

NSL(SA) 9/30/96

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

September 9, 1996

HAND DELIVERED

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505
Attn: Michael E. Stogner

RECEIVED
Case 11638
SEP 9 1996
Oil Conservation Division

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. Stogner

On behalf of Citation Oil & Gas Corp., we respectfully request your approval of this administrative application for a Unorthodox Eumont Gas Well Locations and for Simultaneous Dedication as follows:

(1) Division Order NSP-488, dated May 11, 1959 approved a 320-acre non-standard Eumont gas proration unit ("NSP") dedicated to the Devonian State Com Well No. 1 (API 30-025-03457) located 1980 feet from the East line and 1980 feet from the North line of Section 20, T21S, R36E, NMPM;

(2) As a result of an increasing gas-oil ratio which exceeded and continues to exceed 100,000 cubic feet of gas per barrel of oil, the Devonian State Well No. 3 (API 30-025-04730) located 660 feet from the North and East lines (Unit A) of Section 20, T21S, R36E, should have been reclassified from an oil well to a gas well in this pool in December, 1990. We now seek to correct that error and ask that you approve:

(a) the dedication of this well to the existing 320-acre NSP; and

(b) the approval of an unorthodox well location for this well because the well is 660 feet from an outer boundary rather than 990 feet.

(3) In addition, as a result of an increasing gas-oil ratio which exceeded and continues to exceed 100,000 cubic feet of gas per barrel of oil, the Devonian State Well No. 2 (API 30-025-04729) located 660 feet from the North line and 1980 East line (Unit B) of Section 20, T21S, R36E, also should have been reclassified from an oil well to a gas well in this pool in September, 1990. We now seek to correct that error and ask that you approve:

(a) the dedication of this well to the existing 320-acre NSP; and

(b) the approval of an unorthodox well location for this because the well is 660 feet from an outer boundary rather than 990 feet.

In accordance with Division Rule 104.D(2) and Rule 104.F, Citation has enclosed:

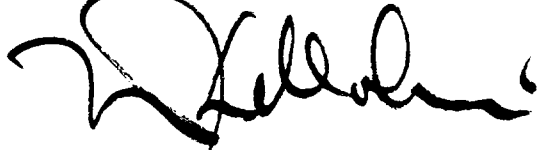
- (a) Exhibit "A" a map showing offset operators
- (b) Exhibit "B" Operator's Monthly Report Form C-115, page 6 dtd 7/96
- (c) Exhibit "C" notice list
- (d) Division Form C-102 for the two additional wells to be dedicated to the existing 320-acre non-standard proration unit.

Oil Conservation Division
September 9, 1996
Page 3

By copy of this letter and attachments, along with a waiver of objection form is being sent by Certified Mail to all offset operators as their notice of this application. We are hereby advising each of them that should they have any objection to this application, then they are required to file a written objection with the Division within twenty (20) days of the date of this application.

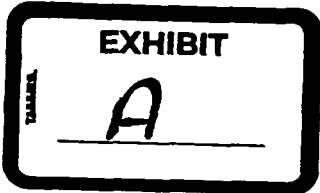
Please call me if you have any questions.

