



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 23, 1998

K.C.S. Medallion Resources, Inc.
c/o James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

11925

Re: *Administrative Application For an Unorthodox
Morrow Gas Well Location:
PDM Well No. 1
860' FSL & 660' FWL (Unit M) of Section 16,
Township 19 South, Range 29 East, NMPM,
Turkey Track-Morrow Gas Pool, Eddy County,
New Mexico.*

Dear Mr. Bruce:

On January 23, 1998 the Division received an objection from Southwest Royalties, Inc. to the subject application, see copy of letter attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for February 19, 1998. Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's General Rules and Regulations.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Artesia
Southwest Royalties, Inc. (Attn: Jon P. Tate) - Midland, Texas
Paul Cooter - Albuquerque, New Mexico