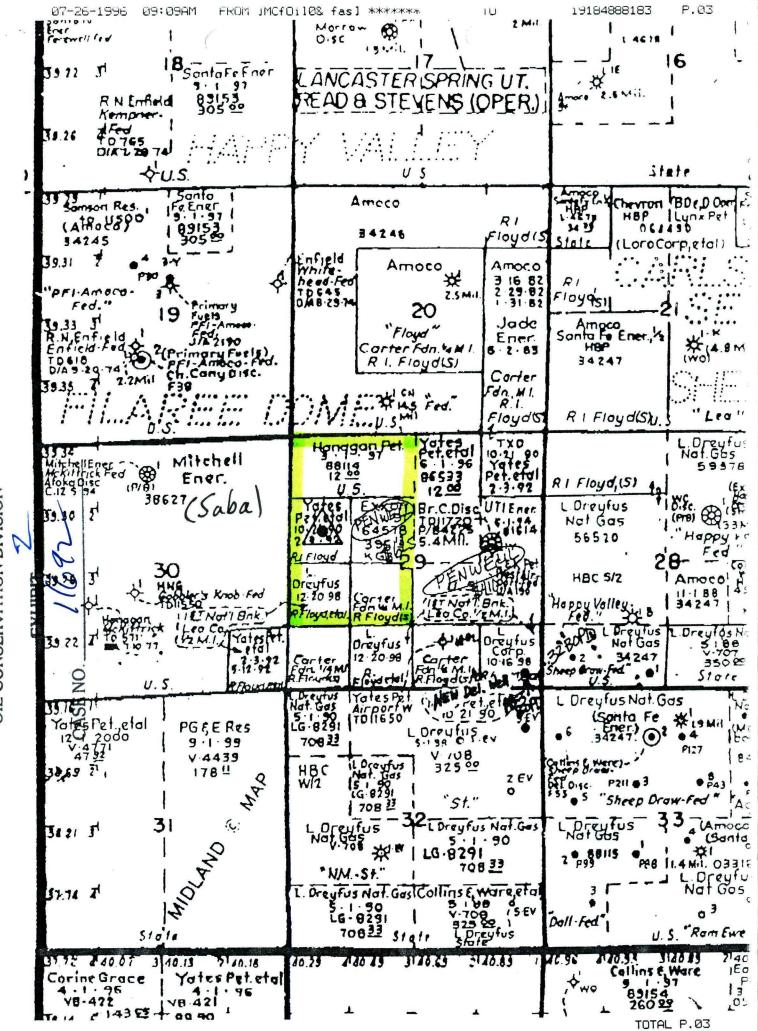
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SECTION 29	TOWNSHIP	22-SOUTH RANGE	26-EAST	COUNTYEDDY	STATE	NEW MEX	
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				OIL CONSERVAT	FION DIV	ISION-	



OIL CONSERVATION DIVISION



Writer's Direct Number - (918) 491-4105

November 8, 1996

Penwell Energy Inc. 600 N. Marienfeld, Ste. 1100 Midland, TX 79701-4362

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

NEW MEXICO **OIL CONSERVATION DIVISION EXHIBIT** 11692 CASE NO

Mul Wheeler - Sent OA 12/7

Gentlemen:

InterCoast Oil and Gas Company, formerly named Medallion Production Company, ("InterCoast") hereby proposes the drilling of a 11,600' Morrow test at a location in the NW/4 of Section 29-22S-26E, Eddy County, New Mexico. Dry hole costs are estimated to be \$457,500.00 with total completed well costs estimated at \$788,250.00 as shown on the enclosed AFE.

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- 1. On or before 120 days following the execution date of a definitive agreement, InterCoast would commence or cause the commencement of a 11,600' Morrow test at a location in the NW/4 of Section 29-22S-26E, Eddy County, New Mexico.
- 2. In the event the test well results in a well capable of producing in commercial quantities, InterCoast would earn an assignment of your interest from the surface of the earth to the total depth drilled in the test well. Such assignment would be limited to the proration unit established for the test well and any and all equipment used and obtained in connection therewith.
- 3. You would reserve in such assignment an overriding royalty interest equal to the difference between existing leasehold burdens and 25%, proportionately reduced to the interest being assigned.

November 8, 1996 Page 2

Please advise of your decision in this matter by marking the appropriate space below and returning one copy to the attention of the undersigned at the letterhead address. If you desire to participate, please also execute and return the enclosed AFE.

Very truly yours,

INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL Senior Landman

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Enclosure



Farmout according to the above options. Participate (Please sign and return one copy of the attached AFE.)

By:	
Title:	

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InterCoast Oil and Gas Company 7130 South Lewis Avenue Suite 700 Tulsa, Oklahoma 74136 918 488-8283 Telephone 918 488-8182 Fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Samantha Adelside Yost c/o Maralo, Inc. Five Post Oak Park, Suite 1010-Houston TX 37027

Jan Spradlin

Five Post Oak Park, Suite 1010 5151 San Felige Ste. 400 Houston, TX 77027 77056-3607

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Ms. Lowe:

InterCoast Oil and Gas Company, formerly named Medallion Production Company, ("InterCoast") hereby proposes the drilling of a 11,600' Morrow test at a location in the NW/4 of Section 29-22S-26E, Eddy County, New Mexico. Dry hole costs are estimated to be \$457,500.00 with total completed well costs estimated at \$788,250.00 as shown on the enclosed AFE.

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Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Samantha Adelside Yost November 8, 1996 Page 2

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INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL Senior Landman

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Enclosure

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_____ Select Option Number 1 above.

_____ Select Option Number 2 above.

_____ Participate (Please sign and return one copy of the attached AFE.)

By:_____

Title:



VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

Mary Ralph Lowe Trustee of the Erma Lowe Trust for Carson R. Yost c/o Maralo, Inc. Five Post Oak Park, Suite 1010 Houston, TX 77027

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Ms. Lowe:

InterCoast Oil and Gas Company, formerly named Medallion Production Company, ("InterCoast") hereby proposes the drilling of a 11,600' Morrow test at a location in the NW/4 of Section 29-22S-26E, Eddy County, New Mexico. Dry hole costs are estimated to be \$457,500.00 with total completed well costs estimated at \$788,250.00 as shown on the enclosed AFE.

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Please advise of your election in this matter by marking the appropriate space

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Mary Ralph Lowe Trustee of the Erma Lowe Trust for Carson R. Yost November 8, 1996 Page 2

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Very truly yours,

INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL Senior Landman

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Enclosure

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Select Option Number 2 above.

Participate (Please sign and return one copy of the attached AFE.)

