



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

April 3, 1996

Citation Oil & Gas Corp.
8223 Willow Place South - Suite 250
Houston, Texas 77070-5623
Attention: Sharon Ward

Administrative Order NSL-3646(SD)

Dear Ms. Ward:

Reference is made to your applications dated March 1, 1996 for two additional Eumont gas wells, one to be drilled at an unorthodox gas well location the other to be a reentry and recompletion of a plugged and abandoned well at a standard gas well location, within an existing non-standard 320-acre gas spacing and proration unit ("GPU") for said Eumont Gas Pool comprising the E/2 of Section 20, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Administrative Order NSP-488, dated May 11, 1959, and had dedicated thereon the Devonian State Com Well No. 1 (**API No. 30-025-04728**), located 1980 feet from the North and East lines (Unit G) of said Section 20.

The Devonian State Com Well No. 3, located 1980 feet from the South and East lines (Unit J) of said Section 20, formerly the Atlantic Richfield Company State "D" Well No. 1, was drilled in 1935 to a total depth of 3,930 feet and completed as an "oil" well in the Eumont Gas Pool. Production ceased in 1969 and the well was subsequently plugged and abandoned in 1971.

It is our understanding that Citation Oil & Gas Corp. intends to reenter this well and attempt a recompletion into the gas bearing interval of the Eumont Gas Pool.

A third well, the proposed Devonian State Com Well No. 2, is to be drilled at an unorthodox Eumont gas well location 710 feet from the South line and 660 feet from the East line (Unit P) of said Section 20.

By authority granted me under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, the unorthodox gas well location for the proposed Devonian State Com Well No. 2 is hereby approved.

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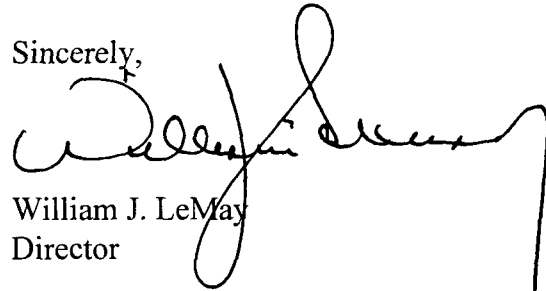
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Also, Citation Oil & Gas Corp. is hereby authorized to simultaneously dedicate Eumont Gas production from the Devonian State Com Well No. 1 with the Devonian State Com Well Nos. 2 and 3. Furthermore, Citation Oil & Gas Corp. is hereby permitted to produce the allowable assigned the subject GPU from all three wells in any proportion.

All provisions of said Division Administrative Order NSP-488 shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', is written over the typed name and title. The signature is fluid and cursive, with a large loop at the end.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSP-488