

BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION  
OF CITATION OIL & GAS CORP. AS  
UNIT OPERATOR OF THE JACE  
MORROW SAND UNIT, JACE FIELD,  
KIOWA COUNTY, COLORADO, FOR AN  
ORDER OF THE OIL AND GAS  
COMMISSION OF THE STATE OF  
COLORADO AUTHORIZING UNIT  
DEVELOPMENT AND OPERATION OF  
THE JACE MORROW SAND UNIT AREA,  
JACE FIELD, KIOWA, COUNTY,  
COLORADO

CAUSE NO.:

DOCKET NO.:

APPLICATION

COMES NOW the Applicant, Citation Oil & Gas Corp., by and through its attorneys, Poulson, Odell & Peterson, LLC, and respectfully applies to the Oil and Gas Conservation Commission of the State of Colorado for an order authorizing unit operation and development of the Morrow Sand formation within the Jace Field, Kiowa County, Colorado, and in support of this application states as follows:

1. Attached as Exhibit A-1 is a map showing the Jace Morrow Sand Unit Area ("Unit Area") including boundary, tracts, producing wells, proposed injectors, dry holes and plugged holes. Attached as Exhibits A-2 and A-3 are maps showing the unit boundary and the reservoir boundary for the Unit Area encompassing the following-described lands:

Township 18 South, Range 41 West, 6th P.M.

Section 6: W/2 SW/4

Township 18 South, Range 42 West, 6th P.M.

Section 1: Lots 1, 2, S/2 NE/4, S/2

Section 2: E/2 SE/4

Kiowa County, Colorado

Attached as Exhibit B-1 is a list of all working interest, mineral interest and surface interest owners located within one-quarter (1/4) mile of the Leathers B #3 proposed injection well and attached as Exhibit B-2 is a list of all working interest, mineral interest and surface interest owners located within one-quarter (1/4) mile of the Schneider 34-1 #3 proposed injection well.

There are no active wells penetrating the injection zones within one-quarter (1/4) mile of the injection wells, except the Leathers A 1 well. No remedial actions are required.

2. Attached as Exhibit C is a description of the proposed operations for which authorization is required.

3. Attached as Exhibits D and E are copies of the Jace Morrow Sand Unit Agreement and the Jace Morrow Sand Unit Operating Agreement, respectively. Such Agreements constitute the plan of unitized operations for which approval is requested and include provisions for allocation of unitized production of oil and gas among separately owned tracts within the Unit Area, provisions for adjustment of investment among owners, and provisions for the conduct of unitized operations and for the allocation of costs.

4. Injection of fluids as proposed.

a. The formation to be unitized (the "Unitized Formation") is the Morrow Sand V-5, being the stratigraphic equivalent of the interval found between 5,095 feet and 5,119 feet, and the Morrow Sand V-7 section described as the stratigraphic equivalent of the interval found between 5,148 feet to 5,169 feet, in the Dual Induction Log run on May 17, 1991 for the Schneider 34-1 #3 well located in the SW/4 SE/4 of Section 1, Township 18 South, Range 42 West, Kiowa County, Colorado. The Unit Area encompasses the boundaries of the Unitized Formation as determined by drilling operations to be productive of oil.

A portion of the Dual Induction Log of the Citation Schneider 34-1 #3 well is attached as Exhibit F.

Exhibit G attached hereto describes the following formations:

- (i) those from which wells are producing in the Unit Area or have produced;
- (ii) those from which wells in the Unit Area will receive any fluids to be injected; and
- (iii) those in the Unit Area which are capable of limiting the movement of any fluids to be injected.

b. Exhibit H attached describes the depths of all known underground sources of drinking water which may be affected by the proposed unit operations.

c. Attached as Exhibit I are copies of the Dual Induction Logs for, respectively, the Schneider 34-1 #3 and Leathers B #3 proposed injection wells, run from the bottom of the surface casing to total depth.

d. Attached as Exhibits J-1 and J-2 are schematic diagrams of, respectively, the Schneider 34-1 #3 and Leathers B #3 proposed injection wells

describing the casing of the wells and showing surface and subsurface construction detail and a description of the cement job already in place or proposed.

e. Attached as Exhibit K is a statement of the type of fluid to be injected, the source of the fluid, the estimated amount to be injected, the anticipated injection pressure, the available data on the compatibility of the fluid with the receiving formation and known or calculated fracture gradient.

f. Due to high reservoir permeability, no reservoir stimulation is presently anticipated.

g. Attached as Exhibit M is a list of the names and last known addresses of all persons owning mineral interests in the minerals within the boundaries of the Unit Area and within one-half (1/2) mile of the tracts to be unitized.