By: ______ Title:



VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Clayton Lowe Yost c/o Maralo, Inc. Five Post Oak Park, Suite 1010 Houston, TX 77027

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

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INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL Senior Landman

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Enclosure

_____ Select Option Number 1 above.

_____ Select Option Number 2 above.

Participate (Please sign and return one copy of the attached AFE.)

By: ______ Title: ______



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InterCoast Oil and Gas Company 7130 South Lewis Avenue Suite 700 Tulsa, Oklahoma 74136 918 488-8283 Telephone 918 488-8182 Fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

SASI Minerals Co. 200 Crecent Court, Ste. 1055 Dallas, TX 75201

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

Gentlemen:

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Very truly yours,

INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL Senior Landman

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Enclosure

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Select Option Num	ber 1 above.
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- _____ Select Option Number 2 above.
- _____ Participate (Please sign and return one copy of the attached AFE.)

By: ______ Title: ______



VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

Dodge Jones Foundation P.O. Box 176 Abilene, TX 79604

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

Gentlemen:

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Dodge Jones Foundation November 8, 1996 Page 2

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D.R. Deffenbaugh, CPL Senior Landman

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Enclosure

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_____ Select Option Number 1 above.

- Select Option Number 2 above.
- Participate (Please sign and return one copy of the attached AFE.)

By: ______ Title: _____

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VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

The Fasken Foundation 500 West Texas, Suite 1160 Midland, TX 79701

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

Gentlemen:

InterCoast Oil and Gas Company, formerly named Medallion Production Company, ("InterCoast") hereby proposes the drilling of a 11,600' Morrow test at a location in the NW/4 of Section 29-22S-26E, Eddy County, New Mexico. Dry hole costs are estimated to be \$457,500.00 with total completed well costs estimated at \$788,250.00 as shown on the enclosed AFE.

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The Fasken Foundation November 8, 1996 Page 2

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INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL

D.R. Deffenbaugh, CF Senior Landman

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Enclosure

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Select	Option	Number	1	above.
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- _____ Select Option Number 2 above.
- Participate (Please sign and return one copy of the attached AFE.)

By: ______ Title: _____



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InterCoast Oil and Gas Company 7130 South Lewis Avenue Suite 700 Tulsa, Oklahoma 74135 918 488-8283 Telephone 918 488-8182 Fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

MATT-TEX, L.L.P. P.O. Box 176 Abilene, TX 79604

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

Gentlemen:

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MATT-TEX, L.L.P. November 8, 1996 Page 2

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INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL Senior Landman

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Enclosure

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- Participate (Please sign and return one copy of the attached AFE.)

By: ______ Title: ______

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InterCoast Oil and Gas Company 7130 South Lewis Avenue Suite 700 Tulsa, Oklahoma 74136 915 488-8283 Telephone 918 488-8182 Fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

Andrews Royalty, Inc. 4849 Greenville Ave., Ste. 1144 Dallas, TX 75206

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

Gentlemen:

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Andrews Royalty, Inc. November 8, 1996 Page 2

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INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL

D.R. Deffenbaugh, CPI Senior Landman

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Enclosure

Select	Option	Number	1 above.
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- _____ Select Option Number 2 above.
- Participate (Please sign and return one copy of the attached AFE.)

By: ______ Title: _____

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InterCoast Oil and Gas Company 7130 South Lewis Avenue Suite 700 Tulsa, Oklahoma 74136 918 488-8283 Telephone 918 488-8182 Fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

Randy Geiselman 3301 Stanolind Midland, TX 79707

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Mr. Geiselman:

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Randy Geiselman November 8, 1996 Page 2

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Very truly yours,

INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL Senior Landman

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Enclosure

_____ Select Option Number 1 above.

- _____ Select Option Number 2 above.
- Participate (Please sign and return one copy of the attached AFE.)



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InterCoast Oil and Gas Company 7130 South Lewis Avenue Suite 700 Tulsa, Oklahoma 74136 918 488-8283 Telephone 918 488-8182 Fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

Julia Jones Matthews, Trustee of the Julia Jones Matthews Living Trust P.O. Box 176 Abilene, TX 79604

RE: McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Ms. Matthews:

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Julia Jones Matthews, Trustee of the Julia Jones Matthews Living Trust November 8, 1996 Page 2

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INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL Senior Landman

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Enclosure

_____ Select Option Number 1 above.

_____ Select Option Number 2 above.

Participate (Please sign and return one copy of the attached AFE.)

By:

*1*2

Title:

InterCoact Oil and Gas Company

7130 South Lewis Avenue

Tuisa, Okiahoma 74136

918 482-8283 Telephone 918 488-8182 Fax

Suite 700

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Writer's Direct Number - (918) 491-4105

November 8, 1996

InterCoast

Oil and Gas

Louis Dreyfus Natural Gas Corp. 14000 Quail Springs Pkwy., Suite 600 Oklahoma City, OK 73134

McKittrick Prospect W/2 Section 29-22S-26E Eddy County, New Mexico Well in 32

11/11 Rusty Waters (405) 749-520 discussed w/RW-drilling to S Et Sec. 32-for Morrow -12/7-Will still not deal- wrtchin

Gentlemen:

RE:

InterCoast Oil and Gas Company, formerly named Medallion Production Company, ("InterCoast") hereby proposes the drilling of a 11,600' Morrow test at a location in the NW/4 of Section 29-22S-26E, Eddy County, New Mexico. Dry hole costs are estimated to be \$457,500.00 with total completed well costs estimated at \$788,250.00 as shown on the enclosed AFE.

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November 8, 1996 Page 2

Please advise of your decision in this matter by marking the appropriate space below and returning one copy to the attention of the undersigned at the letterhead address. If you desire to participate, please also execute and return the enclosed AFE.

Very truly yours,

INTERCOAST OIL AND GAS COMPANY

D.R. Deffenbaugh, CPL

Senior Landman

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Enclosure



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Farmout according to the above options. Participate (Please sign and return one copy of the attached AFE.)

By:	
Title:	

till



VIA FAX (214-559-0301) AND FEDERAL EXPRESS

Writer's Direct Number - (918) 491-4105

January 17, 1997

Republic Royalty Company 3738 Oak Lawn Avenue, Ste. 300 Dallas, TX 75219

Attention: Casey McManemin Vice President

Re: McKittrick Fed. Com No. 29 W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Mr. McManemin:

Pursuant to our conversation of yesterday, KCS Medallion Resources, Inc. ("KMR"), formerly InterCoast Oil and Gas Company, formally proposed the drilling of a 11,600' Morrow test at a location in the NW/4 of Section 29-22S-26E, Eddy County, New Mexico by letter dated November 8, 1996. Republic was not included on this mailing by error.

