referenced in the Engineering Discussion**

- Exhibit 4 - Lease Prod. Data for 11/2005**
- Exhibit 5 - Lease Production Plots**
- Exhibit 6 - Current Lease Depletion Plan**
- Exhibit 7 - Wellbore Diagrams**
- Exhibit 8 - Log with Recompletion Details**
- Exhibit 9 - State L Lease Production Plot**
- Exhibit 10 - State L3 Recompletion Report**
- Exhibit 11 - State L3 - Est. Gross Recoverable Reserves**
- Exhibit 12 - Estimated Gross Recompletion Reserves**
- Exhibit 13 - Pressure Data for Citation Leases**
- Exhibit 14 - Pressure History of Offset Wells**
- Exhibit 15 - Analog Production from Devonian State**



Citation Eumont 11/2005 Production

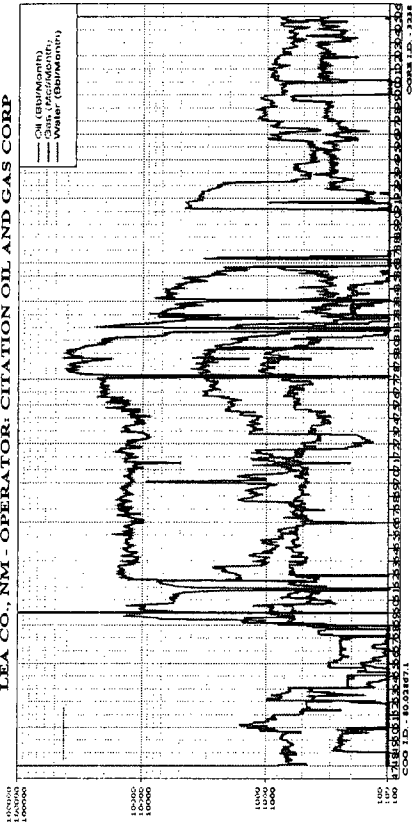
New Mexico Field Names and Numbers

22800 EUMONT; YATES-7 RVR-S-QUEEN (OIL)
 76480 EUMONT; YATES-7 RVR-S-QUEEN (PRO GAS)
 23000 EUNICE MONUMENT; GRAYBURG-SAN ANDRES
 Data for Field from 11/2005 COG NM Form C-115

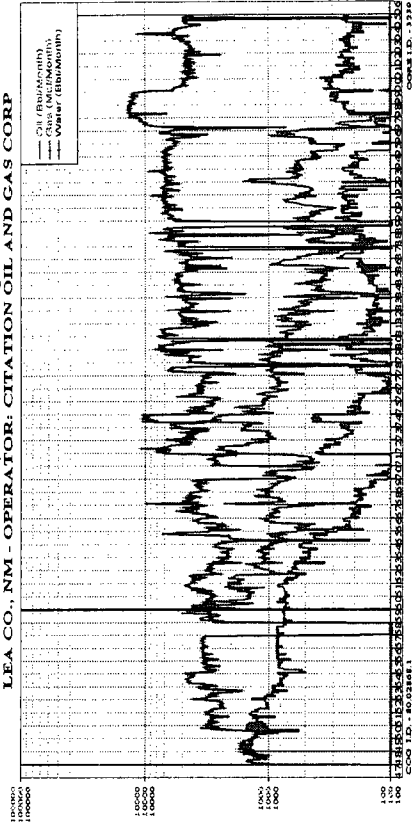
Month of Production	COG WellID	WellName	Field and Pool #	Internal Well Type	Status	Oil BOPM	Gas MCFPM	GasSold MCFPM	GOR	Water BWPM	Days On	Date Pulled	Notes
11/1/2005	80.02867.1	STATE M 1	22800	O	PR	109	776	714	7,119	361	30	1/20/2006	
11/1/2005	80.02868.1	STATE M 2	22800	O	PR	220	77	71	350	4660	30	1/20/2006	
11/1/2005	80.02869.1	STATE M 3	22800	O	SR	0	0	0	--	0	0	1/20/2006	Planned for Recompletion
11/1/2005	80.03575.1	STATE M 4	76480	G	TA	0	0	0	--	0	0	1/20/2006	
11/1/2005	80.02870.1	STATE M 5	22800	O	PR	55	414	381	7,527	1662	30	1/20/2006	
11/1/2005	80.02871.1	STATE M 6	22800	O	PR	28	1035	953	36,964	217	30	1/20/2006	
11/1/2005	80.02872.1	STATE M 7	22800	O	PR	28	1243	1144	44,393	144	30	1/20/2006	
11/1/2005	80.02873.1	STATE M 8	22800	O	PR	55	491	452	8,927	108	30	1/20/2006	Planned for Recompletion



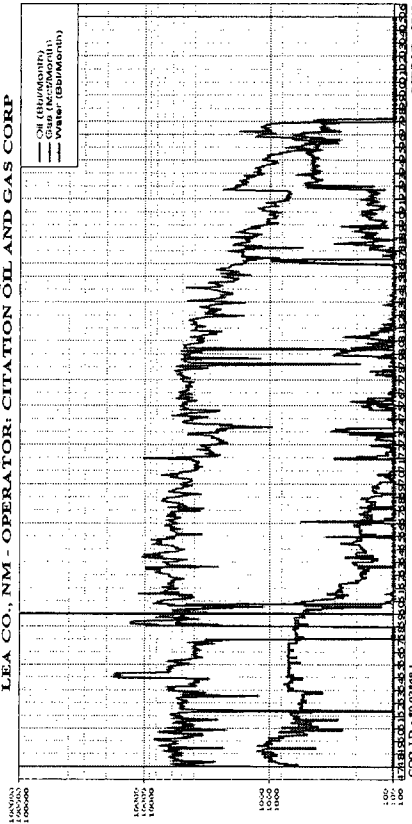
STATE M1
EUMONT FIELD, YATES 7 RVRS QUEEN ZONE
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



