



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 1, 1996

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

11638

Attention: W. Thomas Kellahin

Re: *Administrative application for two unorthodox Eumont gas well locations and simultaneous dedication: Devonian State Well Nos. 2 and 3 in Units "B" and "A", respectively, within the E/2 of Section 20, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.*

Dear Mr. Kellahin:

On September 27, 1996 the Division received an objection from Chevron U.S.A. Production Company to the subject application, see copy of letter attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for November 7, 1996. Further review of this application and OCD records of wells within the subject 320 acres comprising the E/2 of said Section 20 indicates that additional information by Citation will be necessary at that time. This matter will therefore be advertised in the following manner:

"Application of Citation Oil & Gas Corp. for two unorthodox gas well locations and for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two unorthodox gas well locations in the Eumont Gas Pool for its existing: (i) Devonian State Well No. 2 (API No. 30-025-04729), located 660 feet from the North line and 1980 feet from the West line (Unit B) of Section 20, Township 21 South, Range 36 East; and, (ii) Devonian State Well No. 3 (API No. 30-025-04730), located 660 feet from the North and West lines (Unit A) of said Section 20. Eumont gas production from both wells to be simultaneously dedicated to the existing 320-acre non-standard gas spacing and proration unit comprising the E/2 of said Section 20 (established by Division Administrative Order NSP-488, dated May 11, 1959), which is currently dedicated to its Devonian State Com Well No. 1 (API No. 30-025-04728), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 20. Said unit is located approximately 2.5 miles south southeast of Oil Center, New Mexico. Further, the applicant at the time of the hearing shall review the status of all other Eumont production, both oil and gas, within the E/2 of said Section 20 and the status and/or effect of Division Administrative Order NSL-3646(SD), dated April 3, 1996, with respect to this application."

Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's General Rules and Regulations.

Citation Oil & Gas Corp.

Page 2

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs
Chevron U.S.A. Production Company, c/o William F. Carr - Santa Fe

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

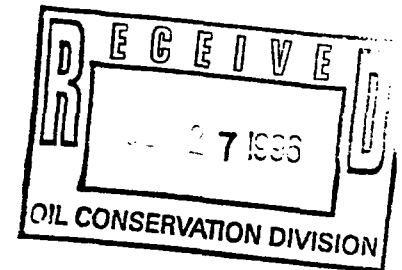
JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 27, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503



Case 11638

Re: Administrative Application of Citation Oil & Gas Corp. for an Unorthodox Gas Well Location and Simultaneous Dedication; Eumont Gas Pool, Lea County, New Mexico

Dear Mr. LeMay:

Chevron U.S.A. Production Company, received the enclosed application for administrative approval dated September 9, 1996. On behalf of Chevron we object to the proposed unorthodox well location and request that the matter be set for hearing at the next available examiner hearing.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in cursive script that reads "Tanya Trujillo".

William F. Carr

2.5 miles S-SW of Oil Center

WFC/edr

cc: Tom Kellahin
M.R. Gilmore, Jr.