Very truly yours,



W. Thomas Kellahin

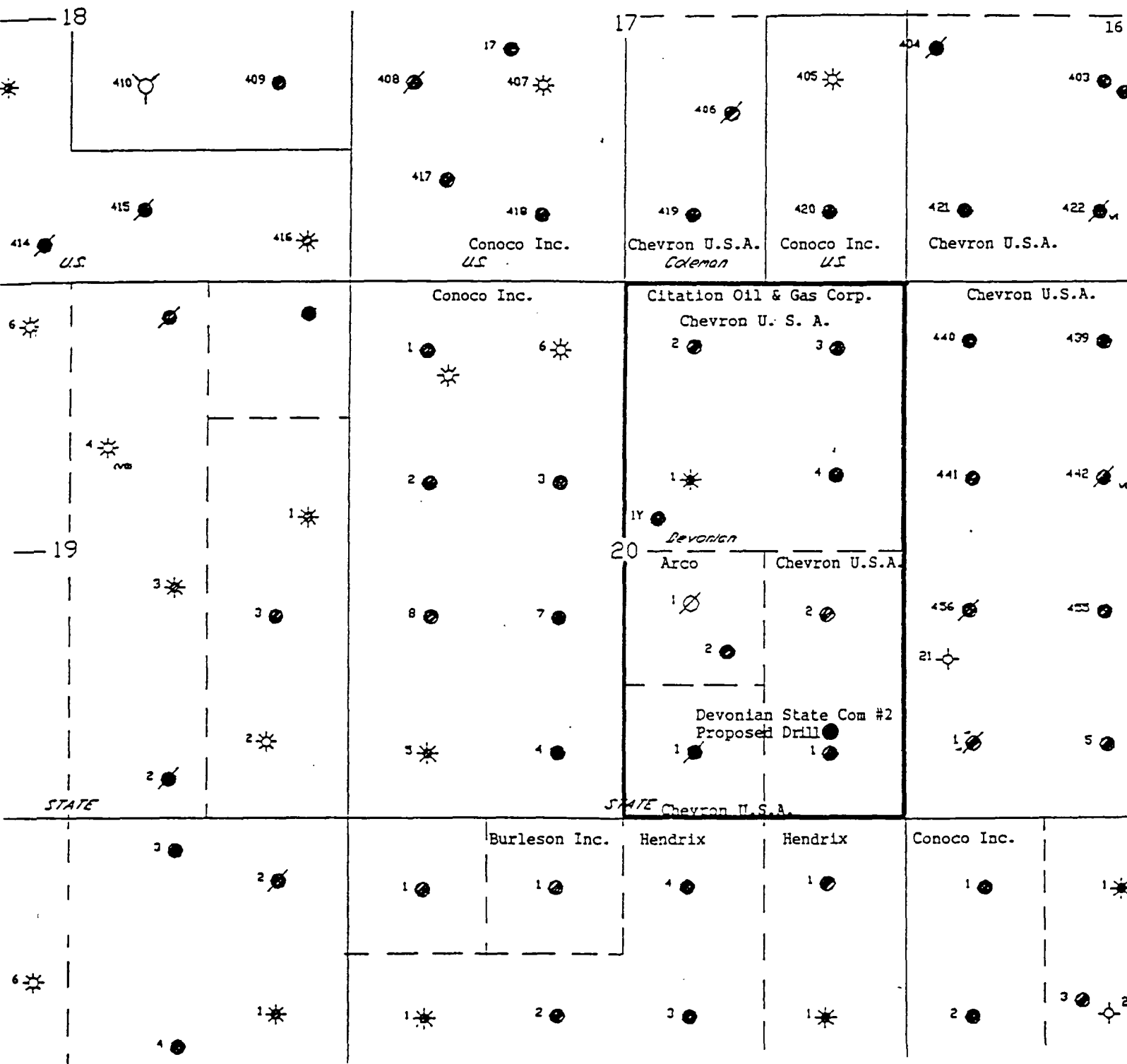
cc: Citation Oil & Gas Corp.



CITATION OIL & GAS CORP.
Devonian State Com Lease
Well No. 2

Unorthodox Location and
Simultaneous Dedication Application
Eumont Yates Seven River Queen (Pro Gas) Pool
710' FSL & 660' FEL
Section 20, T-21-S, R-36-E
Lea County, New Mexico

PRORATION UNIT MAP
OFFSET OPERATORS



DISTRICT I
 P.O. Box 1980, Hobbs, NM 88241-1980
 DISTRICT II
 811 South First, Artesia, NM 88210
 DISTRICT III
 1000 Rio Gratos, Aztec, NM 87410
 DISTRICT IV
 2000 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources Department
 OIL CONSERVATION DIVISION
 2000 South Pacheco
 Santa Fe, NM 87505

