

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

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

OIL CONSERVATION DIV.

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February 23, 1999

12144

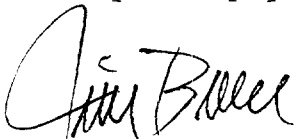
**Hand Delivered**

Florene Davidson  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and two copies of an application for simultaneous dedication, and a proposed advertisement, filed on behalf of KCS Medallion Resources, Inc. Please set this case for the March 18, 1999 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for KCS Medallion  
Resources, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF KCS MEDALLION  
RESOURCES, INC. FOR SIMULTANEOUS  
DEDICATION, EDDY COUNTY, NEW MEXICO.

Case No. 12178

APPLICATION

KCS Medallion Resources, Inc. applies for simultaneous dedication in the Morrow formation underlying the W $\frac{1}{2}$  of Section 27, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W $\frac{1}{2}$  of said Section 27. The W $\frac{1}{2}$  of Section 27 is currently dedicated to the Greenwood Pre-Grayburg Unit Fed. C Com. Well No. 1, located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  (Unit L) of Section 27, which is producing from the Morrow formation (Shugart-Morrow Gas Pool).

2. Applicant proposes to drill its Shugart Fed. "27" Well No. 1, at an orthodox gas well location 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 27, to a depth sufficient to test the Morrow formation, and seeks an exception to Division Rule 104.D(3) to permit it to simultaneously dedicate the W $\frac{1}{2}$  of Section 27 to both the existing and proposed wells.

3. The granting of this application will prevent waste and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division grant the relief requested above.

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OIL CONSERVATION DIV.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for KCS Medallion Resources,  
Inc.

PROPOSED ADVERTISEMENT

Case 12144: Application of KCS Medallion Resources, Inc. for simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval to drill its Shugart Fed. "27" Well No. 1 to the base of the Morrow formation at a location 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 27, Township 18 South, Range 31 East, NMPPM, said location being orthodox for the Shugart-Morrow Gas Pool. Applicant also seeks to dedicate the W½ of Section 27 to the proposed well and to the existing Greenwood Pre-Grayburg Unit Fed. C Com. Well No. 1, located in Unit L of Section 27. Said unit is located approximately 10 miles southeast of Loco Hills, New Mexico.

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