5. Unitization of the Morrow Sand formation within the Unit Area is reasonably necessary to increase the ultimate recovery of oil and associated hydrocarbons.

6. The value of the estimated additional recovery of oil and associated hydrocarbons exceeds the estimated additional costs incident to conducting unit operations.

7. The proposed plan of unit operations for which Commission authorization is requested is established by the Jace Morrow Sand Unit Agreement and the Jace Morrow Sand Unit Operating Agreement. Applicant anticipates that such plan will have been approved in writing prior to the date of the Commission's hearing on this Application by those persons who will be required to pay at least eighty percent (80%) of the costs of the unit operations and the owners of at least eighty percent (80%) of the production or proceeds thereof which will be credited to interests which are free of costs. In the event that eighty percent (80%) of each of such group has not approved the proposed plan of unit operations by the time this Application is heard by the Commission, Applicant requests that the Commission enter its order authorizing the plan for unit operations contingent upon Applicant obtaining approval of eighty percent (80%) of each group within a period of six (6) months from the date on which the order providing for unit operations is made.

8. The proposed plan for unit operations for the Morrow Sand formation within the Unit Area is necessary for the effective, efficient and economical development of the Unit Area within the Jace Field and will result in the protection of correlative rights and the prevention of waste.

9. In the public interest and for the prevention of waste, the protection of correlative rights, and because of the increased ultimate recovery of oil and associated hydrocarbons made possible by the unit operation proposed herein, Applicant submits that this Commission may properly enter its order approving the Jace Morrow Sand Unit Agreement and the Jace Morrow Sand Unit Operating Agreement as constituting a plan for the unitized operation and development of the Morrow Sand formation within the Unit Area

and providing for the pooling of all interests within the Morrow Sand formation within the Unit Area under the terms and conditions of such Agreements.

WHEREFORE, Applicant requests that this matter be set for hearing at the July, 2006 meeting of the Commission, that notice hereof be given as required by law and, that upon the evidence introduced at the hearing, the Commission enter an order:

- (i) approving the Jace Morrow Sand Unit Agreement and the Jace Morrow Sand Unit Operating Agreement as constituting a plan for unitized operations and development for the said Morrow Sand formation within the Unit Area;
- (ii) providing for the pooling of all interests within said formation within the Unit Area under the terms of such Agreements; and
- (iii) providing for such further findings and orders as the Commission may deem proper and advisable.

Respectfully submitted this \_\_\_\_\_ day of May, 2006.

By: \_\_\_\_\_  
Randall M. Case  
POULSON, ODELL & PETERSON, LLC  
1775 Sherman Street, Suite 1400  
Denver, Colorado 80203  
(303) 861-4400

Address of Applicant:

Citation Oil & Gas Corp.  
8223 Willow Place South, Suite 250  
Houston, TX 77070-5623  
(Phone) 281-517-7800

**VERIFICATION**

STATE OF TEXAS     )  
                                  ) ss.  
COUNTY HARRIS     )

James D. Brown, being first duly sworn upon oath, deposes and says that he is Senior Staff Reservoir Engineer of Citation Oil & Gas Corp., that he has read the foregoing Application, and that the matters therein contained are true to the best of his knowledge, information and belief.

\_\_\_\_\_  
James D. Brown

Subscribed and sworn to before me on May \_\_\_\_\_, 2006.

