

KCS MEDALLION RESOURCES, INC. (918) 488-8283 phone
7130 SOUTH LEWIS AVENUE, SUITE 700 (918) 488-8182 fax
TULSA, OKLAHOMA 74136-5489

FAX COVER SHEET

DATE: September 23, 1999

TO: Bob Davis (Central Resources)

FROM: Tim Wilson

FAX NUMBER: 303-831-1397

PAGES (including cover sheet): 2

SUBJECT: State #2-7 (Mosley Canyon Prospect)
Section 7-24s-25e
Eddy County, New Mexico

Bob - Pursuant to Bill Siruta's request, please find attached an AFE for the captioned well. We have a pooling scheduled for October 7, 1999. However, there is a question as to how much Central, RKC, Inc., and Toreador own. The title opinion requires a stipulation of interest needs to be secured from the parties and placed of record. This would be something that Rick Hodges would address. My direct number is (918) 491-4127 and fax (918) 488-8185. Call me if needed. Thanks!!

MESSAGE: THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY TELEPHONE AND RETURN THE ORIGINAL MESSAGE TO US AT THE ABOVE ADDRESS VIA THE U.S. POSTAL SERVICE. THANK YOU.

KCS Medallion Resources, Inc.
 7130 South Lewis Avenue
 Suite 700
 Tulsa, OK 74136-5489

(918) 488-8283 phone
 (918) 488-8182 fax

August 13, 1999

VIA CERTIFIED MAIL

Central Resources, Inc.
 Attn: Rick Hodges
 1775 Sherman St.
 Denver, CO 80203



RKC, Inc.
 Attn: Rick Hodges
 1527 Hillside Road
 Fairfield, CT 06490

RE: State #2-7 (Mosley Canyon Prospect)
 S/2 Section 7-24S-25E
 Eddy County, New Mexico

Gentlemen:

KCS Medallion Resources, Inc. ("KCS") proposes the drilling of a test well at a location of 1,800' FSL & 1,980' FWL of Section 7-24s-25e, Eddy County, New Mexico. KCS proposes that the test be drilled to an approximate depth of 11,000' in order to test the Morrow formation and all other potentially productive zones that may be encountered at that location.

Dry hole costs are estimated to be \$458,586 with a completed well cost of \$787,778 as shown on the enclosed AFE dated July 28, 1999. If you wish to participate in the proposed test by paying your proportionate share of the drilling and completion costs, please indicate so by executing a copy of the enclosed AFE and faxing to my attention at (918) 488-8185.

Upon receipt of an executed

Sincerely,

Tim M. Wilson, CPL
 Landman - Western District

centralmosley

Is your RETURN ADDRESS completed on the reverse side?

SENDER:		I also wish to receive the following services (for an extra fee):	
<input type="checkbox"/> Complete items 1 and/or 2 for additional services. <input type="checkbox"/> Complete items 3, 4a, and 4b. <input type="checkbox"/> Print your name and address on the reverse of this form so that we can return this card to you. <input type="checkbox"/> Attach this form to the front of the mailpiece, or on the back if space does not permit. <input type="checkbox"/> Write "Return Receipt Requested" on the mailpiece below the article number. <input type="checkbox"/> The Return Receipt will show to whom the article was delivered and the date delivered.		1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery	
3. Article Addressed to:		4a. Article Number	
Central Resources, Inc.		Z 261 613 253	
Attn: Rick Hodges		4b. Service Type	
1775 Sherman St.		<input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
Denver, CO 80203		7. Date of Delivery	
		8-17	
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Addressee or Agent)			

CENTRAL

RESOURCES, INC.

August 3, 1999

KCS Medallion Resources, Inc.
7130 South Lewis Avenue
Suite 700
Tulsa, Oklahoma 74136

RECEIVED
AUG 09 1999
KCS MEDALLION RESOURCES, INC.

Re: Mosely Canyon Prospect
S/2 Section 7, 24S, 25E
Eddy County, New Mexico

Attention: Tim Wilson

Gentlemen:

Reference is made to your letter dated July 1, 1999 requesting a farmout of Central's and RKC's interest in the captioned tract for the drilling of an 11,000' Morrow test. Please be advised that Central and RKC find your proposed terms unacceptable. We will consider farming out our interests along the lines of delivering a 75% NRI lease with a 35% backin after payout. No cash consideration will be required.

Should KCS be interested in accepting a farmout along these lines, please advise.