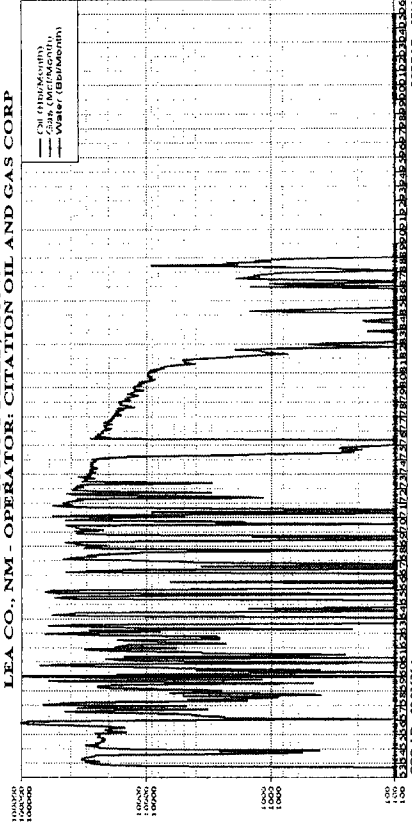
STATE M2
EUMONT FIELD, YATES 7 RVRS QUEEN ZONE
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



STATE M3
EUMONT FIELD, YATES 7 RVRS QUEEN ZONE
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP

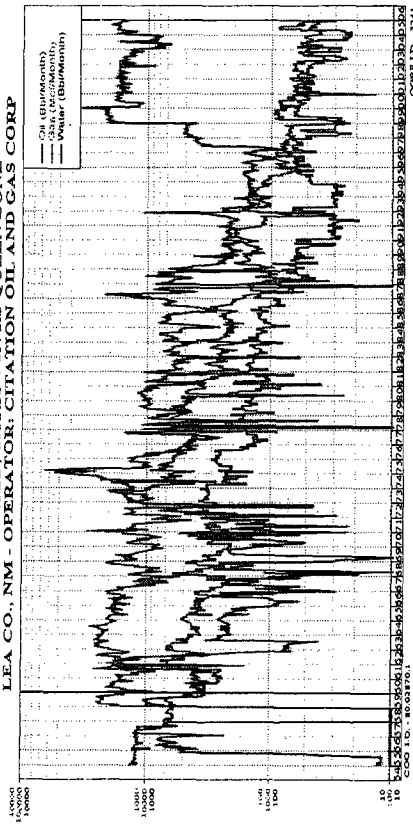


STATE M4
EUMONT FIELD, ZONE
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP

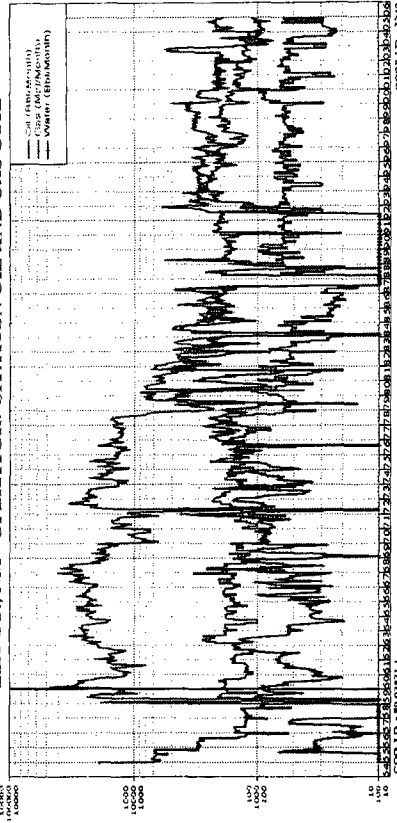




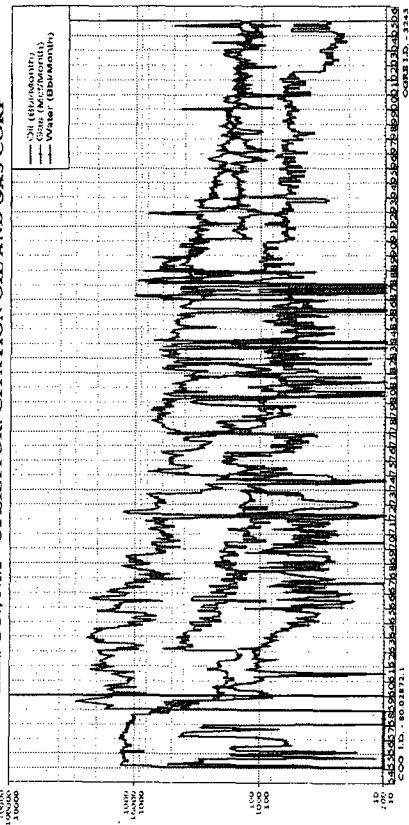
STATE M5
EUMONT FIELD, YATES 7 RVRS QUEEN ZONE
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



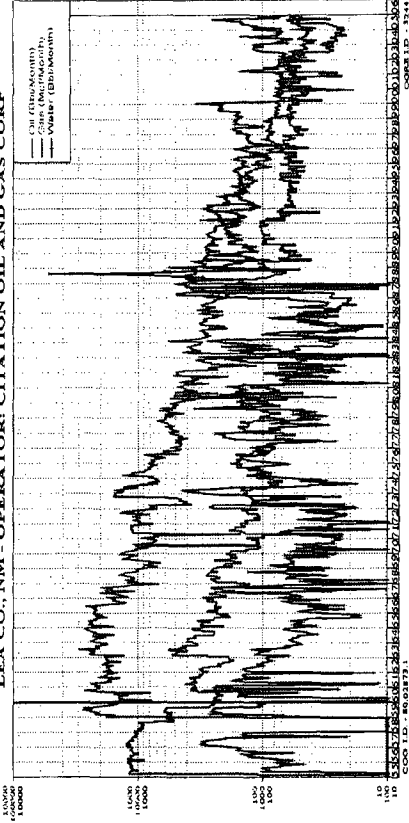
STATE M6
EUMONT FIELD, YATES 7 RVRS QUEEN ZONE
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