Witness my hand and official seal.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

## EXHIBIT "B-1"

List of all working interest, mineral interest and surface interest owners located within one-quarter (1/4) mile from the proposed injection well, Leathers B-3 Well:

### **Working Interest Owners:**

Christopher P. Gough  
1645 Ct. PL. #235  
Denver, CO 80202

Fee Oil & Gas, Ltd  
PO Box 702765  
Tulsa, OK 74170

Allen & Allen Resources, Ltd.  
PO Box 1046  
Perryton, TX 79070

John C. Niernberger  
c/o Richie Exploration, Inc  
PO Box 783188  
Wichita, KS 67278

A. Scott Ritchie III Living Trust (2/4/04)  
c/o Richie Exploration, Inc  
PO Box 783188  
Wichita, KS 67278

Madiera Oil Co  
PO Box 385  
Bryn Mawr, PA 19010

A. Scott Ritchie III Revocable Living  
Trust (8/8/80)  
c/o Richie Exploration, Inc  
PO Box 783188  
Wichita, KS 67278

Robert A. Geist  
PO Box 385  
Wichita, KS 67278

David F. Jamis  
PO Box 783188  
Wichita, KS 67278

Ronny G Altman Trustee of Ronny  
G Altman, Revocable Inter Vivos  
Trust  
Bank IV Center, Ste. 1401  
15 W. 6th St  
Tulsa, OK 74119

Edward B. Lange  
1803 E. 16th Place  
Tulsa, OK 74104

Shaffer IV, Inc.  
3220 Paddock Road  
Weston, FL 33331

Eveningside Co., LLC  
c/o Donna Depew  
6322 East English  
Wichita, KS 67218

Star Partnership  
c/o Richie Exploration, Inc  
PO Box 783188  
Wichita, KS 67278

FDEC, Inc  
Mr. David C. Nesbitt, Vice President  
PO BOX 782170  
Attn: Richard Strunk  
Wichita, KS 67278

Two Guys, LLC  
c/o Richie Exploration, Inc  
PO Box 783188  
Wichita, KS 67278

W. Perry Gresh & Tucker C Gresh  
tennants with rights of survivorship  
PO Box 385  
Bryn Mawr, PA 19010

**Mineral Interest Owners:**

Colorado State Land Board  
1313 Sherman St. #621  
Denver, CO 80203  
Bristol Resources Corporation (Royalty  
Pool)  
6655 South Lewis, Suite 200  
Wichita, Kansas 67278

Bradley K. & Deeanna Schnieder  
PO Box 661  
Tribune, KS 67879  
Pandora Trust  
PO Box 730  
Stockdale, TX 78160

Floyd E. & Wynona M. Barnes  
6449 CR 78  
Towner, CO 81071

Ritchie Exploration, Inc.  
P.O. Box 783188  
Wichita, Kansas 67278

Robert G. & Marilyn R. Hopkins  
3858 1st St.  
Towner, CO 81071  
Joyce Lee Appel  
211 Willow Valley  
Lamar, CO 81052

Sharon A. Allen  
3707 East 47<sup>th</sup> Street  
Tulsa, Oklahoma 74135-1917

**Surface Interest Owners:**

Bradley K. & Deeanna Schnieder  
PO Box 661  
Tribune, KS 67879

Earlene J. Miller Family Trust  
1001 Maple St  
Pratt, KS 67124

George W. Miller Revocable Trust  
1001 Maple St  
Pratt, KS 67124

Robert G. & Marilyn R. Hopkins  
13858 1st St  
Towner, CO 81071

## **EXHIBIT “B-2”**

List of all working interest, mineral interest and surface interest owners located within one-quarter (1/4) mile from the proposed injection well, Schneider 34-1 #3 Well:

### **Working Interest Owners:**

Citation Oil & Gas Corp  
8223 Willow Pl. South  
Houston, TX 77070

Frank E. Whitham  
d/b/a Whitco Petroleum  
PO BOX J  
Leoti, KS 67861

J. Fred Hambright, Inc.  
125 N. Market #1415  
Wichita, KS 67202

JAD Resources, LLC  
PO Box 1157  
Morrison, CO 80465

Paladin Energy Partners, LLC  
410 17th St. Ste. 1200  
Denver, CO 80202

Samuel Gary Jr. & Associates, Inc.  
1775 Sherman St. Ste. 1925  
Denver, CO 80203