Yours very truly,



R. L. Hodges
Vice President, Land

KCS MEDALLION RESOURCES, INC. (918) 488-8283 phone
7130 SOUTH LEWIS AVENUE, SUITE 700 (918) 488-8182 fax
TULSA, OKLAHOMA 74136-5489

FAX COVER SHEET

DATE: August 2, 1999
TO: Rick Hodges (Central/RKC) (303) 830-0100
FROM: Tim Wilson
FAX NUMBER: 1-303-830-9297
PAGES (including cover sheet): 1
SUBJECT: State #2-7 (Mosley Canyon Prospect)
Section 7-24s-25e
Eddy County, New Mexico

Rick - Attached is a copy of Allen Harvey's Original Drilling Title Opinion dated July 28, 1999. Under requirement #6 (page 8) the attorney has requested a stipulation of interest be obtained from RKC, Central, and Toreador.

Please give me a call at 918-491-4127 when you have had a chance to review. Your help will be greatly appreciated.

Thanks!!

Sent to correct the section on the reference.

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KCS Medallion Resources, Inc.
7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 phone
(918) 488-8182 fax

July 1, 1999

254 7679 251

VIA FEDERAL EXPRESS

Central Resources, Inc.
Attn: Rick Hodges
1775 Sherman St.
Denver, CO 80203



RKC, Inc.
1527 Hillside Road
Fairfield, CT 06490

*7/22 - Rick Hodges said don't
approve will get
something to me
next week. call
up 7/30/99.
TW*

RE: Mosely Canyon Prospect
S/2 Section 7-24S-25E
Eddy County, New Mexico

Dear Rick,

Pursuant to your request, attached are two (2) copies each of a Farmout Agreement dated July 1, 1999, covering our proposed 11,000' Morrow Sandstone test in the captioned section for execution by Central Resources, Inc. and RKC, Inc. Information concerning reports and production tests were left blank on page 3, pending notification of the proper names, phone numbers, and addresses.

As consideration for the farmouts, KCS will pay a \$75.00 per acre bonus for 76% net revenue farmouts with six month terms. The farmouts have a stratigraphic depth limitation from the surface of the earth to the total depth drilled.

If the agreements meet with your approval, please have one (1) copy of each instrument executed and returned to my attention. If you fax me an executed copy of the signature page and advise me of the correct net acres for each party, I will Federal Express bonus checks. My fax number is (918) 488-8185.

Thank you for all your help with these interests. Please give me a call at (918) 491-4127 if there are any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim M. Wilson".

Tim M. Wilson, CPL
Landman - Western District

KCS Medallion Resources, Inc.
7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 phone
(918) 488-8182 fax

March 19, 1999

Central Resources, Inc.
2600 Mellon Center
1775 Sherman St.
Denver, CO 80203

*PAUL ZECCHI, PRESIDENT
RICK HODGES, ENGINEER,
(303) 830-0100 LAM*



RE: Mosely Canyon Prospect
S/2 Section 7-24S-25E
Eddy County, New Mexico

Gentlemen:

KCS Medallion Resources, Inc. is interested in drilling an 11,000' Morrow test in the S/2 of the captioned section. Dry Hole costs are estimated at \$411,000 with total completed well costs estimated at \$730,000.

In connection with this test KCS would like to offer a \$75.00 per acre bonus for an 80% net revenue farmout with a six (6) month term. The farmout would have a stratigraphic depth limitation from the surface of the earth to the total depth drilled.

Please let me know your thoughts on this proposal at your earliest convenience. My direct number is (918) 491-4217. Your time and consideration on this request is greatly appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tim M. Wilson".

Tim M. Wilson, CPL
Landman - Western District

TMW/lap

KCS Medallion Resources, Inc.
7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 phone
(918) 488-8182 fax

July 1, 1999

VIA FEDERAL EXPRESS

✓ Central Resources, Inc.
Attn: Rick Hodges
1775 Sherman St.
Denver, CO 80203

RKC, Inc.
1527 Hillside Road
Fairfield, CT 06490



Both MAILED TO CENTRAL ~~TO~~

RE: Mosely Canyon Prospect
S/2 Section 7-24S-25E
Eddy County, New Mexico

Dear Rick,

Pursuant to your request, attached are two (2) copies each of a Farmout Agreement dated July 1, 1999, covering our proposed 11,000' Morrow Sandstone test in the captioned section for execution by Central Resources, Inc. and RKC, Inc. Information concerning reports and production tests were left blank on page 3, pending notification of the proper names, phone numbers, and addresses.

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If the agreements meet with your approval please have one (1) copy of each instrument executed and returned to my page and advise me of the checks. My fax number is (9

Thank you for all your help there are any questions.