STATE M7
EUMONT FIELD, YATES 7 RVRS QUEEN ZONE
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP



STATE M8
EUMONT FIELD, YATES 7 RVRS QUEEN ZONE
LEA CO., NM - OPERATOR: CITATION OIL AND GAS CORP





**Eumont Field
Yates-Seven Rivers Depletion Plan**

State M Lease

Well Name	Status	Current PI Int	Net Sand			Potential		Mech Eval Req'd?	October, 2006 Totals***				Cum Oil	Cum Gas	Comments
			Yates	7R	Tot Y-7R	Yates	7R		Oil (BOPD)	Gas (MCFD)	Gas Eq (MCEFD)	Wtr (BOPD)			
STATE M No.: 001	PR	Y-7R	71	88	159	Yates SS	No	Yes	3	28	46	10	3884	71795	Yates SS was sq'd 2/58. Could re-test. Add pay is between currently open low pressure Y-7R intervals. Mech eval necessary.
STATE M No.: 002	PR	Pns	105 Est	87 Est	192	Yes	Yes	Yes	8	3	51	136	17055	33815	Will obtain logs. Will evaluate Yates-7R potential with commingling of Penrose.
STATE M No.: 003	SR	Q-Pns	113	52	165	Yes	Yes	No	0	0	0	0	2812	61906	HIC. Rec sqz. isolate Q-Pns w/BP. rmp to Yates/7R.
STATE M No.: 004	SR	Y (PB w/CIBP)	131	109	240	No	No	No	0	0	0	0	0	0	Well is SI with an approved AFE to reactivate (waiting on rig). Review of pls shows Yates & 7R are fully perforated. No further recommendation.
STATE M No.: 005	PR	Q	172	73	245	Yes	Yes	No	2	16	28	46	5034	79666	The L4 will be rcmp to the Y-7R just south of the M-5. The wells are fairly similar based on log analysis, but the M-5 has a higher rate. The M-5 could act as a substitute rcmp candidate if the L-4 has mech problems. No recommendation for now.
STATE M No.: 006	PR	Q	135	91	226	Yes	Yes	Yes	2	40	52	6	5652	183386	Will evaluate Yates-7R potential with commingling of Q.
STATE M No.: 007	PR	Y-7R-Q	127	99	226	Yes	Yes	Yes	1	48	54	4	5586	191261	Pending mechanical evaluation since add pay is above and between currently open low pressure Y-7R intervals.
STATE M No.: 008	PR	Q	97	95	192	Yes	Yes	No	2	19	31	2	5512	99697	Rec rcmp to Yates/7R w/possibility of commingling w/Q later.

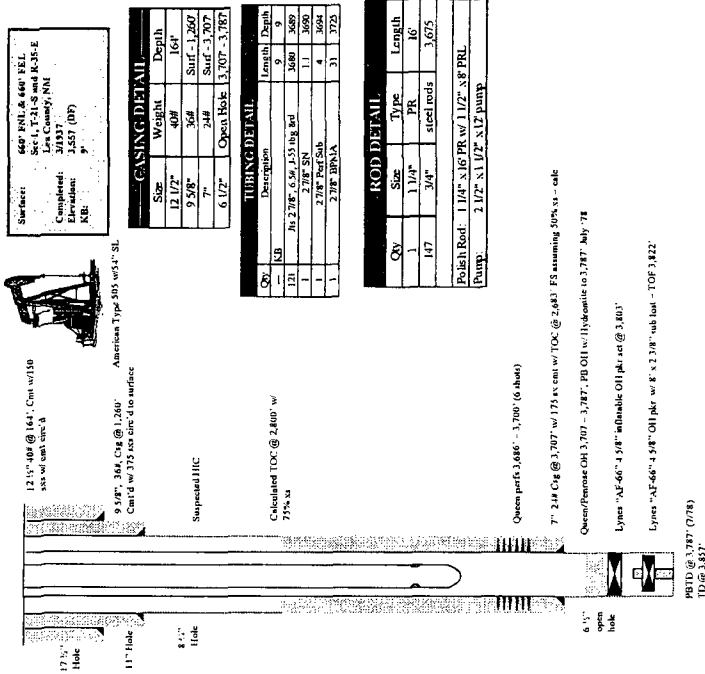
*** Wells in yellow have current rates roughly 30 MCFD or below, and represent priority recompletion candidates.
Wells in blue are recompletion candidates with high current rates. Commingling is preferred, and is subject to a wkr completion procedural study.
Wells in red print have offsets which are Yates-7R producers or superior Yates-7R recompletion candidates. The red wells do have rcmp potential however, and can be rcmp'd if necessary.



M3 – SI Producer Prior to Workover

CITATION OIL AND GAS CORPORATION CURRENT WELLBORE DIAGRAM AND INFORMATION

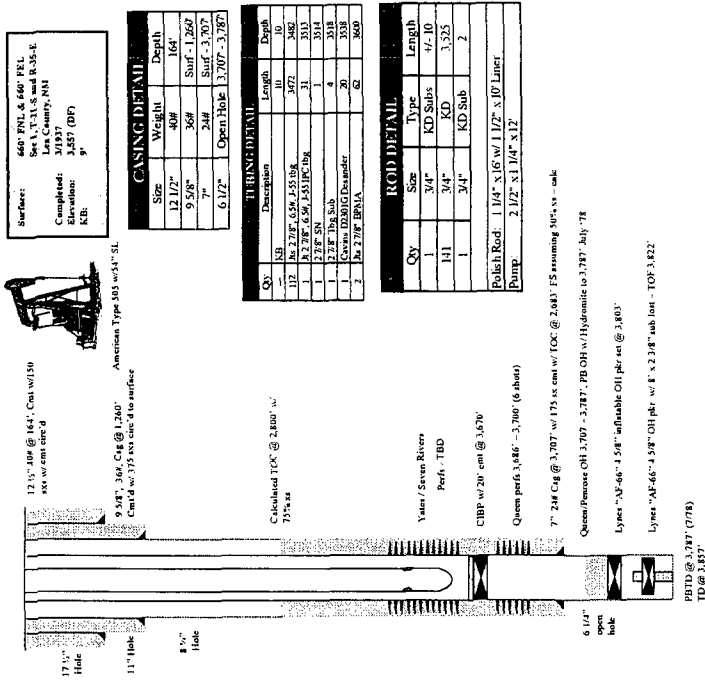
Well Name: State M #3 Field: Eumont field
Date: January 25, 2006 Location: 660' FNL & 660' FEL Sec 1
County: Lea State: New Mexico