Savant Resources LLC  
730 Seventeenth St, Suite 410  
Denver, CO 80265-3510

### **Mineral Interest Owners:**

Bradley K. & Deeanna Schnieder  
PO Box 661  
Tribune, KS 67879

Dirk A. Schneider  
PO Box 332  
Tribune, KS 67879

Duane N. Schneider  
PO Box 665  
Tribune, KS 67879

Jean M. Miller  
30 Scott Road  
Harvard, Massachusetts 01451

Mabel K. Rogers  
4707 Bell St. Apt. 322  
Amarillo, TX 79109

Maloy D. Breitenbach  
2209 Cleveland  
Great Bend, KS 67530

Murdock Family Living Trust  
El Valle Del Sol  
2500 E. Hwy. 83 #216  
Mission, TX 78572

Scott M. Schneider  
Rt. 1 Box 1  
Tribune, KS 67879



Lee Martin  
1460 South Fenton Street  
Lakewood, Colorado 80232

Stanley J. Murdock  
1509 Ashworth Rd  
West Des Moines, IA 50265

Lola Barnard  
16990 CR Rd. 78  
Towner, CO 81071

Steve B. Schneider  
PO Box 344  
Tribune, KS 67879

Lyall G. Murdock, Jr.  
400 SW 15th #301  
Amarillo, TX 79101

**Surface Interest Owners:**

Bradley K. & Deeanna Schnieder  
PO Box 661  
Tribune, KS 67879

Maloy D. Breitenbach  
2209 Cleveland  
Great Bend, KS 67530

Lola Barnard  
16990 CR Rd. 78  
Towner, CO 81071

## EXHIBIT “M”

List of all working interest, mineral interest and surface interest owners within the boundaries of the Jace Morrow Sand Unit and within one half (1/2) mile from the tracts to be unitized:

### **Working Interest Owners:**

A. Scott Ritchie III Living Trust (2/4/04) c/o Richie Exploration, Inc. PO Box 783188 Wichita, KS 67278	Katherine McKinzie Mull Trust P.O. Box 2758 Wichita, KS 67201-2758
--	--

A. Scott Ritchie III Revocable Living Trust (8/8/80) c/o Richie Exploration, Inc. PO Box 783188 Wichita, KS 67278	Lewis M. Mull Revocable Trust 221 North Main, Ste. 221 Whichita, KS 67201
--	---

Allen & Allen Resources, Ltd PO Box 1046 Perryton, TX 79070	Madiera Oil Co. PO Box 385 Bryn Mawr, PA 19010
---	--

Betty I. Mull Trust 221 North Main Street, Suite 441 Wichita, KS 67202	Mark A. & Barbara Shreve 944 Preserve Ct. Wichita, KS 67206-4132
--	--

Christopher P. Gough 1645 Ct. PL. #235 Denver, CO 80202	Ostrander Resources Co. 1618 SW First Avenue, Suite 500 Portland, OR 97201
---	--

Citation Oil & Gas Corp. 8223 Willow Pl. South Houston, TX 77070	Paladin Energy Partners, LLC 410 17th St. Ste. 1200 Denver, CO 80202
--	--

Davis F. Jamis PO Box 783188 Wichita, KS 67278	RJG Co. 200 East First, Suite 307 Wichita, KS 67202
--	---

Edward B. Lange 1803 E. 16th Place Tulsa, OK 74104	Robert A. Geist PO Box 385 Wichita, KS 67278
--	--

Eveningside Co., LLC.  
c/o Donna Depew  
6322 East English  
Wichita, KS 67218

Ronny G Altman Trustee of Ronny  
G Altman, Revocable Inter Vivos  
Trust  
Bank IV Center, Ste. 1401  
15 W. 6th St.  
Tulsa, OK 74119

FDEC, Inc.  
Mr. David C. Nesbitt, Vice President  
PO BOX 782170  
Attn: Richard Strunk  
Wichita, KS 67278

Samuel Gary Jr. & Associates, Inc.  
1775 Sherman St., Ste. 1925  
Denver, CO 80203