Subsequently, on December 12, 1996, KMR filed for a compulsory pooling with the New Mexico Oil Conservation Division in Case No. 11692. This case was originally scheduled for hearing on January 9, 1997, and continued to January 23, 1997. (Copy of application attached) As you can see, Republic Royalty Company was not listed on such application.

KMR's current AFE estimates \$697,700 for dry hole costs and \$929,900 for total completed well costs as shown on the enclosed AFE.

KMR now proposes that you and the parties you represent support the proposed test well by participating with your proportionate share in the drilling of the well or by granting KMR a two (2) year oil and gas lease on a standard form for \$250.00 per net acre bonus and a 1/4th royalty. Republic Royalty (...pany January 17, 1997 Page 2

I would appreciate the opportunity to discuss this matter in detail today. I had a standard lease form faxed to your attention earlier this morning.

Very truly yours,

KCS MEDALLION RESOURCES INC.

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D.R. Deffenbaugh, CPL Senior Landman

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Enclosures

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Writer's Direct No. (918) 491-4105

January 13, 1997

Julia Jones Matthews, Trustee of the Julia Jones Matthews Living Trust P.O. Box 176 Abilene, TX 79604

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

NEW MEXICO
OIL CONSERVATION DIVISION
U
ехнівіт <u>4</u>
CASE NO. 11692

Dear Ms. Matthews:

Please be advised that KCS Medallion Resources, Inc., formerly InterCoast Oil and Gas Company, has made modifications to the location and the estimated costs of drilling the above referenced well.

The location has been moved to 1,715 feet from the north line and 1,160 feet from the west line due to topographic considerations.

The AFE has been revised to \$697,700 dry hole costs and \$929,900 completed costs due to the increased cost of drilling in the general area. A copy of such AFE is enclosed herewith for your records.

If there are any questions, please call the undersigned at the direct number shown above.

Sincerely,

KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

DRD:cad mckrevcp.ltr



January 13, 1997

Writer's Direct No. (918) 491-4105

Mary Ralph Lowe Trustee of the Erma Lowe Trust for Carson R. Yost c/o Maralo, Inc. 5151 San Felipe, Ste. 400 Houston, TX 77057-3607

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Ms. Lowe:

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KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

DRD:cad mckrevcp.ltr



January 13, 1997

Writer's Direct No. (918) 491-4105

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Clayton Lowe Yost c/o Maralo, Inc. 5151 San Felipe, Ste. 400 Houston, TX 77057-3607

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

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KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

DRD:cad mckrevcp.ttr



Writer's Direct No. (918) 491-4105

January 13, 1997

Andrews Royalty, Inc. 5949 Sherry Lane, Ste. 850 Dallas, TX 75225

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Gentlemen:

Please be advised that KCS Medallion Resources, Inc., formerly InterCoast Oil and Gas Company, has made modifications to the location and the estimated costs of drilling the above referenced well.

The location has been moved to 1,715 feet from the north line and 1,160 feet from the west line due to topographic considerations.

The AFE has been revised to \$697,700 dry hole costs and \$929,900 completed costs due to the increased cost of drilling in the general area. A copy of such AFE is enclosed herewith for your records.

If there are any questions, please call the undersigned at the direct number shown above.

Sincerely,

KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

DRD:cad mckrevcp.ltr



Writer's Direct No. (918) 491-4105

January 13, 1997

John A. Matthews, Jr. 1821 Industrial Road San Angelo, TX 76904

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Mr. Matthews:

Please be advised that KCS Medallion Resources, Inc., formerly InterCoast Oil and Gas Company, has made modifications to the location and the estimated costs of drilling the above referenced well.

The location has been moved to 1,715 feet from the north line and 1,160 feet from the west line due to topographic considerations.

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Sincerely,

KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

DRD:cad mckrevcp.ttr



January 13, 1997

Writer's Direct No. (918) 491-4105

Randy Geiselman 3301 Stanolind Midland, TX 79707

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Mr. Geiselman:

Please be advised that KCS Medallion Resources, Inc., formerly InterCoast Oil and Gas Company, has made modifications to the location and the estimated costs of drilling the above referenced well.

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Sincerely,

KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

DRD:cad mckrevcp.ltr



Writer's Direct No. (918) 491-4105

January 13, 1997

MATT-TEX, L.L.P. P.O. Box 176 Abilene, TX 79604

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Gentlemen:

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Sincerely,

KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

DRD:cad mckrevcp.ltr



Writer's Direct No. (918) 491-4105

January 13, 1997

Dodge Jones Foundation P.O. Box 176 Abilene, TX 79604

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Gentlemen:

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KCS MEDALLION RESOURCES, INC.

D. R. Deffebbaugh, CPL Senior Landman

DRD:cad mckrevcp.ltr



Writer's Direct No. (918) 491-4105

January 13, 1997

Santa Fe Energy Resources Attention: Meg Muhlinhause 550 W. Texas, Ste. 1330 Midland, TX 79701

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Ms. Muhlinhause:

Please be advised that KCS Medallion Resources, Inc., formerly InterCoast Oil and Gas Company, has made modifications to the location and the estimated costs of drilling the above referenced well.

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Sincerely,

KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

DRD:cad mckrevcp.hr

Enclosure



Writer's Direct No. (918) 491-4105

January 13, 1997

Penwell Energy Inc. Attention: Mark Wheeler 600 N. Marienfeld, Ste. 1100 Midland, TX 79701-4362

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Mr. Wheeler:

Please be advised that KCS Medallion Resources, Inc., formerly InterCoast Oil and Gas Company, has made modifications to the location and the estimated costs of drilling the above referenced well.

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Sincerely,

KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

DRD:cad mckrevcp.ltr

Enclosure



Writer's Direct No. (918) 491-4105

January 13, 1997

Louis Dreyfus Natural Gas Corp. Attention: Rusty Waters 14000 Quail Springs Pkwy., Suite 600 Oklahoma City, OK 73134

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Mr. Waters:

Please be advised that KCS Medallion Resources, Inc., formerly InterCoast Oil and Gas Company, has made modifications to the location and the estimated costs of drilling the above referenced well.

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Sincerely,

KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh

Senior Landman

DRD:cad mckrevcp.ltr

Enclosure

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Writer's Direct No. (918) 491-4105

January 13, 1997

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Samantha Adelside Yost c/o Maralo, Inc. 5151 San Felipe, Ste. 400 Houston, TX 77057-3607

Re: McKittrick Prospect McKittrick Fed. Com 29-22 Well W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Ms. Lowe:

Please be advised that KCS Medallion Resources, Inc., formerly InterCoast Oil and Gas Company, has made modifications to the location and the estimated costs of drilling the above referenced well.

