

ABOVE THIS LINE FOR DIVISION USE ONLY

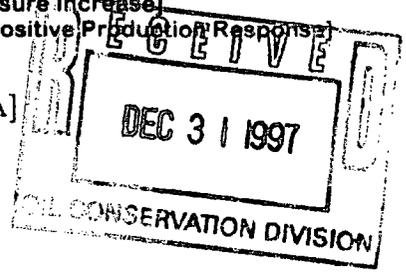
**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling  
 NSL    NSP    DD    SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC    CTB    PLC    PC    OLS    OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX    PMX    SWD    IPI    EOR    PPR

*See NSL-15CS.2 as an example*

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

**JAMES BRUCE**  
P.O. BOX 1056  
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

*James Bruce*  
Signature

*Attorney for Applicant*  
Title

*12/31/97*  
Date

Print or Type Name

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

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

December 31, 1997

**Hand Delivered**

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), KCS Medallion Resources, Inc. hereby applies for administrative approval of an unorthodox gas well location for the following well:

Esperanza Well No. 1  
660 feet FSL & 660 feet FEL  
§28, Township 21 South, Range 27 East, NMPM  
Eddy County, New Mexico

Attached as Exhibit A is a Form C-102 for the well. The well will be drilled to approximately 11,500 feet, to test the Morrow formation (Burton Flat-Morrow Gas Pool). Well spacing is 320 acres, with wells to be located no closer than 1980 feet from the end line and 660 feet from the side line of the unit. The E½ of Section 28 will be dedicated to the well.

Attached as Exhibit B is an isopach map of the Morrow "A" Sand. The general trend of the Morrow in this area is northwest-southeast. It takes as much as 15 feet of net sand for a productive well. Most wells in this area with less than 15 feet of sand are not commercial. The further north the well is located, the greater the chances the sand will be thin and non-commercial. Drilling at the proposed location should enable the well to test approximately 15 feet of net sand, and substantially increase the chances of drilling a successful well.

Attached as Exhibit C is a land plat of the area. The offset operator of the N½ §33 and the N½ §34 is OXY USA Inc. Attached as Exhibit D is a copy of the notice letter sent to OXY USA Inc. on this date.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above the printed name.

James Bruce

Attorney for KCS Medallion  
Resources, Inc.

DISTRICT I  
P.O. Box 1060, Hobbs, NM 88241-1060

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer 80, Artesia, NM 88211-0719

1997 FEB 23 03:03

DISTRICT III  
1000 Rio Brazos Rd., Antec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT IV  
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name ESPERANZA	Well Number 1
OGRD No.	Operator Name KCS MEDALLION RESOURCES, INC.	Elevation 3189

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	28	21 S	27 E		660	SOUTH	660	EAST	EDDY

Bottom Hole Location if Different From Surface

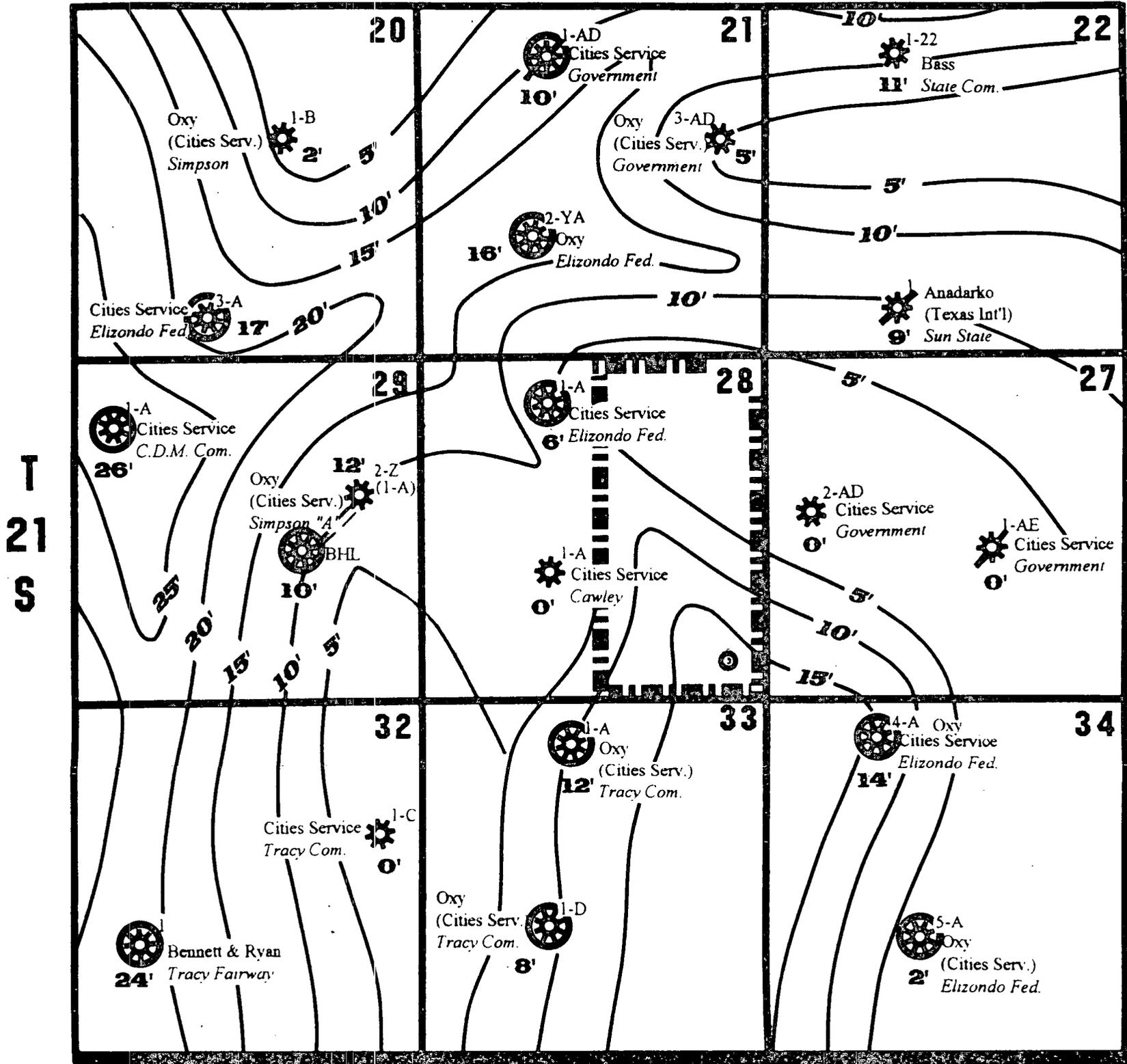
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 11, 1997</p> <p>Date Surveyed _____ JLP</p> <p>Signature _____</p> <p>Professional Surveyor</p> <p>RONALD G. EDSON</p> <p>P.O. Num. 87-1161010</p>
	<p>Certificate No. RONALD G. EDSON, 3239</p> <p>GARRETT EDSON, 12641</p> <p>McDONALD, 12185</p>
	<p><b>EXHIBIT A</b></p>