M3 – Proposed Production Configuration

CITATION OIL AND GAS CORPORATION PROPOSED WELLBORE DIAGRAM AND INFORMATION

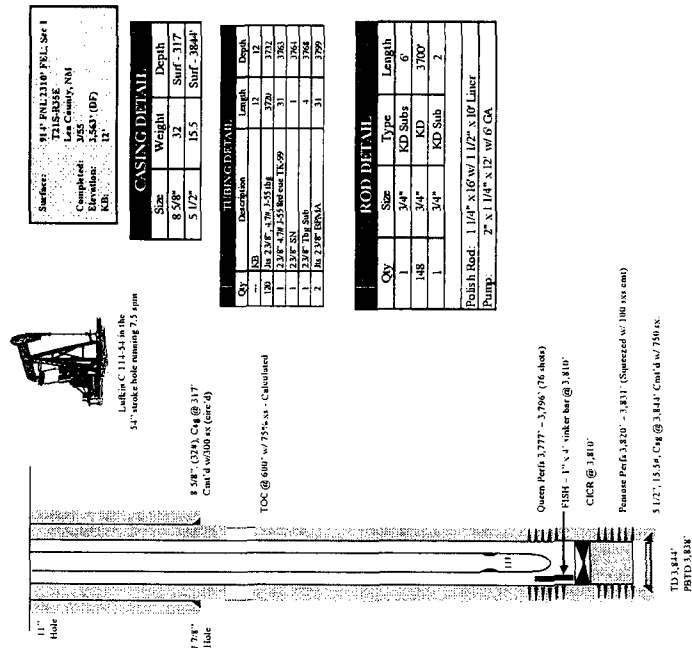
Well Name: State M #3 Field: Eumont field
Date: January 25, 2006 Location: 660' FNL & 660' FEL Sec 1
County: Lea State: New Mexico



M8 – Producer Prior to Workover

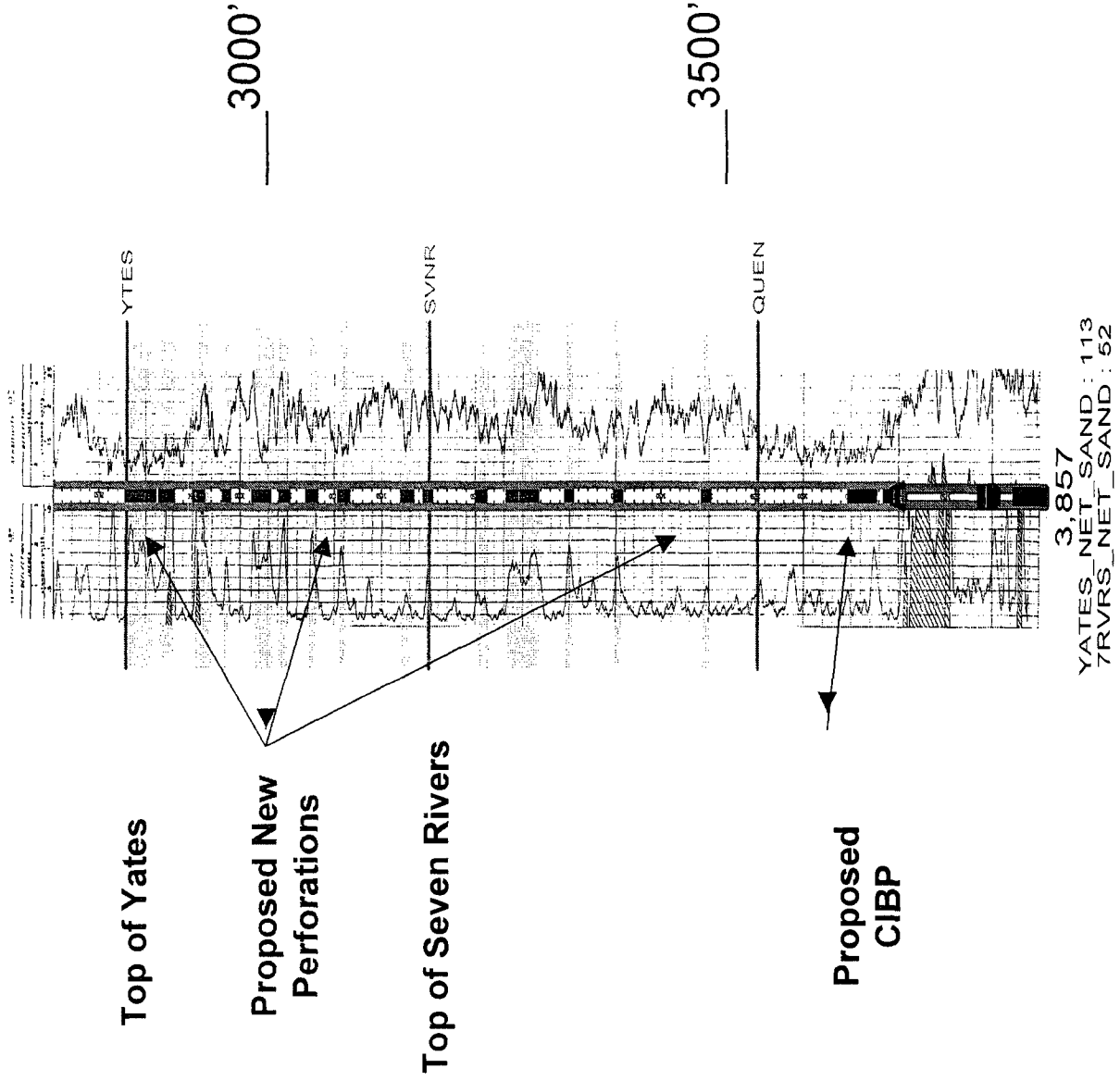
CITATION OIL AND GAS CORPORATION
CURRENT WELLBORE DIAGRAM AND INFORMATION

Well Name: State M#8 Field: Eumont
 Date: January 27th 2006 Location: 914th ERL 2310 FEL, Sec 1
 County: Lea State: New Mexico

