



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 13, 1998

Citation Oil & Gas Corporation
8223 Willow Place South - Suite 250
Houston, Texas 77070-5623
Attention: Debra Harris

Administrative Order NSL-3947(SD)

Dear Ms. Harris:

Reference is made to your application dated January 14, 1998, for two additional wells, one of which is considered to be located at an unorthodox gas well location, within an existing non-standard 320-acre gas spacing and proration unit ("GPU") in the Eumont Gas Pool.

Said GPU comprises the E/2 of Section 13, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, which was authorized by Division Administrative Order NSP-381, dated August 7, 1957 and had dedicated thereon the State "H" Well No. 4 (API No. 30-025-03466), located at a standard gas well location 1980 feet from the South line and 990 feet from the East line (Unit I) of said Section 13.

It is our understanding that the two subject wells to be considered in this application are both currently completed as oil wells in deeper horizons and upon issuance of this order will be recompleted up-hole into the Eumont Gas Pool. Pursuant to **Rule 2(b)4** of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool," as promulgated by Division Order No. R-8170, as amended, the State "H" Well No. 3-Y (API No. 30-025-03472), located 2310 feet from the North line and 990 feet from the East line (Unit H) of said Section 13 is considered to be a "standard" gas well location for this particular 320-acre unit, however the State "H" Well No. 2 (API No. 30-02503465), located 660 feet from the North line and 1260 feet from the East line (Unit A) of said Section 13 is "unorthodox."

The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division and the appropriate provisions of said Special Eumont Gas Pool rules.

By authority granted me under the provisions of **Rule 2(d)** of said special pool rules for the Eumont Gas Pool and Division General Rule 104.F(2) the above-described unorthodox Eumont gas well location for the State "H" Well No. 3-Y is hereby approved.

Also, you are hereby authorized to simultaneously dedicate Eumont gas production from the State "H" Well Nos. 2 and 3-Y with the State "H" Well No. 4. Furthermore, you are hereby

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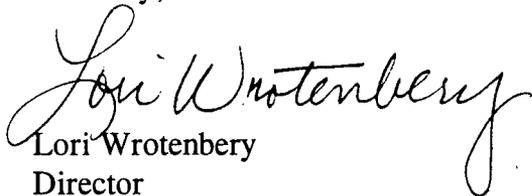
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permitted to produce the allowable assigned the subject GPU from all three wells in any proportion.

All provisions of said Division Administrative Order NSP-381 shall remain in full force and effect until further notice.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSP-381