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Sincerely,

KCS MEDALLION RESOURCES, INC.

D. R. Deffenbaugh, CPL Senior Landman

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Enclosure

Louis Dreyfus Natural Gas Corp. Attn: Rusty Waters 14000 Quail Springs Parkway Suite 600 Oklahoma City, OK 73134

Penwell Energy, Inc. Attn: Mark Wheeler 600 North Marienfeld Suite 1100 Midland, TX 79701-4362

Santa Fe Energy Resources, Inc. Attn: Meg Muhlinghause 550 West Texas Suite 1330 Midland, TX 79701

-

SASI Minerals Co. 200 Crescent Court Suite 1055 Dallas, TX 75201

Dodge Jones Foundation Post Office Box 176 Abilene, TX 79604

The Fasken Foundation 500 West Texas Suite 1160 Midland, TX 79701

MATT-TEX, L.L.P. Post Office Box 176 Abilene, TX 79604

Randy Geiselman 3301 Stanolind Midland, TX 79707

John A. Matthews, Jr. 1821 Industrial Road San Angelo, TX 76904

Andrews Royalty, Inc. 5949 Sherry Lane Suite 850 Dallas, TX 75225 Republic Kogal to

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NEW MEXICO OIL CONSERVATION DIVISION EXHIBIT 5 ///692 CASE NO. ///692

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Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Clayton Lowe Yost 5151 San Felipe Suite 400 Houston, TX 77056

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Carson R. Yost 5151 San Felipe Suite 400 Houston, TX 77056

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Samantha Adelside Yost 5151 San Felipe Suite 400 Houston, TX 77056

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Ula.

Julia Jones Matthews, Trustee of the Julia Jones Matthews Living Trust Post Office Box 176 Abilene, TX 79604

KCS MEDALLION RESOURCES, INC.

AUTHORIZATION FOR EXPENDITURES

Description	of Work Drill log co	omplete equin	. a Morrow Si	ngle zone G	as W	OIL CONSERVATIO	CO N DIVISI	N	
Description		inprote, equip				CONSERVATIO		······	
Prospect	McKittrick				(OIL CON Date 1/13/97	Q		
Lease	McKittrick		Well No.	29-1					
Location	1160' FWL, 1715' FNL		Section	29		TWENIZS	hames/	26E	
Field	Happy Valley (Morrow)		County	Eddy		State New Mex	109 ×		
Well TD	11,600'		Prim. Obj.	Morrow		Twr EX125 State New Vex Sec. Obj.			
		Before	After			DE NO	Before	After	
		Csg Point	Csg Point	Total	(CASE NO.	Csg Point	Csg Point	Total
INTANGIB	LE COSTS	BCP-820	ACP-840			NGIBLE COSTS	BCP-830	ACP-850	
.01 Location	n/Damage Payment	65,000		65,000	.01	Cattle Guards & Fencing			
and the second s	n Construction	4,000		4,000	.02	Csg: Cond.	6.300	X	6,300
.03 Contrac	ted Equipment				.03	Csg: Surface	21.500	x	21,500
.04 Rotary I	Rig: MI, RU, RD, MO								
.05 Rotary I	Rig: Daywork	103,500	11,500	115,000	.04	Csg: Intermediate	138,000	x	138,000
	Rig: Footage	163,800		163,800					
.07 Fuel					.05	Csg: Production	X	15,600	15,600
.08 Drilling		27,000		27,000					
.09 Drilling		25,000		25,000		Float Equip. Centrlzrs, etc.			
10 Mud Di			X			Well Head	1,200	7,500	8,700
.11 Drill Ste			X	-1 600	.08	Tubing	X	43,800	43,800
	and Cementing Service	24,000	27,000	51,000					
	Crew, Equipment	7,000	1,200	8,200		Pump Unit	X	····	
	g: Open Hole	30,500	X	30,500		Motor/Engine	X		
15 Comple		X	10,000			Rods & Pump	<u>x</u>		
16 Stimula		X	75,000	/5,000		Pkr & Sub-surface Equip. Tanks	<u>X</u>	5,000	5,000
	umping Services	<u> </u>	<u> </u>	8,000		Separator/Production Unit	<u>X</u>	15,000	15.000
.18 Log & I .19 Rentals	Perf Cased Hole	15,000	8,000 5,000			Heater Treater/Dehydrator	X X		
	Water Hauling	7,000	3,000	10,000		Fittings & Small Pipe	$\frac{x}{X}$		
.20 Water/		2.000	2,000			Other Equipment	<u>A</u>	5 000	5.000
.22 Tubular		2,000	2,000	4,000		Installation Costs	<u>X</u>	5,000	5.000
.22 Tubular .23 Well Te		8,000		8,000		Miscellaneous	^		
.24 Labor:		500	5,000			Contingency			
	ny Geologist/Engineer					Subtotal	\$167,000	\$91,900	\$258,900
.26 Overhea		6,500	1,100	7,600	_	54610141	\$107,000	\$71,500	4200,000
and the second second second	ional Services	17,200	2,800	20,000		Pipeline		<u>PL-885</u>	
.28 Insuran		4,200		4,200	.01	Line Pipe	х		
29 Miscell	aneous	5,500	3,700	9,200	.02	Metering Equipment	x		
.30 Conting	gency					Meter Sta. Valves, Fittings	X		
.31 Coiled	Tubing Work		······			Subtotal		\$0	S 0
.32 Packer		X			-то	TAL TANGIBLE COSTS	\$167,000	\$91. 9 00	\$258,900
•••••	Subtotal	\$515,700	\$155,300	\$671,000					
	Pipeline		PL-880		<u></u>	TAL WELL COST	\$682,700	\$247,200	\$929.900
01 Tapping		<u> </u>							
	ed Right of Way	<u>X</u>			_	al Well Cost to Casing Point			\$682,700
.03 Damage		X				gging Cost			\$15.000
	f Way Acquisition	<u> </u>		,		al Dry & Abandonment Cost			\$697.700
.05 Permits		<u>X</u>				al Cost Through Evaluation of Zo		-	\$909.900
.06 Freight	and an and a second sec	X			Pre	pared By:	LCF		
	feter Sta. Construction	x x							
	ng and Drafting	X		_		Propert WIC 9/			
and the second s	onstruction Sup.	<u> </u>	····	· ·· ·	_	erCoast WIO %			S 0
.10 iviise. a	nd Contingency Subtotal	A	S 0	C A		erCoast Net Expenditure plement No.			50
TOTAL IN	TANGIBLE COSTS	\$515,700	\$155,300			ginal AFE Amount			
			<i></i>			ount This Supplement			
						vised AFE Amount			
North Co	ANT OF AND CHARGE	D							
INTERCO	AST OIL AND GAS COM	rany APPR	UVED		we	DRKING INTEREST OWNER	APPROVED		
ByZCJ	-	Date:			Cor	npany Name:			
By:		Date:			By:			Date:	

Name:

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· / · 0	Date.	_
By:	Date:	
By:	Date:	

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF INTERCOAST OIL AND GAS COMPANY FOR COMPULSORY POOLING AND AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

Case No. 11,692

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO) COUNTY OF SANTA FE) ss.