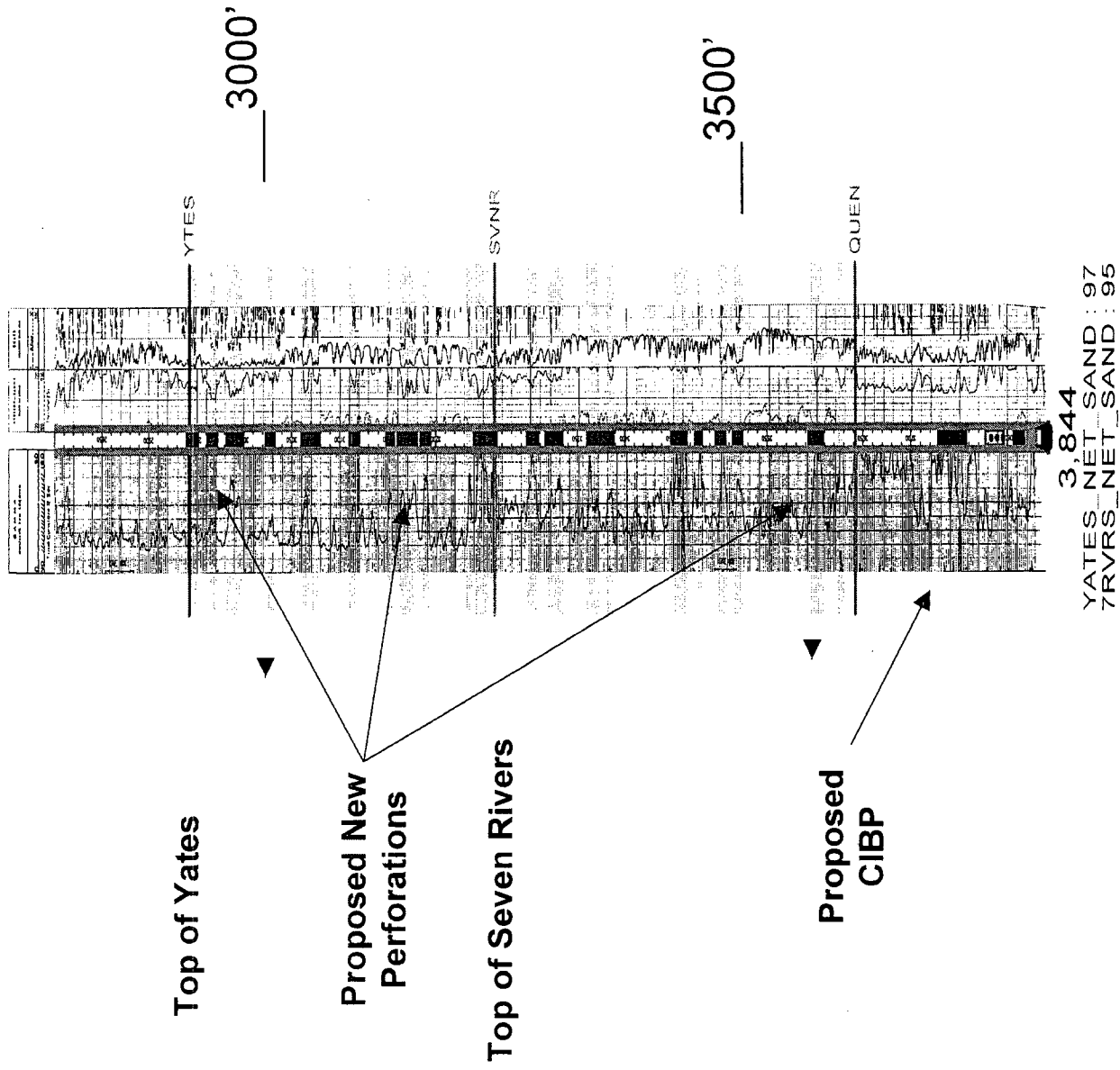




**State M 3 Gamma
Ray Neutron Log
with New Completion
Details**

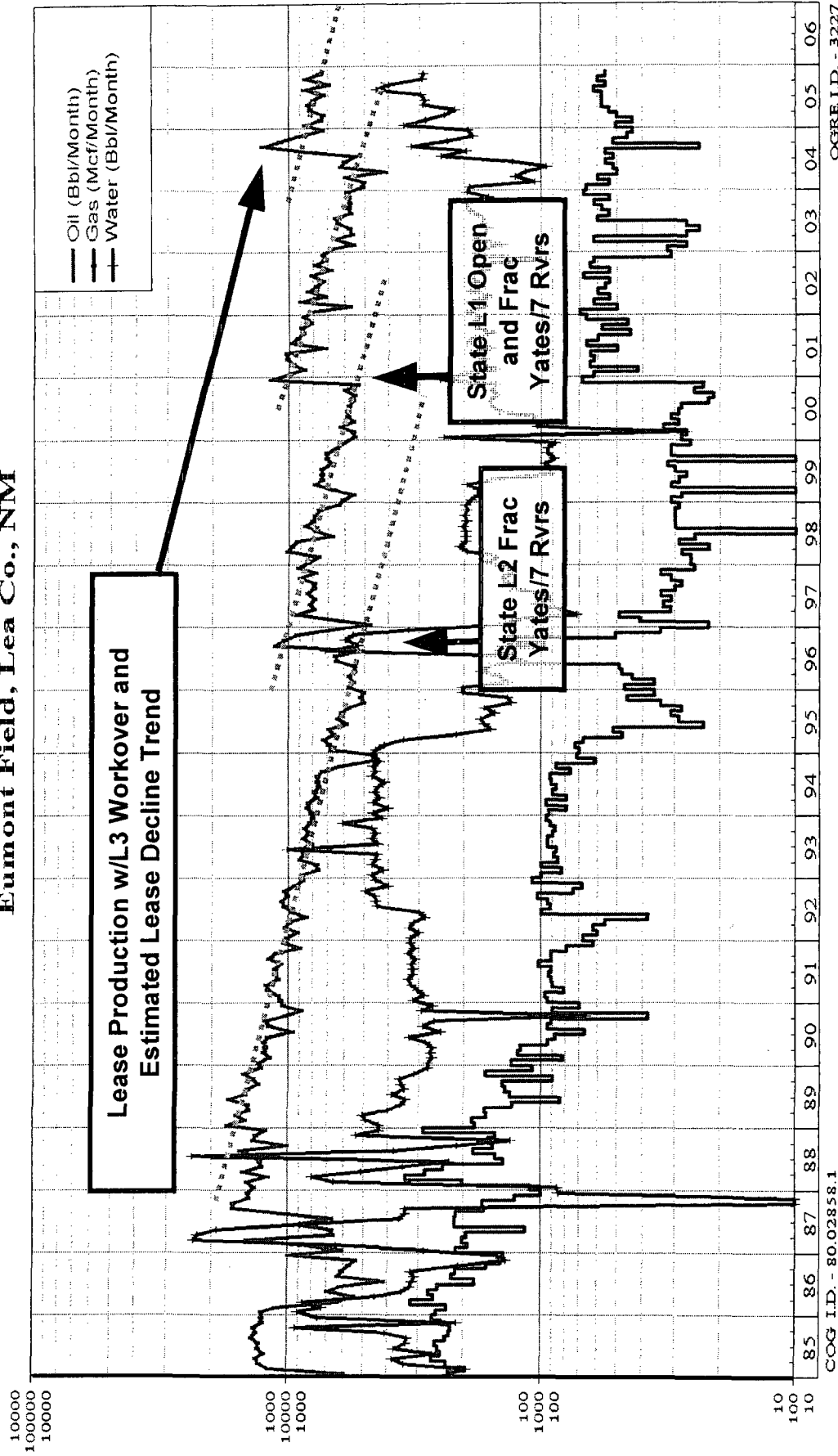


**State M 8 Gamma
Ray Neutron Guard
Log with New
Completion Details**





State L Lease - Summary Plot
Citation Oil & Gas Corp.
Eumont Field, Lea Co., NM



COG I.D. - 80.02858.1

OGRE I.D. - 3227



WTA

STATE L 3

EUMONT FIELD

LEA COUNTY, NM

OAP and Frac

Morning Reports with Estimated Gas Rates

Cap Budget# 107
AFE# 040355
AFE Cost: \$295,000
COG Wt: 100 %
STATUS: A

8/24/2004	Day: 25 /	Present Operation: Pumping to battery
8/23/04		
24 hrs Pmp'd 0 BO, 2 BW		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		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		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		FAP - 86 JF S, 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.

Exhibit 10

DC: \$6,000

CC: \$341,620

TD:

PBTD:



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

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

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 MCFD
