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August 18, 1998

Via Fax and U.S. Mail

Lori Wrotenbery
Oil Conservation Commission
2040 South Pacheco Street
Santa Fe, New Mexico 87505

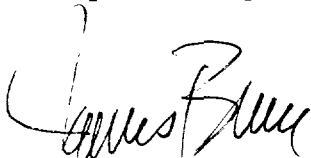
Re: Case No. 11925 (de novo) and Order No. R-10983-A;
Application of KCS Medallion Resources, Inc. for an
unorthodox gas well location, Eddy County, New Mexico

Dear Ms. Wrotenbery:

Paul Cooter, the attorney for Southwest Royalties, Inc., has informed me that his client may apply for a rehearing of the above order.

KCS Medallion Resources, Inc. requests that its application in the above matter be dismissed, or that the order be vacated. As a result, Southwest Royalties, Inc. need not apply for rehearing.

Very truly yours,



James Bruce

Attorney for KCS Medallion
Resources, Inc.

cc: Paul A. Cooter (via fax)