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.

2. I am an attorney for Applicant.

3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.

4. Notice of the application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letters and certified return receipts are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.

James Bruce

SUBSCRIBED AND SWORN TO before me this 22Md day of January, 1997, by James Bruce.

My Commission Expires:

10-29-99

NEW MEXICO OIL CONSERVATION DIVISION

_EXHIBIT____ CASE NO. ____/642

HINKLE, COX. EATON, COFFIELD & HENSLEY, L.L.P.

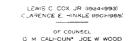
PAUL W EATON PAUL & EATON CONRAL E COFFIELD -AROLD L HENSLEY, JR STUART D SHANOR SRIC D LANPHERE C D MARTIN POBERT P TINNIN, JR MARSHALL G MARTIN MASTON C COURTINEM DON L PATERSOM DON L PATERSOM NICHOLAS J NOEDING T CALDER EZZELL JR W LUAM B BURFORD* RICHARD E OLSON RICHARD R WILFONG* THOMAS J MOBRIDE NANCY S CUSACK

JEFFREY L FORNACIARI JEFFREY L FORNACIARI JEFREY D. HEWETT JAMES BRUCE JERRY F. SHACKELFORD ULLIAM F. COUNTISS ALBERT L. PITTS THOMAS M. HNASKO JOHN C. CHAMBERS* GARY D. COMPTON* W. H. BRIAN, JR* W H BRIAN, JR* RUSSELL J BAILEY* STEVEN D. ARNOLD THOMAS D. HAINES, JR GREGORY J. NIBERT FRED W SCHWENDIMANN JAMES M. HUDSON JEFFREY S BAIRD* ATTORNEYS AT LAW

218 MONTEZUMA POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554 FAX (505) 982-8623



O M CALHOUN* JOE W WOOD RICHARD L CAZZELL* RAY W RICHARDS* AUSTIN AFFILIATION

AUSTIN AFFILIATION HOFFMAN & STEPHENS, P.C. KENNETH R. HOFFMAN* TOM D STEPHENS* RONALD C SCHULTZ JR.* JOSÉ CANC*

December 20, 1996

HOMAS E. HOOD REBECCA NICHOLS JOHNSON STANLEY K, KOTOVSKY, JR GARY W LARSON GARY W LAPSON LISA K SMITH* NORMAN D. EWART DARREN T GROCE* MOLLY MCINTOSH MARCIA B LINCOLN SCOTT A SHUART* PAUL G NASON AMY C. WRIGHT* BRADLEY G. BISHOP* BRADLEY G. BISHOP* ELLEN T LOUDERBOUGH JAMES H. WOOD* ELLEN S CASEY MARGARET CARTER LUDEWIG RGSRET CARTER LUDE: : B4RRY PAISNER WYATT L BROOKS EAVID M RUSSEL-ATDREW J CLOUTIER STEFHANIE LANDRY P RT E, MOELLING D/ANE FISHER . JLIE P NEERKEN W 114M P SLATTERY LIAM P. SLATTERY CHEISTOPHER M. MOODY JAMES H. WOOD* JOHN D. PHILLIPS EARL R. NORRIS NANCY L. STRATTON TIMOTHY R. BROWN JAMES A. GILLESPIE MARGARET R. MCNETT JAMES C. MARTIN KATHLEEN M. HALL

*NOT LICENSED IN NEW MEXICO

CERTIFIED MAIL RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Dear Sirs:

Enclosed is a copy of an amended application for compulsory pooling and an unorthodox well location filed at the New Mexico Oil Conservation Division by InterCoast Oil and Gas Company regarding the W½ of Section 29, Township 22 South, Range 26 East, in Eddy County, New Mexico. This matter will be heard at 8:15 a.m. on Thursday, January 9, 1997 at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico. As an interest owner in the well unit or as an offset operator, you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY, L.L.P.

James Bruc

1

Attorneys for InterCoast Oil and Gas Company



POST OFFICE BOX 10 ROSWELL, NEW MEXICO 88202 (505) 622-6510 FAX (505) 623-9332

POST OFFICE BOX 3580 MIDLAND, TEXAS 79702 (915) 683-469(FAX (915) 683-6518

POST OFFICE BOX 9238 AMARILLO, TEXAS 79105 (806) 372-5569 FAX (806) 372-9761

POST OFFICE BOX 2043 ALBUQUERQUE, NEW MEXICO 87103 (505) 768-1500 FAX (505) 768-1529

401 W. ISTH STREET, SUITE 800 AUSTIN, TEXAS 78701 (512) 476-7137 FAX (512) 476-5431

EXHIBIT A

1. <u>Interest Owners</u>:

Louis Dreyfus Natural Gas Corp. Attn: Rusty Waters 14000 Quail Springs Parkway Suite 600 Oklahoma City, OK 73134 Penwell Energy, Inc. Attn: Mark Wheeler 600 North Marienfeld Suite 1100 Midland, TX 79701-4362 Santa Fe Energy Resources, Inc. Attn: Meg Muhlinghause 550 West Texas Suite 1330 Midland, TX 79701 SASI Minerals Co. 200 Crescent Court Suite 1055 Dallas, TX 75201 Dodge Jones Foundation Post Office Box 176 Abilene, TX 79604 The Fasken Foundation 500 West Texas Suite 1160 Midland, TX 79701 MATT-TEX, L.L.P. Post Office Box 176 Abilene, TX 79604 Randy Geiselman 3301 Stanolind Midland, TX 79707 John A. Matthews, Jr. 1821 Industrial Road San Angelo, TX 76904 Andrews Royalty, Inc. 5949 Sherry Lane Suite 850 Dallas, TX 75225

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Clayton Lowe Yost 5151 San Felipe Suite 400 Houston, TX 77056

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Carson R. Yost 5151 San Felipe Suite 400 Houston, TX 77056

Mary Ralph Lowe, Trustee of the Erma Lowe Trust for Samantha Adelside Yost 5151 San Felipe Suite 400 Houston, TX 77056