Est. Economic Limit = 14 MCFD
Est. Decline = 18% per Annum

Remaining Reserves = $Q = -365 \times (q_i - q_f) / \ln(1 - D)$

Qb = 307,009 MCF - Remaining Lease Reserve
PRIOR to L3 Work

Change in Reserves from Work on L1 in 2000:

Delta Q = (Qb + Ca) - Qa

Therefore, Delta Q = 225,030 MCF (from L1 Work)

Reserve Add from Recompletion and Stimulation of L3

After L3 Work was Complete (from Lease Production Plot) :

Remaining Reserves Prior to L3
Qa = 307,009 MCF

Cum Prod from 8/2004 to 11/2005:
Ca = 136,545 MCF

Initial Rate = 250 MCFD
Est. Economic Limit = 14 MCFD
Est. Decline = 18% per Annum

Remaining Reserves = $Q = -365 \times (q_i - q_f) / \ln(1 - D)$

Qb = 434,062 MCF - Remaining Lease Reserve

Change in Reserves from Work on L3 in 2004:

Delta Q = (Qb + Ca) - Qa

Therefore, Delta Q = 263,698 MCF (from L3 Work)



State M3 & M8 - Recompletion to Yates/7 Rvrs
Estimated Potential Reserves per Well

Initial Rate	120 MCFPD
Est. Economic Limit	7 MCFPD
Est. Decline	15% per Annum

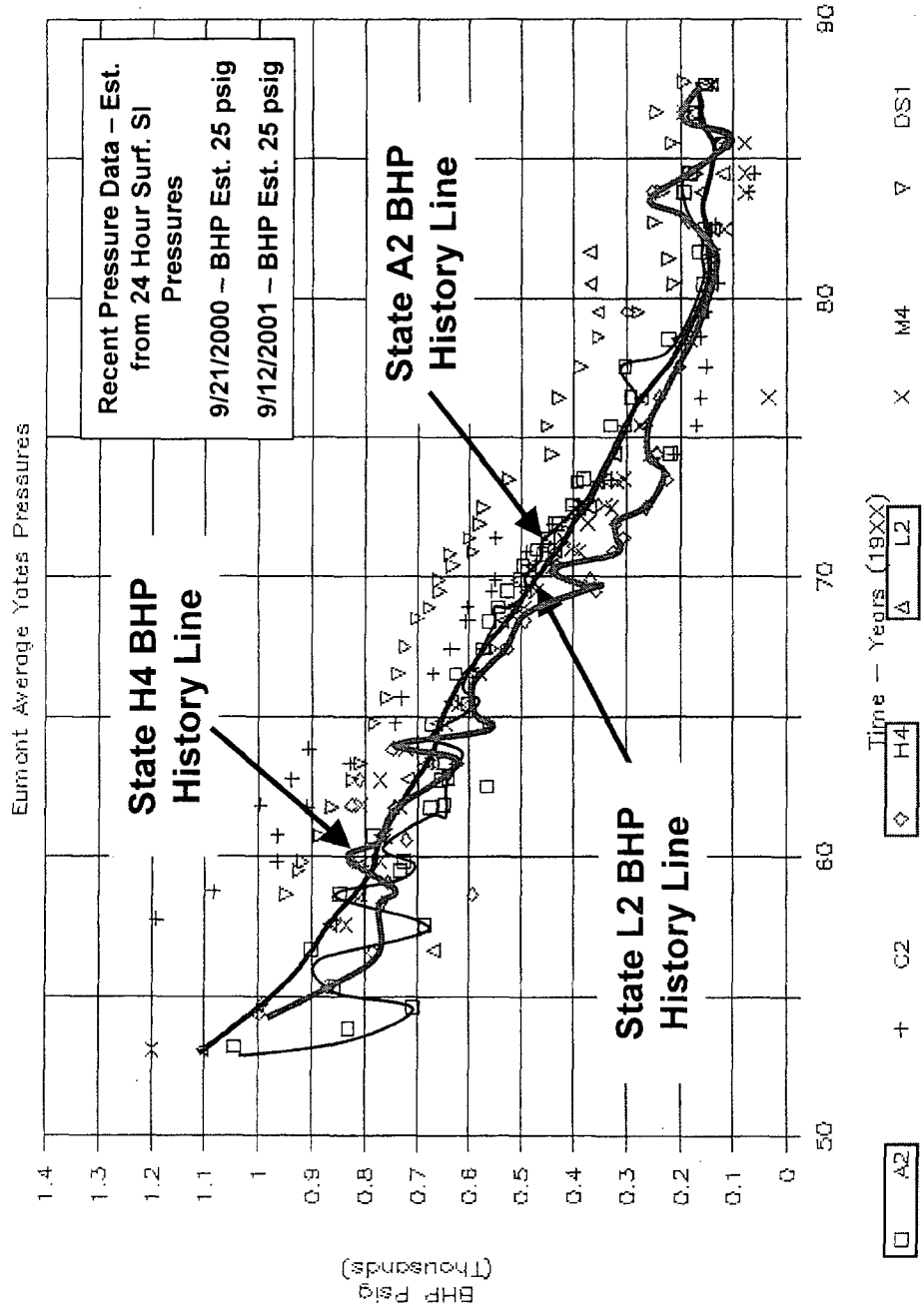
Remaining Reserves = $Q = -365 \times (q_i - q_f) / \ln(1 - D)$