Sincerely,

Tim M. Wilson, CPL
Landman - Western District

centralmosley

Is your RETURN ADDRESS completed on the reverse side?	SENDER: <input type="checkbox"/> Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. <input type="checkbox"/> Print your name and address on the reverse of this form so that we can return this card to you. <input type="checkbox"/> Attach this form to the front of the mailpiece, or on the back if space does not permit. <input type="checkbox"/> Write "Return Receipt Requested" on the mailpiece below the article number. <input type="checkbox"/> The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery
	3. Article Addressed to: RKC, Inc. Attn: Rick Hodges 1527 Hillside Road Fairfield, CT 06490		4a. Article Number Z 261 613 255
	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD		7. Date of Delivery 8-17-99
	5. Received By: (Print Name) 		8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Addressee or Agent) 			

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 phone

(918) 488-8182 fax

March 19, 1999

RKC, Inc.
1527 Hillside Road
Fairfield, CT 06490

RICHARD KRAL
(203) 254-7714



RE: Mosely Canyon Prospect
S/2 Section 7-24S-25E
Eddy County, New Mexico

Gentlemen:

KCS Medallion Resources, Inc. is interested in drilling an 11,000' Morrow test in the S/2 of the captioned section. Dry Hole costs are estimated at \$411,000 with total completed well costs estimated at \$730,000.

In connection with this test KCS would like to offer a \$75.00 per acre bonus for an 80% net revenue farmout with a six (6) month term. The farmout would have a stratigraphic depth limitation from the surface of the earth to the total depth drilled.

Please let me know your thoughts on this proposal at your earliest convenience. My direct number is (918) 491-4217. Your time and consideration on this request is greatly appreciated.

A129

Sincerely,

A handwritten signature in black ink, appearing to read "Tim M. Wilson".

Tim M. Wilson, CPL
Landman - Western District

TMW/lap

KCS Medallion Resources, Inc.

7130 South Lewis Avenue

Suite 700

Tulsa, OK 74136-5489

(918) 488-8283 phone

(918) 488-8182 fax

August 13, 1999

VIA CERTIFIED MAIL

Toreador Exploration & Production Inc.

Attn: Kathy Nevison

8117 Preston Road, Suite 530

Dallas, Texas 75225-6325



RE: State #2-7 (Mosley Canyon Prospect)

S/2 Section 7-24S-25E

Eddy County, New Mexico

Dear Kathy,

KCS Medallion Resources, Inc. ("KCS") proposes the drilling of a test well at a location of 1,800' FSL & 1,980' FWL of Section 7-24s-25e, Eddy County, New Mexico. KCS proposes that the test be drilled to an approximate depth of 11,000' in order to test the Morrow formation and all other potentially productive zones that may be encountered at that location.

Dry hole costs are estimated to be \$458,586 with a completed well cost of \$787,778 as shown on the enclosed AFE dated July 28, 1999. If you wish to participate in the proposed test by paying your proportionate share of the drilling and completion costs, please indicate so by executing a copy of the enclosed AFE and faxing to my attention at (918) 488-8185.

Upon receipt of an executed AFE, an A.A.P.L. Form 610-1982 Model Form Operating Agreement will be forwarded for your signature. If you have any questions concerning the above, please call me at (918) 491-4127.

Sincerely,

Tim M. Wilson, CPL

Landman - Western District

toreadorproposalmosleycanyon

is your RETURN ADDRESS completed on the reverse side?

SENDER:

- 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 can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:
 Toreador Exploration & Production Inc.
 Attn: Kathy Nevison
 8117 Preston Rd., Suite 530
 Dallas, TX 75225-6325

4a. Article Number
 Z 261 613 254

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt on Merchandise COD

7. Date of Delivery
 8/18/99

5. Received By: (Print Name)
 Rhonda Jackson

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

KCS Medallion Resources, Inc.
7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 phone
(918) 488-8182 fax

File

252 1741 092

July 1, 1999

VIA FEDERAL EXPRESS

Toreador Exploration & Production Co.
Attn: Herschel Sanders
8117 Preston Road, Suite 530
Dallas, TX 75225-6325



RE: Mosely Canyon Prospect
S/2 Section 7-24S-25E
Eddy County, New Mexico

Dear Herschel,

I took the liberty of forwarding two (2) copies of a Farmout Agreement dated July 1, 1999, covering our proposed 11,000' Morrow Sandstone test in the captioned section. Information concerning reports and production tests were left blank on page 3, pending notification of the proper names, phone numbers, and addresses.

As consideration for the farmout, KCS will pay a \$75.00 per acre bonus for a 76% net revenue farmout with a six month term. The farmout has a stratigraphic depth limitation from the surface of the earth to the total depth drilled.

If the agreement meets with your approval, please have one (1) copy of the instrument executed and returned to my attention. If you fax me an executed copy of the signature page and advise me of the correct net acres, I will Federal Express a bonus check. My fax number is (918) 488-8185.

Thank you for all your help with these interests. Please give me a call at (918) 491-4127 if there are any questions.