Julia Jones Matthews, Trustee of the Julia Jones Matthews Living Trust Post Office Box 176 Abilene, TX 79604

2. <u>Offset Operators</u>:

Saba Energy of Texas, Inc. Suite 202 1603 Southeast 19th Street Edmond, OK 73103

Penroc Oil Corp. Post Office Box 5970 Hobbs, NM 88241

Amoco Production Company Post Office Box 3092 Houston, TX 77253

-	Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we c	1	l also wish to receive the following services (for an extra fee):
	card to you. Attach this form to the front of the mailpiece, or on the back if space (1	1. Addressee's Address
-			2. C Restricted Delivery
	permu. Write"Return Receipt Requested" on the mailpiece below the article I The Return Receipt will show to whom the article was delivered and delivered.	ine date j	1. □ Addressee's Address 2. □ Restricted Delivery Consult postmaster for fee. mber 2. 2 40 6 2 9 /pe 4 iail insured sipt for Merchandise COD ivery 2. 6 - 96 's Address (Only if requested baid)
-		4a Article Nur	mber
		750	2240029
		4b. Service Ty	08
	Pellide Off Corp.	Registered	
	Post Office Dox 5970	Express M	
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-	. Received By: (Print Name)		's Address (Only if requested
ĩ	Received by. (Frint Name)	and fee is p	paid)
_	Sepature: (Addressee or Agent)		
Ž	Alana.		
	× prince piloa		Domestic Return Receipt
F	S Form 3811, December 1994		
			· -
side?	SENDER: Complete items 1 and/or 2 for additional services.		l also wish to receive the
	Complete items 3, 4a, and 4b.		following services (for an
180	Print your name and address on the reverse of this form so that w card to you.		extra fee):
revers	Attach this form to the front of the mailpiece, or on the back if spa permit.	ce does not	1. 🖾 Addressee's Address
	Write "Return Receipt Requested" on the mailpiece below the article		2. C Restricted Delivery
ATTITUTE AND A	The Return Receipt will show to whom the article was delivered a delivered.	no the date	Consult postmaster for fee.
	3. Article Addressed to:	4a. Article N	
	Man Balph Lawa	P.50	12 240 025
i	Mary Ralph Lowe, Trustee of the Erma Lowe	4b. Service	
		Register	- /
	Trust for Carson R. Yost 5151 San Felipe, Suite 400	Express	-
		4	eceipt for Merchandise COD
	Houston, TX 77056	7. Date of D	
		111	-24-4/2
	5. Received By: (Print Name)	8. Addresse	e's Address (Only if requested
		and fee is	s paid)
	6. Signature: (Addressee or Agent)		
2	X PAT Diebel		
2	PS Form 3811, December 1994	<u> </u>	Domestic Return Receip
32	SENDER:		1
side?	Complete items 1 and/or 2 for additional services	<u> </u>	I also wish to receive the
80	Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that w	e can return this	following services (for an
810	Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that w card to you. Attuch this form to the front of the mailpiece, or on the back if spa		following services (for an extra fee):
reverse sig	 Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that w car1 to you. Attuch this form to the front of the mailpiece, or on the back if spanper mit. 	ce does not	following services (for an extra fee): 1.
	Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that w car't to you. Attuch this form to the front of the mailpiece, or on the back if spa per mit. Write 'Astrum Receipt Reguested' on the mailpiece below the artic The Return Receipt will show to whom the article was delivered at	ce does not de number.	following services (for an extra fee): 1.
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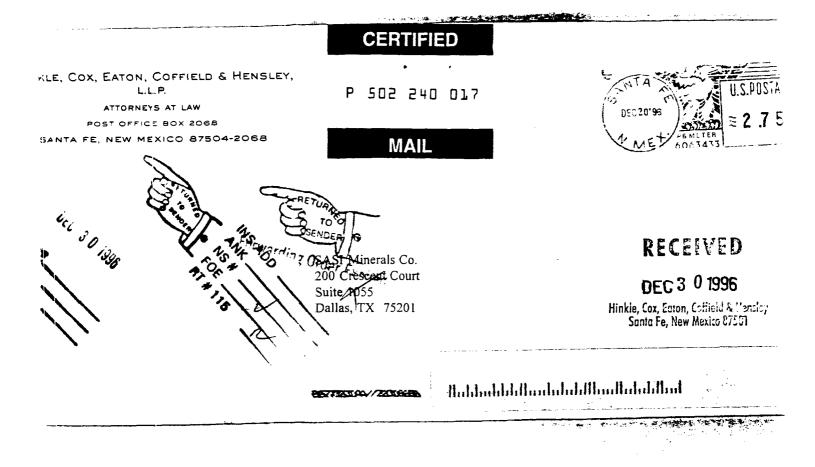
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Attn: Mark Wheeler	4b. Service Type
600 North Marienfeld	Registered Certified
Suite 1100	Express Mail
Midland, TX 79701-4362	Return Receipt for Merchandise COD
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PS Form 3811 , December 1994	Domestic Return Receipt
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Louis Dreyfus Natural Gas Corp.	4b. Service Type
Attn: Rusty Waters	Registered Certified
14000 Quail Springs Parkway	Express Mail Insured
Suite 600	🗆 Return Receipt for Merchandise 🖾 COD
Oklahoma City, OK 73134	7. Date of Delivery
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. Received By: (Print Name)	8. Addréssee's Address (Only if requested and fee is paid)
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3. Article Addressed to:	4a. Article Number
	P502 240 023
	4b. Service Type
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5949 Sherry Lane	Express Mail
Suite 850	Return Receipt for Merchandise COD
Dollar TV 75005	7. Date of Delivery
Dallas, TX 75225	
Danas, 1X /3225	1. Date of Dervers
5. Received By: (Print Name)	8. Addressee's Address (Only if requested and fee is paid)
	13070
5. Received By: (Print Name)	8. Addressee's Address (Only if requested and fee is paid)

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IN ADDRESS completed (3. Article Addressed to: John A. Matthews, Jr. 1821 Industrial Road Sar. Angelo, TX 76904	4b. Service	J J 40 0 Type	
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Writer's Direct Number - (918) 491-4105

January 17, 1997

Republic Royalty Company 3738 Oak Lawn Avenue, Ste. 300 Dallas, TX 75219

Attention: Casey McManemin Vice President

Re: McKittrick 29 Well No. 1 W/2 Section 29-22S-26E Eddy County, New Mexico

Dear Mr. McManemin:

KCS Medallion Resources, Inc., formerly InterCoast Oil and Gas Company, respectfully requests that Republic Royalty Company acknowledge receipt of a copy of the application and the amended application for compulsory pooling and an unorthodox well location, filed at the New Mexico Oil Conservation Division by InterCoast Oil and Gas Company, regarding the McKittrick 29 Well No. 1 in the W/2 of Section 29, Township 22 South, Range 26 East, Eddy County, New Mexico, and further requests that Republic Royalty Company waive any notice that may be required to be given to it of the hearing scheduled before the New Mexico Oil Conservation Division in Case No. 11692.