Fee Oil & Gas, Ltd.  
PO Box 702765  
Tulsa, OK 74170

Savant Resources LLC  
730 Seventeenth St, Suite 410  
Denver, CO 80202-3510

Frank E. Whitham  
d/b/a Whitco Petroleum  
PO BOX J  
Leoti, KS 67861

Shaffer IV, Inc.  
3220 Paddock Road  
Weston, FL 33331

J. Fred Hambright, Inc.  
125 N. Market #1415  
Wichita, KS 67202

Star Partnership  
c/o Richie Exploration, Inc.  
PO Box 783188  
Wichita, KS 67278

JAD Resources, LLC  
PO Box 1157  
Morrison, CO 80465

Trousil & Assoc., Inc.  
31500 Cattle Drive  
Steamboat Springs, CO 80487

Jennifer A. Ayars (Mull) Revocable  
Trust  
P.O. Box 2758  
Wichita, KS 67201-2758

Two Guys, LLC  
c/o Richie Exploration, Inc.  
PO Box 783188  
Wichita, KS 67278

John C. Niernberger  
c/o Richie Exploration, Inc.  
PO Box 783188  
Wichita, KS 67278

W. Perry Gresh & Tucker C Gresh  
tennants with rights of survivorship  
PO Box 385  
Bryn Mawr, PA 19010

**Mineral Interest Owners:**

Adele M. Hendrix  
4743 Shallow Ridge Rd  
Kennesaw, GA 30144

Lee Martin  
1460 South Fenton Street  
Lakewood, Colorado 80232

Barbara J Swann Revocable Trust Dated  
9/19/03  
Barbara J Swann, Trustee  
16 N Lakeview Drive  
Goddard, Kansas 67052

Lola Barnard  
16990 CR Rd. 78  
Towner, CO 81071

Barr Family Trust  
C/O Constance Ruth Barr  
316 Spyglass Dr  
Rio Vista, CA 94571

Lyll G. Murdock, Jr.  
400 SW 15th #301  
Amarillo, TX 79101

Bradley K & Deeanna Schnieder  
P.O. Box 661  
Tribune, Kansas 67879

Mabel K. Rogers  
4707 Bell St. Apt. 322  
Amarillo, TX 79109

Bristol Resources Corporation (Royalty  
Pool)  
6655 South Lewis, Suite 200  
Wichita, Kansas 67278

Maloy D. Breitenbach  
2209 Cleveland  
Great Bend, KS 67530

Carolyn Meyer  
795 S. Alton Way ,Apt. 12-B  
Denver, CO 80231

Marcella Shriver  
511 Okalla St.  
Paris, IL 61944

Charles E. Hendrix  
2805 S. Highlands Blvd. West  
Richard, WA 99353

Melisa H. Olken  
5395 Cyress Bay Dr.  
Kalamazoo, MI 49009

Charles W. Hendrix  
909 S. Foley St  
Champaign, IL 61820

Michael L Burns  
1819 Baltimore #206  
Kansas City, Missouri 64018

Chris R. & Kellee K. Dixon  
Box 128  
Tribune, KS 67879

Michael L Unruh  
16 Park View Road  
Hesston, Kansas 67062

Colorado State Land Board  
1313 Sherman St. #621  
Denver, CO 80203

Murdock Family Living Trust  
El Valle Del Sol  
2500 E. Hwy. 83 #216  
Mission, TX 78572

Dallas E Donner & Debra L Donner JT  
1914 Pleasant View Circle  
Wichita, Kansas 67203

Pandora Trust  
PO Box 730  
Stockdale, TX 78160

David M. Hendrix  
9655 Flaming Sun Dr.  
Colorado Springs, CO 80903

Patricia A. Chicoine  
1215 Shannon Valley Drive  
Houston, TX 77077

Dirk A. Schneider  
PO Box 332  
Tribune, KS 67879

Paul M Gunzelman  
7207 Foster  
Wichita, Kansas 67206

Don Ray Wade  
906 E. Washington St.  
Rushville, IL 62681

Ritchie Exploration, Inc.  
P.O. Box 783188  
Wichita, Kansas 67278

Duane N. Schneider  
PO Box 665  
Tribune, KS 67879

Robert D Swann Revocable Trust  
Dated 9/11/03  
Robert D Swann, Trustee  
101 Star Street  
Eldorado, Kansas 67042