# R-27-E



T  
21  
S



**MORROW "A" SAND  
PRODUCTION**

**KCS** Medallion Resources, Inc.  
A KCS Energy Company

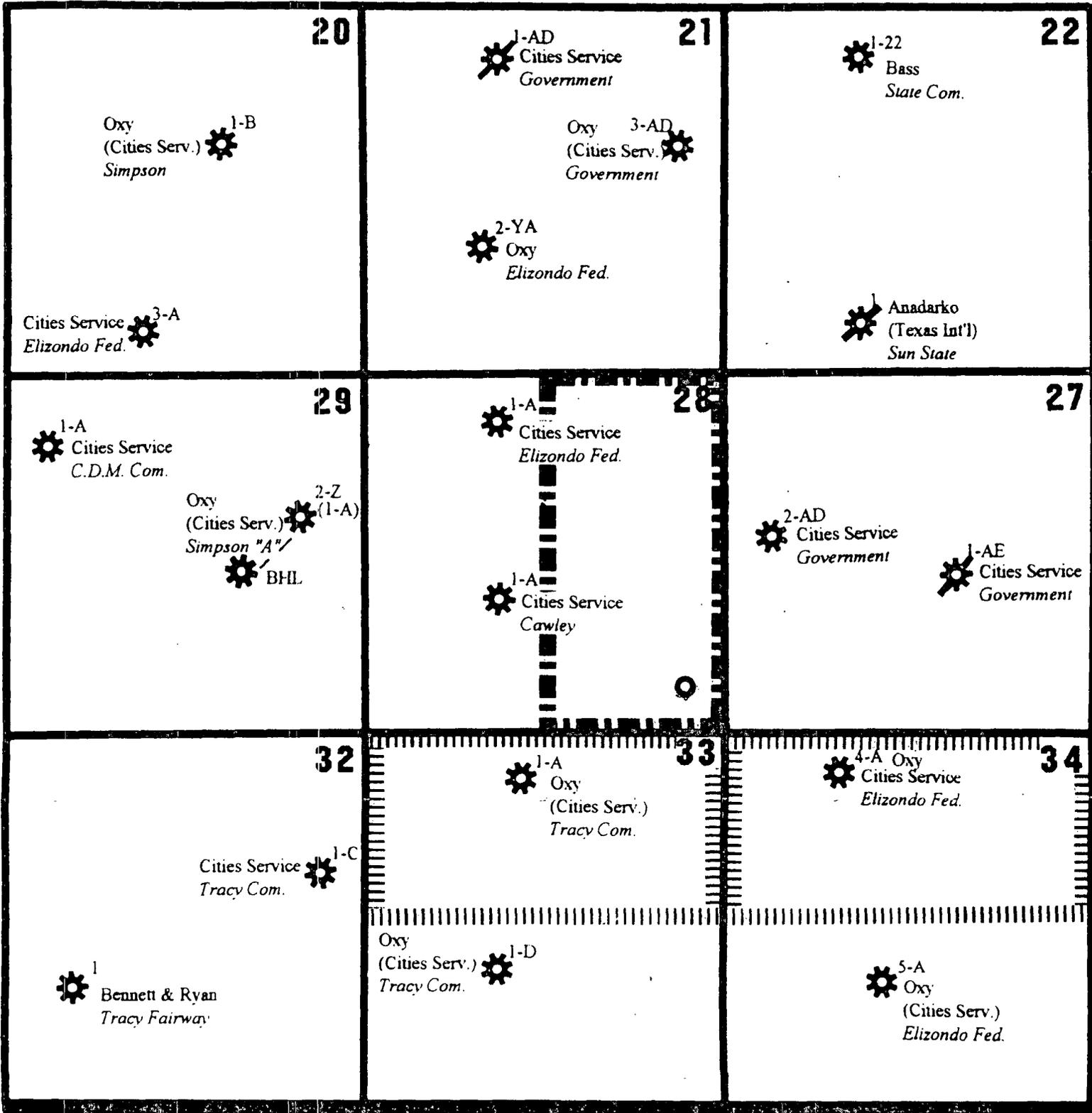
**ESPERANZA PROSPECT  
EDDY COUNTY, NEW MEXICO**