q_i = Initial Rate per Day

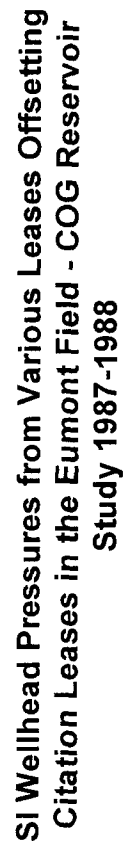
q_f = Final Rate per Day

D = Decline Rate (fraction)

Q = 253,786 MCF

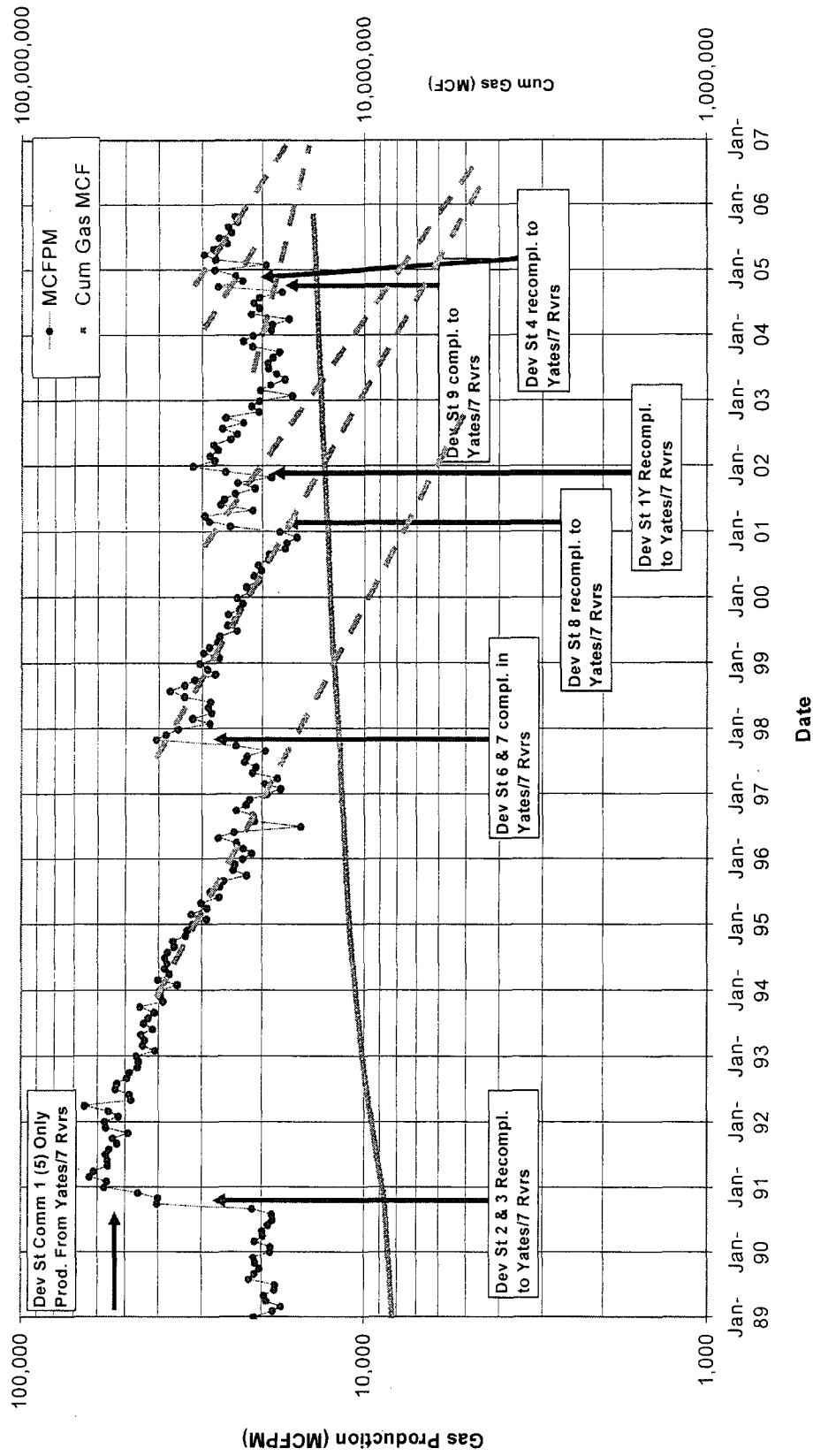


SI Wellhead Pressures from Various Citation Leases in the Eumont Field - COG Reservoir Study 1987-1988





COG - Devonian State Gas Production History Yates/7 Rivers Initial Production - 1953 in Dev St Comm 1 (Now Dev St 5)



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
TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
KELLAHIN@EARTHLINK.NET