Earlene J. Miller Family Trust  
1001 Maple St.  
Pratt, KS 67124

Robert G. & Marilyn R. Hopkins  
13858 1st St.  
Towner, CO 81071

Eileen Roe  
17 Mayhew Dr.  
Lamar, CO 81052

Robert Martin & Ann Amsden  
Martin  
100 North Broadway #55  
Wichita, Kansas 67202

Floyd E. & Wynona M. Barnes  
6449 CR 78  
Towner, CO 81071

Robert W. Key  
6655 South Lewis  
Tulsa, Oklahoma 74136

Frank Allen  
PO Box 5  
Padroni, CO 80745

Scott E. Hampel  
9112 Woodspring  
Wichita, Kansas 67226

*(Mineral Interest Owners Continued):*

Gary D Turybury & Linda G Turybury  
523 North Wheatland Place  
Wichita, Kansas 67235

Scott M. Schneider  
Rt. 1 Box 1  
Tribune, KS 67879

Gary T. Tuttle  
RR 1 Box 47  
Towner, CO 81080

Sharon A. Allen  
3707 East 47th Street  
Tulsa, Oklahoma 74135-1917

George W. Miller Revocable Trust  
1001 Maple St.  
Pratt, KS 67124

Shirley R. Dixon  
623 Haskell St.  
Tribune, KS 67879

J.W. Winzeler  
10718 Olympia  
Houston, TX 77042

Stanley J. Murdock  
1509 Ashworth Rd.  
West Des Moines, IA 50265

Jack Wade  
1007 Country PL. Dr.  
Lancaster, PA 17601

Steve B. Schneider  
PO Box 344  
Tribune, KS 67879

Jane D. & John A. Scarffe  
785 E. 1055 Rd  
Baldwin, KS 66006

Todd D. Hendrix  
515 Fineview Ave.  
Kalamazoo, MI 49004

Jean M. Miller  
PO Box 127  
Bedford, VA 24523

Vyrle Hendricks  
303 West Lane St.  
Winterset, IA 50273

Jean M. Miller  
30 Scott Road  
Harvard, Massachusetts 01451

W. Jay Silliman Trust  
2411 Auburn Rd.  
Topeka, KS 66614

Jeananne Hampel  
7213 Shoal Creek  
Wichita, Kansas 67226

Wade M. & Kerry Dixon  
Box 427  
Tribune, KS 67879

John W. Hendrix  
515 Fineview Ave.  
Kalamazoo, MI 49004

Warren Lindle Wade  
2549 Queenwood Dr.  
Rancho Cordova, CA 95670

Keith & Lucy Adelman  
RT 1 BOX 37  
Elmwood, OK 73935

Wet Farms Corporation  
1751 CR 40  
Brandon, CO 81071

Las Animas Minerals, Ltd.  
Attention: Bond Beams  
Suite 650  
Dallas, TX 75219

William E. Silliman  
2436 Elm  
Grand Junction, CO 81501

**Surface Interest Owners:**

Bernice O. Tuttle  
13775 Co. Rd. 785  
Towner, CO 81071

Keith & Lucy Adelman  
RT 1 BOX 37  
Elmwood, OK 73935

Bradley K. & Deeanna Schnieder  
PO Box 661  
Tribune, KS 67879

Lola Barnard  
16990 CR Rd. 78  
Towner, CO 81071

Earlene J. Miller Family Trust  
1001 Maple St  
Pratt, KS 67124

Maloy D. Breitenbach  
2209 Cleveland  
Great Bend, KS 67530

Gary T. Tuttle  
RR 1 Box 47  
Towner, CO 81080

Robert G. & Marilyn R. Hopkins  
13858 1st St.  
Towner, CO 81071

George W. Miller Revocable Trust  
1001 Maple St.  
Pratt, KS 67124

Wet Farms Corporation  
1751 CR 40  
Brandon, CO 81071