**NET ISOPACH  
UPPER MORROW 'A' SAND**

Scale: 1"=2000' By: W. A. Siruta Date: 11/97

R-27-E

T  
21  
S



**KCS** Medallion Resources, Inc.  
A KCS Energy Company

**ESPERANZA PROSPECT  
EDDY COUNTY, NEW MEXICO  
E/2 SECTION 28-21S-27E**

**UNORTHODOX LOCATION  
APPLICATION**

Scale: 1"=2000' By: W. A. Siruta Date: 11/97

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

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

December 31, 1997

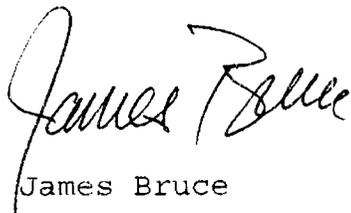
**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

OXY USA Inc.  
P.O. Box 50250  
Midland, Texas 79710

Ladies and Gentlemen:

On December 31, 1997, KCS Medallion Resources, Inc. filed an application at the New Mexico Oil Conservation Division seeking administrative approval of an unorthodox gas well location for the Esperanza Well No. 1, located in the E½ of Section 28, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. A copy of the application is enclosed. KCS Medallion's records show that you own an interest offsetting the above well. If you object to the unorthodox location, you must notify the Division in writing no later than 20 days from the date of this letter. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner).

Very truly yours,

  
James Bruce

Attorney for KCS Medallion  
Resources, Inc.





NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

January 13, 1998

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

RE: Administrative application for K.C.S. Medallion Resources, Inc. to drill its proposed Esperanza Well No. 1 at an unorthodox gas well location in the Burton Flat-Morrow Gas Pool within a proposed 320-acre gas spacing and proration unit to comprise the S/2 of Section 28, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.

Dear Mr. Bruce:

To complete my review of the subject application, please provide me with information as to the current status of the OXY USA, Inc. Cawley "A" Well No. 1 (API No. 30-015-20763), located 1980 feet from the South and West lines (Unit K) of said Section 28, its completion interval(s), and the dedicated acreage for any and all production.

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

Sincerely,

Michael E. Stogner  
Chief Hearing Examiner/Engineer

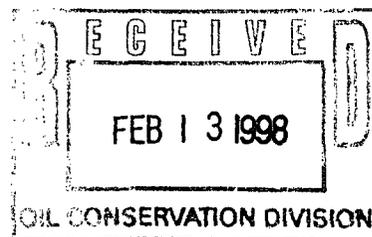
cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
OXY USA, Inc. - Midland, Texas

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

SUITE B  
612 OLD SANTA FE TRAIL  
SANTA FE, NEW MEXICO 87501

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



February 12, 1998

Hand Delivered

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Application of KCS Medallion Resources, Inc. for  
administrative approval of an unorthodox gas well  
location for the following well:

Esperanza Well No. 1  
660 feet FSL & 660 feet FEL  
E½ §28, Township 21 South, Range 27 East, NMPM  
Eddy County, New Mexico

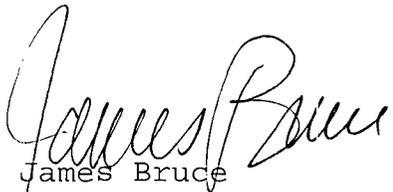
Dear Mr. Stogner:

Regarding your letter of January 13, 1998 (copy attached): The OXY USA Inc. Cawley "A" Well No. 1 was completed as a Morrow producer, in the interval between 11,202 - 11,306 feet subsurface. It last produced in May 1995. The well was temporarily abandoned by OXY in 1997. OXY has informed me that the well will not be recompleted or further produced from the Morrow, although it has potential for an uphole completion.

The Cawley well had the S½ of Section 28 dedicated to it. The proposed well will have the E½ dedicated to it in the Morrow. Since the Cawley well is now unproductive in the Morrow, and will be abandoned in that zone, there is no conflict.

Thank you for your consideration of this matter. Please call me if you have any questions.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for KCS Medallion  
Resources, Inc.

cc: Richard E. Foppiano