

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ SD

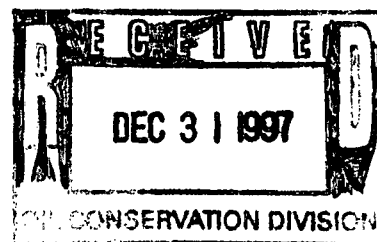
Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

NSL-KCS.2

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
 P.O. BOX 1056
 SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce
 Signature

Applicant
 Title

12/31/97
 Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

December 31, 1997

Hand Delivered

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

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), KCS Medallion Resources, Inc. hereby applies for administrative approval of an unorthodox gas well location and a non-standard gas spacing and proration unit for the following well:

RGD Well No. 1
660 feet FNL & 840 feet FEL
§19, Township 21 South, Range 27 East, NMPM
Eddy County, New Mexico

Attached as Exhibit A is a Form C-102 for the well. The well will be drilled to ~~approximately 11,500 feet~~, to test the Morrow formation ~~(Burton Flat-Morrow Gas Pool)~~. Well spacing is 320 acres, with wells to be located no closer than 1980 feet from the end line and 660 feet from the side line of the unit. The N½ of Section 19 will be dedicated to the well, forming a non-standard 315.34-acre gas spacing and proration unit. The non-standard unit is due to a variation in the public land surveys.

Attached as Exhibit B is an isopach map of the Morrow "A" Sand. The general trend of the Morrow in this area is northwest-southeast. Most of the good wells in the immediate area have more than 10 feet of net sand thickness (usually 15 feet). The further west the well is located in the spacing unit, the greater the chances the sand will be thin and non-commercial. In addition, the nearest well, the Marathon Pioneer Fed. Well No. 1, in the SW¼NE¼ of Section 19, was not productive, and it is best to move away from this well. Drilling at the proposed location should enable the well to test approximately 15 feet of net sand, and substantially increase the chances of drilling a successful well.

Attached as Exhibit C is a land plat of the area. The offset operators are as follows:

S½ §17

Yates Petroleum Corporation


N½ §20

OXY USA Inc.

Attached as Exhibit D is a copy of the notice letter sent to the offset operators on this date.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,



James Bruce

Attorney for KCS Medallion
Resources, Inc.

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer 220, Artesia, NM 88211-0710

DISTRICT III

1000 Rio Brazos Rd., Ateso, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DEC 22 1997

OPERATIONS

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|--|--|
| API Number | Pool Code | Pool Name <i>Burton Flat - Morrison Gas</i> |
| Property Code | Property Name RGD | Well Number |
| OGRID No. | Operator Name KCS MEDALLION RESOURCES, INC. | Elevation 3209 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| A | 19 | 21 S | 27 E | | 660 | NORTH | 840 | EAST | EDDY |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|----------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres <i>314.84</i> | Joint or Infill | Consolidation Code | Order No. |
|----------------------------------|-----------------|--------------------|-----------|

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

| | | |
|---|---|--|
| <p>LOT 1 37-65-AC. <i>37.39</i></p> <p>LOT 2 37-69-AC. <i>37.45</i></p> <p>LOT 3 37-90-AC. <i>37.51</i></p> <p>LOT 4 38-17-AC. <i>37.57</i></p> | <p>Diagram showing well location and acreage calculations:</p> <p>3206.1' 3203.1' 840' 3197.8' 3204.4'</p> <p><i>74.84</i> <i>8</i> <i>154.84</i> <i>16</i> <i>314.84</i></p> | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>DECEMBER 11, 1997</p> <p>Date Surveyed _____ JLP</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i></p> <p>NEW MEXICO Professional Surveyor 3239 P.W.O. Num 97-19-2013</p> <p>Certificate No. RONALD J. EIDSON, 3239 GARY S. EIDSON, 12041 WAGON McDONALD, 12185</p> |
|---|---|--|