If you agree to grant the above requests, please so evidence by signing in the space provided below and returning one copy of this letter to the attention of the undersigned by fax at (918) 488-8182.

Very truly yours,

KCS MEDALLION RESOURCES INC.

D.R. Deffenbruch CPL

Senior Landman

AGRÉE / TO ABOVE REQUESTS REGARDING NEW MEXICO OIL CONSERVATION DIVISION CASE NO. 11692 THIS 1 DAY OF JANUARY, 1997.

REPI ROY ALTY COMPANY

Casey McManernin, Vice President An InterCopy Ecompony

REPUBLIC ROYALTY COMPANY

3713 OAK LAWN AVENUE, SUITE 300

TELEPHONE: (214) 559-0300

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DALLAS, TEXAS 75219

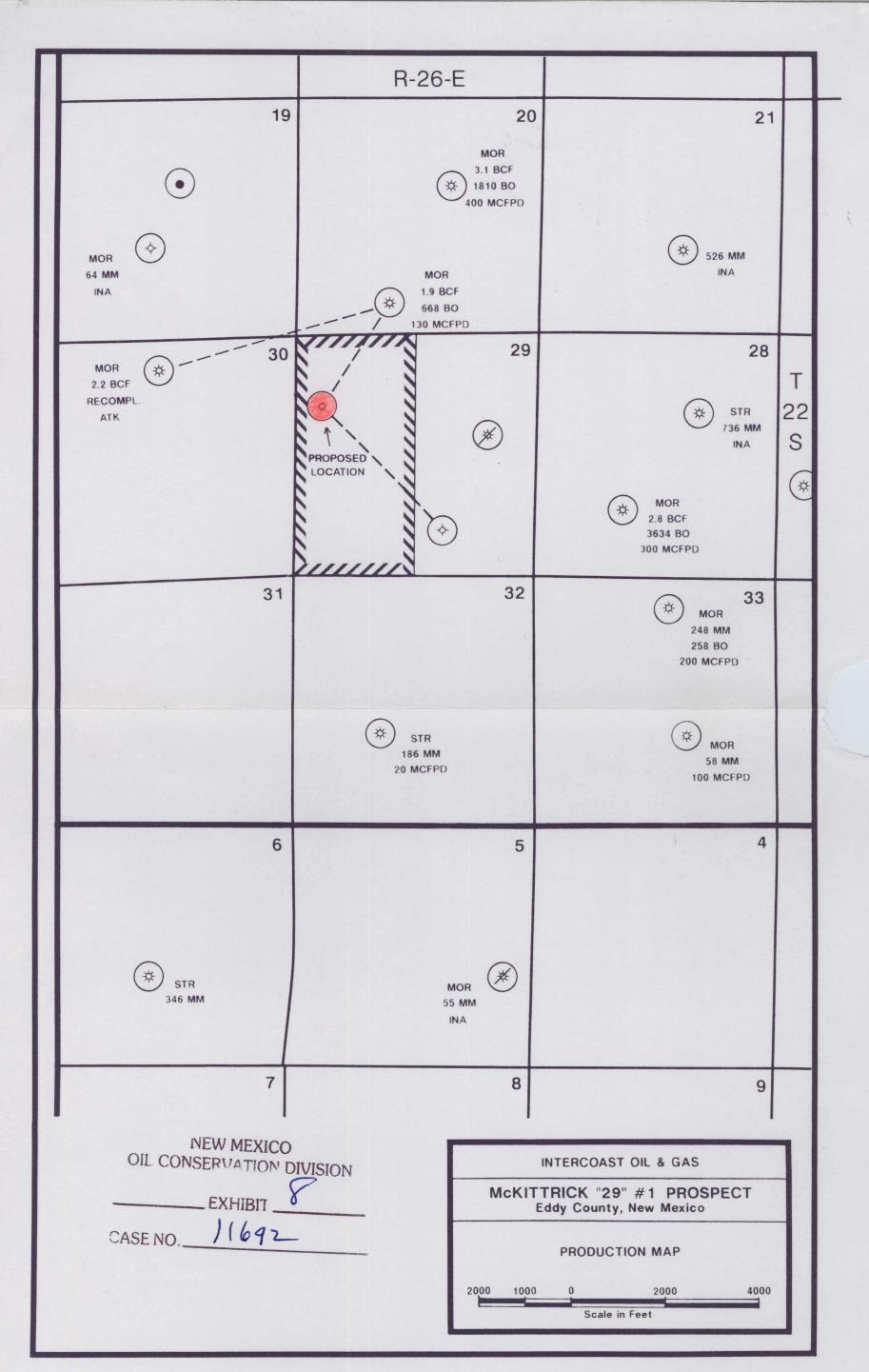
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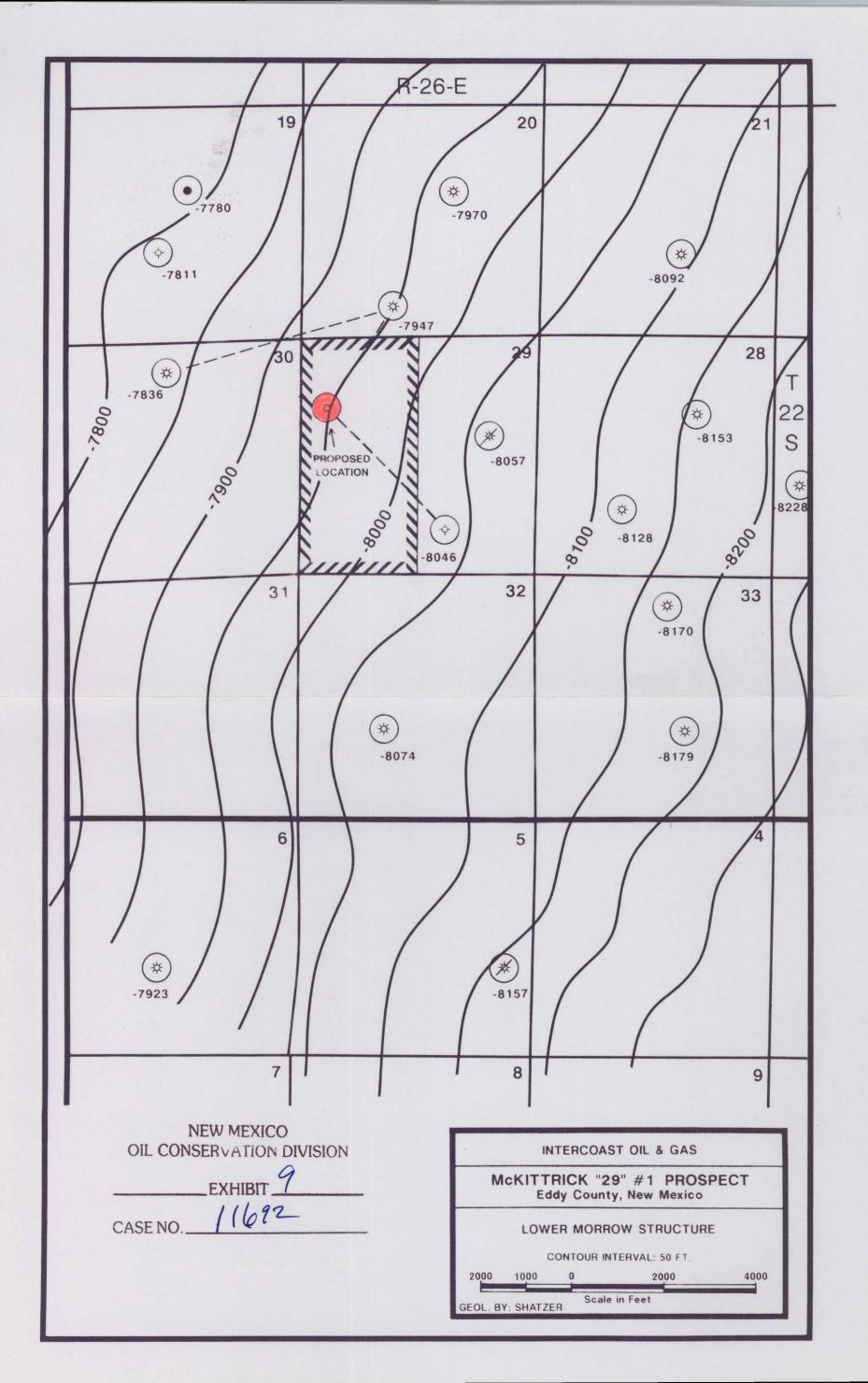
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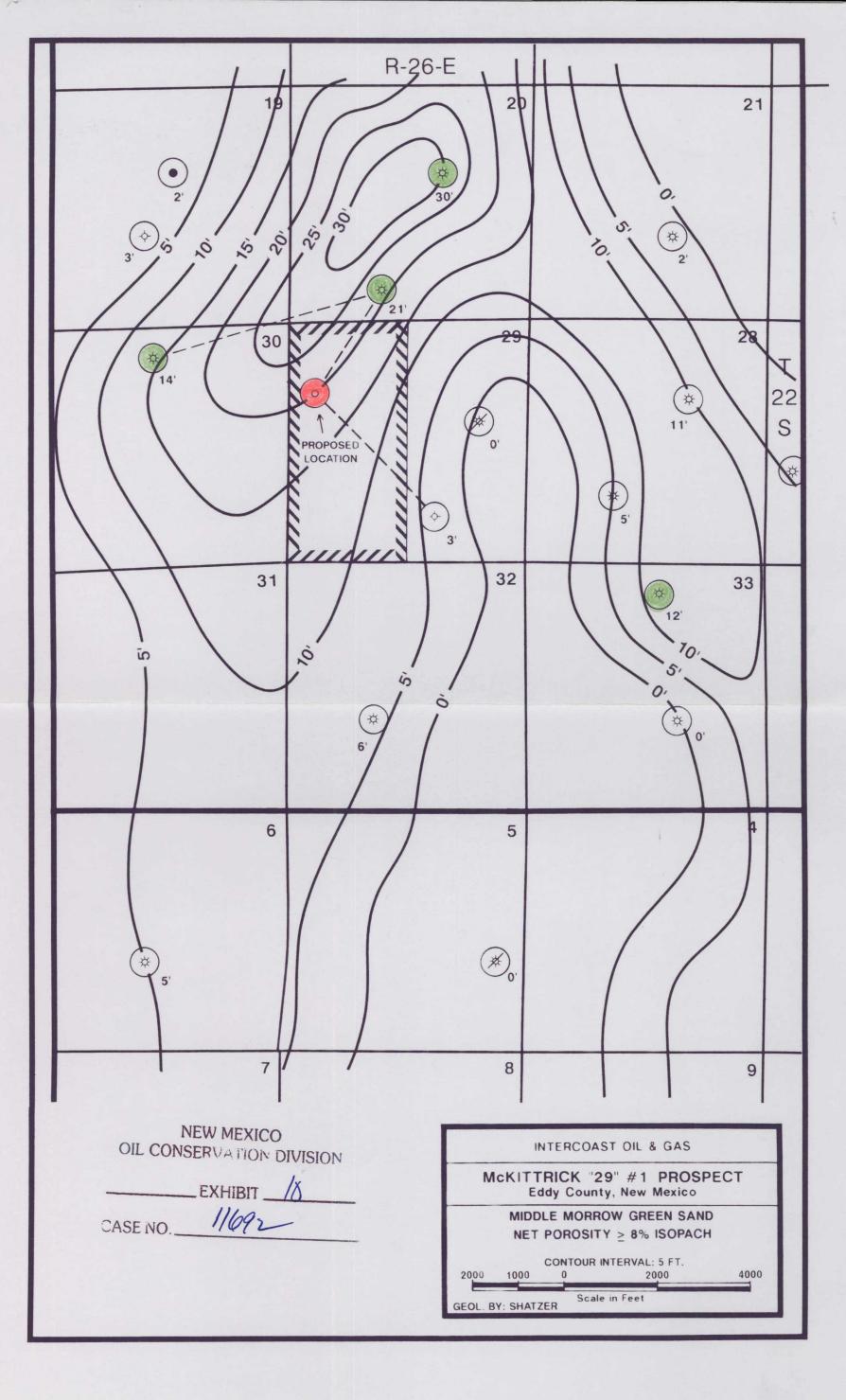
FACSIMILE TRANSMITTAL LETTER.

DATE:	1/19/47
TO:	D.P. DEFTEN BAUGH
COMPANY:	IN IBACOAST
ADDRESS:	TUISA
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FROM:	CASSY WellANEmin
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THANK YOU!







LARGE FORMAT EXHIBIT HAS BEEN REMOVED AND IS LOCATED IN THE NEXT FILE **PROPOSED LOCATION #1**