Sincerely,

Tim M. Wilson

Tim M. Wilson, CPL
Landman - Western District

KCS MEDALLION RESOURCES, INC. (918) 488-8283 phone
7130 SOUTH LEWIS AVENUE, SUITE 700 (918) 488-8182 fax
TULSA, OKLAHOMA 74136-5489

FAX COVER SHEET

DATE: August 2, 1999
TO: Kathy Nevison (Toreador)
FROM: Tim Wilson
FAX NUMBER: 1-214-369-3183
PAGES (including cover sheet): 1
SUBJECT: State #2-7 (Mosley Canyon Prospect)
Section 7-24s-25e
Eddy County, New Mexico

Kathy - Attached is a copy of Allen Harvey's Original Drilling Title Opinion dated July 28, 1999. Under requirement #6 (page 8) the attorney has requested a stipulation of interest be obtained from RKC, Central, and Toreador.

Please give me a call at 918-491-4127 when you have had a chance to review. Your help will be greatly appreciated.

Thanks!!

Sent to correct the section on the reference.

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*** ACTIVITY REPORT ***

TRANSMISSION OK

TX/RX NO.	7742
CONNECTION TEL	12143693183
CONNECTION ID	Toreador Royalty
START TIME	08/02 16:19
USAGE TIME	00'41
PAGES	1
RESULT	OK



RECEIVED

JUL 20 1999

KCS MEDALLION RESOURCES, INC.

July 15, 1999

KCS Medallion Resources, Inc.
7130 South Lewis Avenue, Suite 700
Tulsa, OK 74136-5489
Attn: Tim W. Wilson

RE: Mosley Canyon Prospect
S/2 Section 7- 24S-25E
Eddy County, New Mexico

Dear Mr. Wilson:

Enclosed please find an original executed Farmout Agreement, covering the referenced area. Please note I have attached Toreador Exploration & Production's Well Requirement sheet as Exhibit "B" to same.

If you have any questions, please do not hesitate to call.

Sincerely,

Kathy Nevison
Landman

Encl.

KCS Medallion Resources, Inc.

7130 South Lewis Avenue

Suite 700

Tulsa, OK 74136-5489

(918) 488-8283 phone

(918) 488-8182 fax

July 28, 1999



Toreador Exploration & Production Inc.
4809 Cole Avenue, Suite 108
Dallas, TX 75205

Attention: Kathy Nevison

Re: Mosley Canyon Prospect
S/2 Section 7-24S-25E
Eddy County, New Mexico

Gentlemen:

Pursuant to Toreador's agreement to farm out its 25 net acre interest in the captioned Prospect, enclosed please find KCS Medallion Resources, Inc.'s check No. 37873M in the amount of \$1,875.00. This check represents payment in full of a \$75.00 per net acre bonus for Toreador's interest.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Tim M. Wilson".

Tim M. Wilson, CPL
Landman - Western District

TMW:rkw
Enclosure

f:\land\tmw\mosleycanyon\check to Toreador

PAYEE	CHECK NUMBER	DATE
TOREADOR EXPLORATION & PRODUCTION INC.	37873M	07-28-99

\$75.00 PER ACRE BONUS FOR FARMOUT AGREEMENT DATED 07/01/99, COVERING
25 NET ACRES IN SECTION 7-23S-25E, EDDY COUNTY, NEW MEXICO

****1,875.00****

KCS MEDALLION RESOURCES, INC.

A KCS ENERGY COMPANY
OPERATING ACCOUNT
17130 S. LEWIS AVE.
SUITE 700
DALLAS, OK 75241

88-14
1131

Bank One
Bank One Texas, N.A.
Port Arthur, Texas Office

PAY ONE THOUSAND EIGHT HUNDRED SEVENTY-FIVE AND 00/100*****DOLLARS

TO TOREADOR EXPLORATION & PRODUCTION INC.
ORDER 4809 COLE AVENUE, STE 108
OF DALLAS, TX 75205

CHECK NUMBER	DATE	PAY EXACTLY
37873M	07-28-99	***1,875.00***

VOID IF NOT PRESENTED FOR PAYMENT WITHIN 90 DAYS

AUTHORIZED SIGNATURE

⑈037873⑈ ⑆113101401⑆ 9320008759⑈

KCS MEDALLION RESOURCES, INC. (918) 488-8283 phone
7130 SOUTH LEWIS AVENUE, SUITE 700 (918) 488-8182 fax
TULSA, OKLAHOMA 74136-5489

FAX COVER SHEET

DATE: August 2, 1999
TO: Rick Hodges (Central/RKC) (303) 830-0100
FROM: Tim Wilson
FAX NUMBER: 1-303-830-9297
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SUBJECT: State #2-7 (Mosley Canyon Prospect)
Section 7-24s-25e
Eddy County, New Mexico

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Please give me a call at 918-491-4127 when you have had a chance to review. Your help will be greatly appreciated.

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