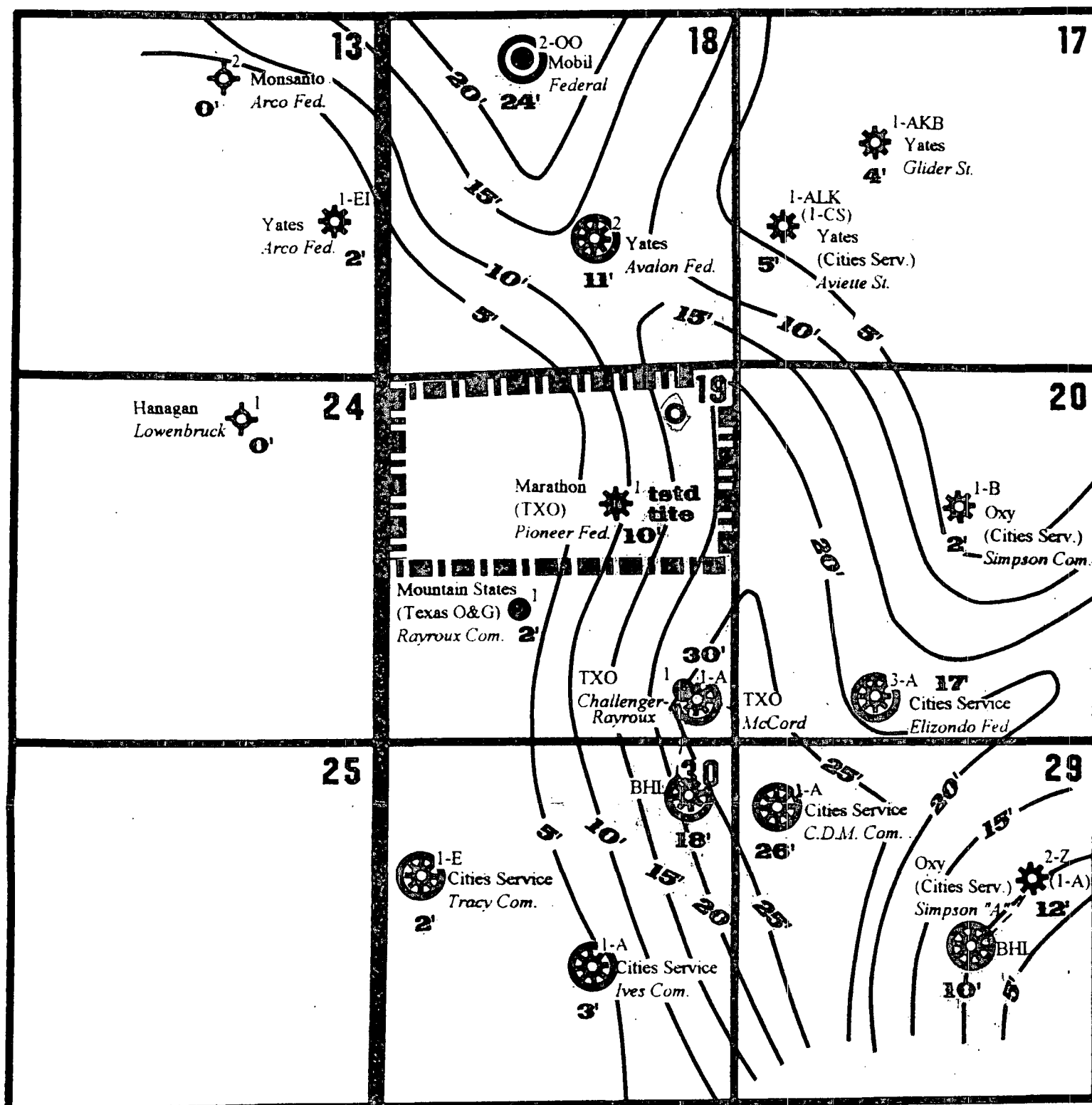
EXHIBIT

A

R-26-E

R-27-E

T
21
S



KCS Medallion Resources, Inc.
A KCS Energy Company

RGD PROSPECT
EDDY COUNTY, NEW MEXICO

NET ISOPACH
UPPER MORROW "A" SAND

Scale: 1"=2000' By: W. A. Siruta Date: 11/97

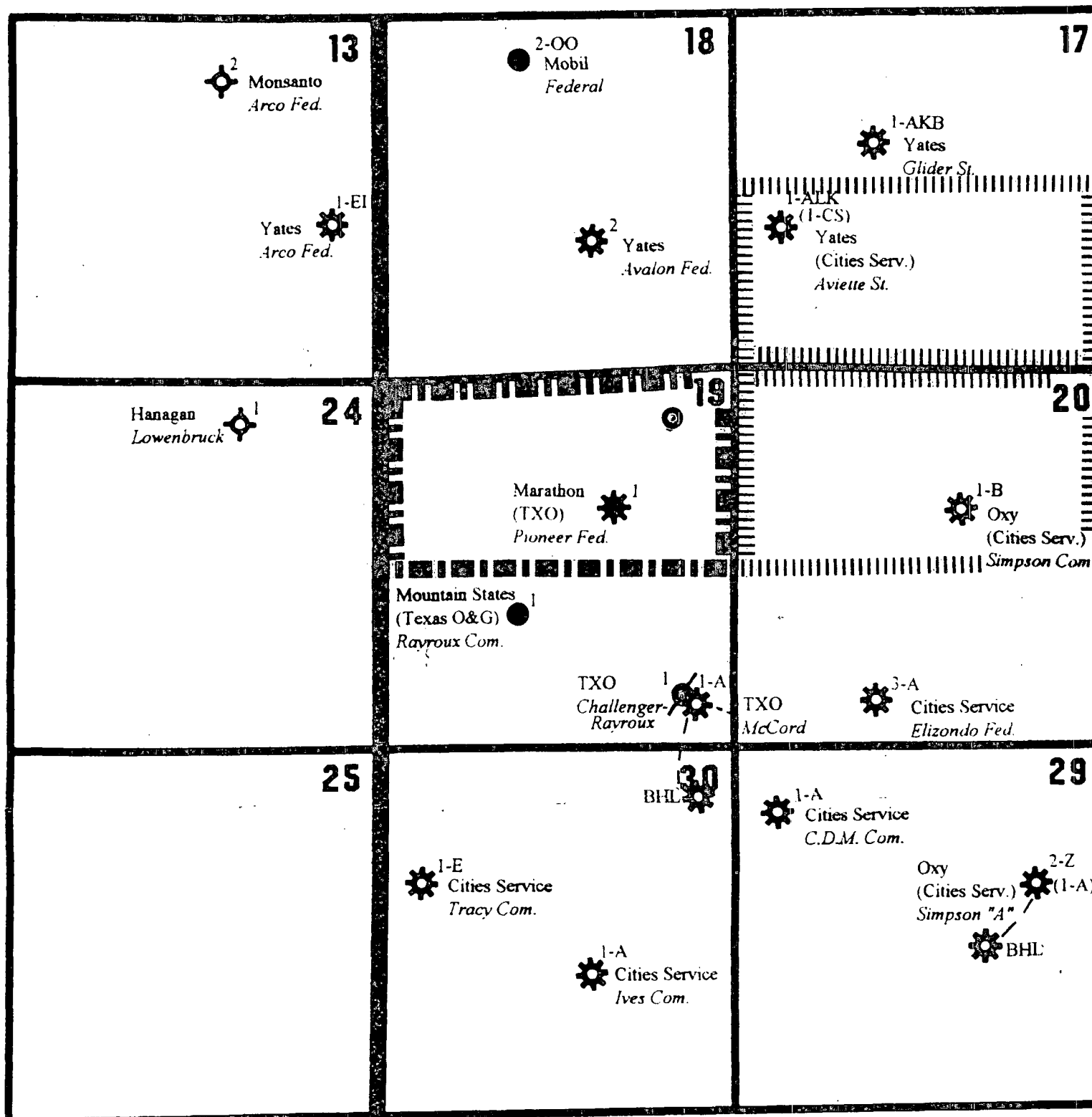
 **MORROW "A" SAND
PRODUCTION**

EXHIBIT B

R-26-E

R-27-E

T
21
S



KCS Medallion Resources, Inc.
A KCS Energy Company

RGD PROSPECT
EDDY COUNTY, NEW MEXICO
N/2 SECTION 19-21S-27E

UNORTHODOX LOCATION
APPLICATION

Scale: 1"=2000' By: W. A. Siruta Date: 11/97

EXHIBIT C

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

December 31, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED


Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

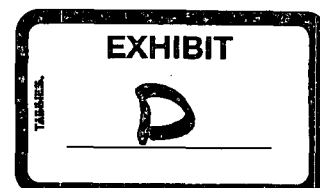
OXY USA Inc.
P.O. Box 50250
Midland, Texas 79710

Ladies and Gentlemen:

On December 31, 1997, KCS Medallion Resources, Inc. filed an application at the New Mexico Oil Conservation Division seeking administrative approval of an unorthodox gas well location for the RGD Well No. 1, located in the N¼ of Section 19, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. The application also requests approval of a non-standard gas spacing and proration unit. A copy of the application is enclosed. KCS Medallion's records show that you own an interest offsetting the above well. If you object to the unorthodox location, you must notify the Division in writing no later than 20 days from the date of this letter. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner).

Very truly yours,


James Bruce
Attorney for KCS Medallion
Resources, Inc.