Form C-115 First Page
 Revised May 1995
 Amended Report

OPERATOR'S MONTHLY REPORT

3 OGRID: 004537

2 Operator: CITATION OIL & GAS CORP.

4 Month/Year 07/96
 6 Page 1 of 9

WELL NO. AND NAME Property No. and Name Well No. & U-L-S-T-R API No.	INJECTION			PRODUCTION					DISPOSITION OF OIL, GAS, AND WATER						
	B C D E	9 Volume	10 Pressure	11 C D E	12 Barrels of oil/ condensate produced	13 Barrels water produced	14 MCF Gas produced	15 Days Prod- uced	16 C D E	17 Point of Disposition	18 Gas BTU or Oil API Gravity	19 Oil on hand at beginning of month	20 Volume (bbls/mcf)	21 Trans- porter OGRID	22 C D E
22800 EUMONT VATES SR0 002820 DEVONIAN STATE 17 0-20-21S-36E 30-02S-04732	P	0	0	0	0	0	0	0	0743210 0743230 0743250		196	11899 5144	009171		486
2 0-20-21S-36E 30-02S-04729	P	0	0	0	0	0	0	0							
3 A-20-21S-36E 30-02S-04730	P	0	0	0	0	1571	2253	30							
4 N-20-21S-36E 30-02S-04731	P	290	3573	665	31	0	0	0	0743310 0743330 0743350	32.4	44	122 2276 74	037480 009171	46	
002827 STATE A 21 A-12-21S-35E 30-02S-03456	P	0	0	0	0	0	0	0							
3 G-12-21S-35E 30-02S-03457	P	62	37	1136	31	0	0	0							
4 B-12-21S-35E 30-02S-03458	P	62	37	1138	31	0	0	0							

I hereby certify that the information contained in this report is true and complete to the best of my knowledge.

Signature Mari Gustafson

PRINTED NAME TERTIARY

PRODUCTION ANALYST

Date 08-28-96

Phone Number (713) 469-9664



NOTICE LIST

Jerry Sexton, Supervisor
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

ARCO Permian
P. O. Box 1610
Midland, Texas 79702
Attn: David K. Newell

Chevron U.S.A. Production Company
P. O. Box 1150
Midland, Texas 79702
Attn: Al W. Bohling

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705

Lewis B. Burleson Inc.
Box 2479
Midland, Texas 79702

John H. Hendrix Corporation
P. O. Box 3040
Midland, Texas 79701



District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-04729		² Pool Code 76480		³ Pool Name Eumont Yates Seven Rivers Queen (Pro Gas)	
⁴ Property Code 002821		⁵ Property Name Devonian State			⁶ Well Number 2
⁷ OGRID No. 004537		⁸ Operator Name Citation Oil & Gas Corp.			⁹ Elevation 3634'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	20	21S	36E		660	North	1980	East	Lea

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
B	20	21S	36E		660	North	1980	East	Lea

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSP-488
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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				<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p style="text-align: center;"><u>Sharon Ward</u></p> <p>Signature Sharon Ward</p> <p>Printed Name Regulatory Administrator</p> <p>Title 9-6-96</p> <p>Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p>			
	Date of Survey			
	Signature and Seal of Professional Surveyer:			
Certificate Number				

New Mexico Oil Conservation Division
C-102 Instructions

IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed contact the appropriate OCD district office. Independent subdivision surveys will not be acceptable.

1. The OCD assigned API number for this well
2. The pool code for this (proposed) completion
3. The pool name for this (proposed) completion
4. The property code for this (proposed) completion
5. The property name (well name) for this (proposed) completion
6. The well number for this (proposed) completion
7. Operator's OGRID number
8. The operator's name
9. The ground level elevation of this well
10. The surveyed surface location of this well measured from the section lines **NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD unit letter.**
11. Proposed bottom hole location. If this is a horizontal hole indicate the location of the end of the hole.
12. The calculated acreage dedicated to this completion to the nearest hundredth of an acre
13. Put a Y if more than one completion will be sharing this same acreage or N if this is the only completion on this acreage
14. If more than one lease of different ownership has been dedicated to the well show the consolidation code from the following table:
C Communitization
U Unitization
F Forced pooling
O Other
P Consolidation pending

