

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

IN THE MATTER OF THE PROMULGATION)	CAUSE NO. 471
AND ESTABLISHMENT OF FIELD RULES TO)	
GOVERN OPERATIONS IN THE JACE FIELD,)	DOCKET NO. 0607-UP-11
KIOWA COUNTY, COLORADO)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On August 24, 1998, the Commission issued Order No. 471-1, which among other things, established 80-acre drilling and spacing units, for certain lands, including Section 6, Township 18 South, Range 41 West, 6th P.M., and Sections 1 and 2, Township 18 South, Range 42 West, 6th P.M. for the production of oil and associated hydrocarbons from the Morrow Sandstone Formation.

On July 19, 1993, amended on September 5, 1993, the Commission entered Order No. 471-4, which among other things, established the Morrow V-7 Sandstone Formation as a common source of supply of oil, gas and associated hydrocarbons in Sections 1 and 2 in Township 18 South, Range 42 West, 6th P.M., and established 80-acre drilling and spacing units for the Morrow V-7 Formation, with the permitted well to be located no closer than 600 feet from the boundaries of the unit and no closer than 1200 feet from another well producing in the same formation.

On May 22, 2006, Citation Oil & Gas Corporation, by its attorney, filed with the Commission a verified application for an order authorizing unit operation and development of the Morrow Sandstone Formation, for the lands described below. 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 SW¼ SE¼ of Section 1, Township 18 South, Range 42 West. The Unit Area encompasses the boundaries of the Unitized Formation as determined by drilling operations to be productive of oil.

Township 18 South, Range 41 West, 6th P.M.
Section 6: W½ SW¼

Township 18 South, Range 42 West, 6th P.M.
Section 1: Lots 1, 2, S½ NE¼, S½
Section 2: E½ SE¼

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.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date:	Monday, July 10, 2006 Tuesday, July 11, 2006
Time:	9:00 a.m.
Place:	Suite 801, The Chancery Building 1120 Lincoln Street Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than June 26, 2006, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and nine (9) copies shall be filed with the Commission (Rule 503.). **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of June 26, 2006.** Pursuant to Rule 503.e., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **June 26, 2006, the Applicant may request that an administrative hearing be scheduled for the week of June 26, 2006.** In accordance with Rule 511.b. of the Rules and Regulations of the Commission, if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
June 12, 2006

Attorney for Applicant:
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