COUNTY Eddy

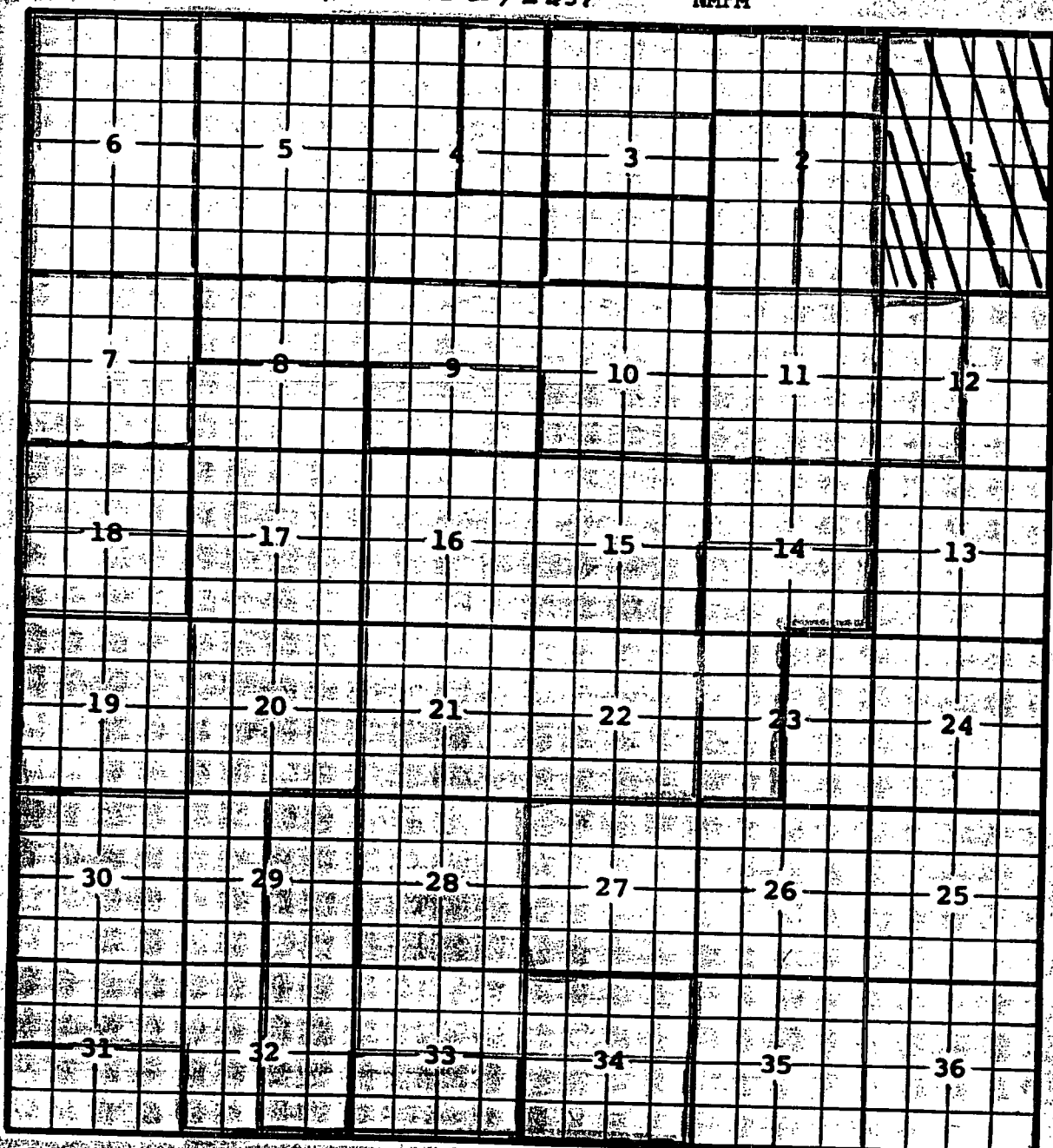
POOL

Burton Flat - Morrow Gas

TOWNSHIP 21 South

RANGE 27 East

NMPM



Description: Lots 9 thru 16 Sec. 3 (R-4486, 3-1-73)
Ext: Lots 1 thru 8 Sec. 2; Lots 1 thru 8 & 1/2 Sec. 3 (R-4540, 6-1-73)
Ext: 1/2 Sec 8, 1/2 Sec 9, All Sec 10 (R-4707, 1-18-74)
Ext: Lots 1, 2, 7, 8, 9, 10, 15 & 16 Sec 4 (R-4734, 3-1-74)
Ext: All Sec. 7, All Sec. 11 (R-4782, 6-1-74)
Ext: All Sec 6 (R-4850, 9-10-74) Ext: 1/2 Sec 9, 1/2 Sec 14 (R-4861, 11-1-74)
Ext: 1/2 Sec 12 (R-4937, 2-1-75) Ext: 1/2 Sec 18 (R-5015, 6-1-75)
Ext: 1/2 Sec 4, 1/2 Sec 18 (R-5063, 7-1-75)
Ext: Lots 11, 12, 13, 14 & 1/4 Sec 2, All Sec 15, 16, 21, 22 & 28, -
1/2 Sec 33 (R-5162, 3-1-76) Ext: 1/2 Sec 34 (R-5361, 3-1-77)
Ext: Lots 3, 4, 5, 6, 11, 12, 13 & 14 Sec 4, All Sec 5, 17, 20 & 30 -
1/2 Sec 8, 1/2 Sec 29, 1/2 Sec 31, 1/2 Sec 32 (R-5534, 10-1-77)