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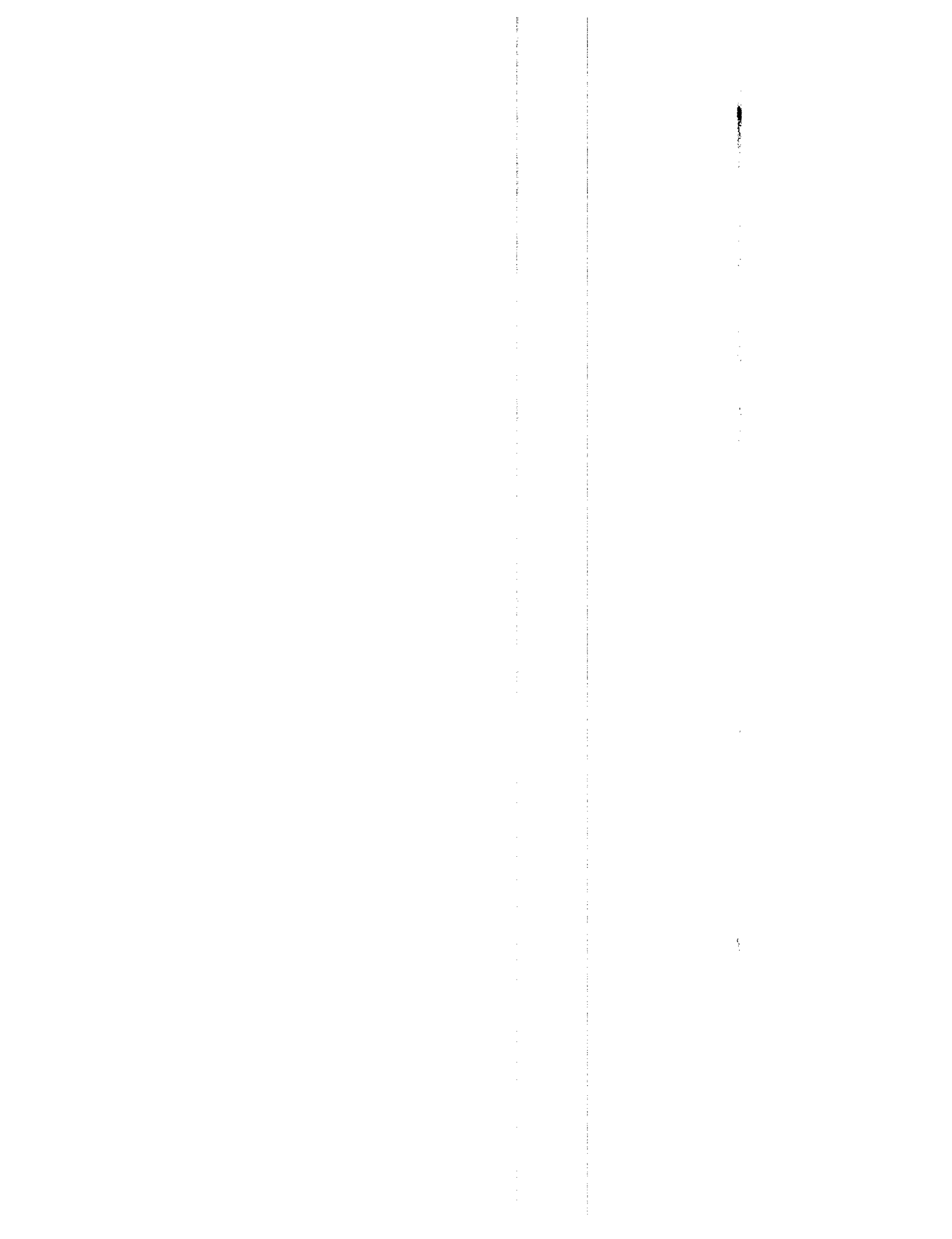
15. Write in the OCD order(s) approving a non-standard location, non-standard spacing, or directional or horizontal drilling
16. This grid represents a standard section. You may superimpose a non-standard section over this grid. Outline the dedicated acreage and the separate leases within that dedicated acreage. Show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. (Note: A legal location is determined from the perpendicular distance to the edge of the tract.) If this is a high angle or

horizontal hole show that portion of the well bore that is open within this pool.

Show all lots, lot numbers, and their respective acreage.

If more than one lease has been dedicated to this completion, outline each one and identify the ownership as to both working interest and royalty.

17. The signature, printed name, and title of the person authorized to make this report, and the date this document was signed.
18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of pool or dedicated acreage.



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