P.O. Box 2265,
SANTA FE, NEW MEXICO 87504
117 NORTH GUADALUPE,
SANTA FE, NEW MEXICO 87501

March 16, 2006

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

**NOTICE OF THE FOLLOWING NEW MEXICO OIL CONSERVATION
DIVISION ADMINISTRATIVE CASE:**

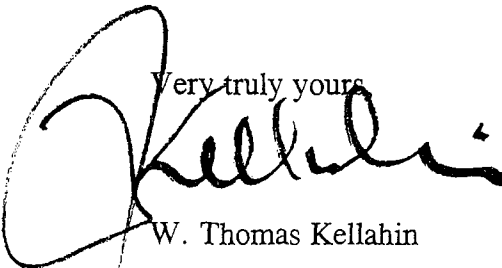
TO ALL PARTIES ON NOTICE LIST

Re: Administrative Application of Citation Oil & Gas Corp. for approval of a "well density" exception from Rule 3 of Order R-8170-P, pursuant to Rule 4(B) of the Special Rules and Regulations for Eumont Gas Pool for its State "M" Lease wells within an existing 315.2 acre non-standard proration unit consisting of Lots A,B,G,H,J,I,O,P of Section Irregular Section 1, T21S, R35E, Lea County, New Mexico.

Dear Party:

On behalf of Citation Oil & Gas Corp, please find enclosed a copy of its referenced administrative application. 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 Yates from objecting at a later date.

Very truly yours



W. Thomas Kellahin

WAIVER OF OBJECTION:

By: _____ with authority for
and on behalf of _____
Date: _____

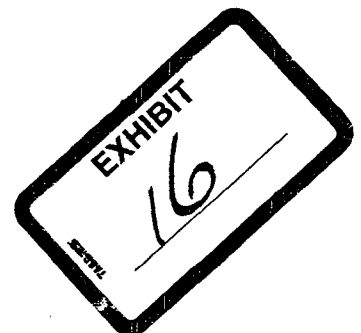


EXHIBIT 17

**OFFSET OPERATOR NOTICE LIST
FOR STATE "M" LEASE GPU**

Amerada Hess Corp.
P. O. Box 2040
Houston, TX 77252-2040

Arch Petroleum Inc.
P. O. Box 10340
Midland, TX 79702

BP America Production Company
P. O. Box 22048
Tulsa, OK 74121

Chevron USA Inc.
P.O. Box 4791
Houston, TX 77210

Conoco/Phillips Company
P. O. Box 2197
Houston, TX 77252

Endura Energy LLC
513 E Zia
Hobbs, NM 88240

Finley Resources Inc
1308 Lake Street #200
Fort Worth, TX 76102

Gruy Petroleum Corporation Co.
P. O. Box 140907
Irving TX 75014

Harvard Petroleum Corporation
P. O. Box 936
Roswell, NM 88202-0936

John H. Hendrix Corp.
P. O. Box 3040
Midland, TX 79701

McDonnold Operating Inc.
505 N Big Springs Suite 204
Midland, TX 79701

Momentum Operating Co. Inc.
224 South Main
Albany, TX 76430

Unichem International
P. O. Box 1499
Hobbs, NM 88240

XTO Energy, Inc.
200 North Loraine
Suite 800
Midland, TX 79701

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 867
ORDER NO. R-615

THE APPLICATION OF SHELL OIL COMPANY
FOR AN ORDER GRANTING APPROVAL OF AN
EXCEPTION PURSUANT TO RULE 5 (a) OF THE
SPECIAL RULES AND REGULATIONS FOR THE
EUMONT GAS POOL (ORDER NO. R-520) IN THE
ESTABLISHMENT OF A NON-STANDARD GAS PRO-
PORTION UNIT CONSISTING OF LOTS 1, 2, 7, 8,
9, 10, 15 AND 16, OF SECTION 1, TOWNSHIP 21
SOUTH, RANGE 35 EAST, NMPM, LEA COUNTY, NEW
MEXICO, AND THE ASSIGNMENT OF SAID ACREAGE
TO THE SHELL STATE "M", WELL NO. 4, LOCATED
IN THE CENTER OF LOT 16, SECTION 1, TOWNSHIP
21 SOUTH, RANGE 35 EAST, NMPM, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 20th, day of April, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to the provisions of Rule 5 (a) of the Special Rules and Regulations of the Eumont Gas Pool, as set forth in Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.

(3) That applicant, Shell Oil Company, is the owner of an oil and gas lease in Lea County, New Mexico, the land consisting of other than a legal section, and described as follows:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 1

containing 315.34 acres, more or less, lying within the horizontal limits of the Eumont Gas Pool.

(4) That applicant, Shell Oil Company, has a producing well on the aforesaid lease known as the Shell State "M" Well No. 4, located in the center of Lot 16, Section 1, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

(5) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed 315-acre proration unit.

(6) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(7) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Shell Oil Company for approval of a non-standard gas proration unit consisting of the following described acreage:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Lots 1, 2, 7, 8, 9, 10 15 and 16 of Section 1

containing 315.34 acres more or less, be and the same is hereby approved and a proration unit consisting of the aforesaid acreage is hereby created.

(2) That applicant's well, Shell State "M", Well No. 4, located in the center of Lot 16, Section 1, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 315-acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 867
Order No. R-615

THE APPLICATION OF SHELL OIL
COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION PURSUANT
TO RULE 5 (a) OF THE SPECIAL RULES
AND REGULATIONS FOR THE EUMONT GAS
POOL (ORDER NO. R-520) IN THE ESTABLISH-
MENT OF A NON-STANDARD GAS PRORATION
UNIT CONSISTING OF LOTS 1, 2, 7, 8, 9, 10,
15 AND 16, OF SECTION 1, TOWNSHIP 21 SOUTH,
RANGE 35 EAST, NMPM, LEA COUNTY, NEW
MEXICO, AND THE ASSIGNMENT OF SAID
ACREAGE TO THE SHELL STATE "M", WELL
NO. 4, LOCATED IN THE CENTER OF LOT 16,
SECTION 1, TOWNSHIP 21 SOUTH, RANGE 35
EAST, NMPM, LEA COUNTY, NEW MEXICO.

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Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 1

Advised April 21, 1955
WPM

-2-

Case No. 867
Order No. R-615

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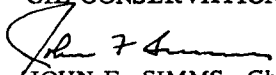
TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 1

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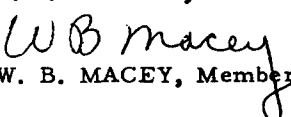
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary

S E A L

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