



March 20, 2012

Dear Interest Owner:

At least once each year, Citation Oil & Gas Corp. remits accumulated revenues regardless of amount to owners whose previous monthly payment amounts fell below a minimum threshold level. These individual payments are usually less than \$100. This year, the minimum release is in March.

Citation Oil & Gas Corp. has continued to experience a number of owners failing to cash or deposit their checks which may be for one or more of the following reasons:

- The check may be for a small dollar amount, and the recipient either does not cash the check, or holds several checks to cash at one time.
- The recipient has erroneous income tax assumptions and does not cash the check.
- The owner has died, and the recipient is currently holding checks until the estate is resolved.
- The address is incorrect, and the postal service is not forwarding or returning mail.

Please be aware that Citation's bank will not honor checks that have been outstanding over 90 days.

In an effort to encourage each owner to cash checks on a timely basis, we are continuing the following procedures:

- **Checks outstanding for over ninety (90) days will be voided**, and stop payment orders will be issued.
- A review will be performed to determine if outstanding checks for each owner reflect a trend or are only a one-time occurrence.
- If our review shows a trend of uncashed checks, payments will be suspended until Citation Oil & Gas Corp. is provided with written documentation to support payment to the proper owner(s) or the owner informs Citation Oil & Gas Corp. in writing that the address is correct and that future checks will be cashed.

If amounts remain suspended for a requisite length of time, the funds will be forwarded to the applicable state in accordance with its unclaimed property statutes. The proper owner will then need to file the necessary paperwork with the state to receive the funds.

The majority of owners paid by Citation Oil & Gas Corp. each month who cash or deposit their checks are not affected by any of these procedures. These efforts are directed toward the few owners who, for whatever reason, choose not to cash or deposit their checks.

Section 91.504, Texas Natural Resources Code, gives an owner of a royalty interest in oil or gas produced in Texas the right to request from a payor information about itemized deductions, the heating value of the gas, and the Railroad Commission of Texas identification number for the lease, property, or well that may not have been provided to the royalty interest owner. The request must be in writing and must be made by certified mail. A payor must respond to a request regarding itemized deductions, the heating value of the gas, or the Railroad Commission of Texas identification number by certified mail not later than the 60th day after the date the request is received. Additional information regarding production and related information may be obtained by contacting the Railroad Commission of Texas' Office of Public Assistance or accessing the commission's website.

In addition to the information we regularly provide to you, KS HB 2673 gives Kansas royalty owners the right to the following information about their property (1) the corresponding identification number as reported to the Department of Revenue (KDOR), Kansas Corporation Commission (KCC) or American Petroleum Institute (API), (2) section, township, range, (3) field name, (4) Produced volume as reported to the KCC and KDOR, (4) the amount and purpose of any deductions or adjustments which are not identified on the owner's payment statement, (5) whether any payments are from a split-stream sale and if so, the manner in which the payor accounts for the sale, and (6) whether any of the owner's production has been sold to an affiliate of the payor. The request must be made in writing by certified mail, and it must include the sales period or periods for which the information is requested. Additional information may be obtained from the KCC or from the Kansas Geological Survey

Thank you for your cooperation. As always, we are glad to answer questions you have regarding your mineral interest, and we appreciate you cashing your checks in a timely manner.

Very truly yours,

CITATION OIL & GAS CORP.

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