

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

[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

7/12/99
 Date

Print or Type Name

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)

July 12, 1999

Hand Delivered

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

Re: Application to Amend Administrative Order NSL-3972

Esperanza Well No. 1

Approved location: 660 feet FSL & 660 feet FEL
E½ §28, Township 21 South, Range 27 East, NMPM
Eddy County, New Mexico

Operator: KCS Medallion Resources, Inc.

Dear Mr. Stogner:

KCS Medallion Resources, Inc. ("KCS") requests amendment of the above order to change the well location to 660 feet from the south line and 1304 feet from the east line.

Attached as Exhibit A is a Form C-102 for the well. The well will still 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 to the end line and 660 feet to the side line of the well unit.

Attached as Exhibit B is an isopach map of the Upper Morrow "A" Sand, the primary zone of interest. The general trend of the Morrow in this area is northwest-southeast. 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. 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 chance the sand will be thin and non-commercial.

KCS had originally requested a location 660 from the east line of Section 28. Since then, KCS has further refined its geologic interpretation of the area, and believes that moving several hundred feet to the west will locate the well in the center of the Morrow trend, which will result in developing the most porous sand interval. As a result, KCS requests approval of the new location.

Exhibit B also indicates the offset operators. The operator of Sections 33 and 34 is OXY USA Inc. Attached as Exhibit C 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, appearing to read "James Bruce".

James Bruce

Attorney for KCS Medallion
Resources, Inc.

DISTRICT I

Box 1960, Hobbs, NM 88241-1960

DISTRICT II

Box 80, Artesia, NM 88211-0718

DISTRICT III

Box 100, Brea, NM 87410

DISTRICT IV

Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Minerals and Natural Resources Department

RECEIVED

JUN 21 1999

KCS MEDALLION

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name ESPERANZA "28"	Well Number 1
OGRI No.	Operator Name KCS MEDALLION RESOURCES, INC.	Elevation 3180

Surface Location

UL or lot No.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
P	28	21 S	27 E		660	SOUTH	1304	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1st	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

DRILLSITE LOCATION
APPROVED
GEOLOGIST
LAND DEPT. ~~2/24~~
PLEASE INITIAL AND DATE

3173.3' — 3181.3'
[O]
3189.7' — 3190.1'
DETAIL

SEE DETAIL

1304'

093'

OPERATOR CERTIFICATION

I hereby certify the information
contained herein is true and complete to the
best of my knowledge and belief.

Signature

Printed Name

Title

Date

SURVEYOR CERTIFICATION

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.

JUNE 11, 1999

Date Surveyed

DNCC

Signature

Professional Surveyor

NEW MEXICO

2035

9-11-0508

Certified by

Ronald E. Edson

3239

12641

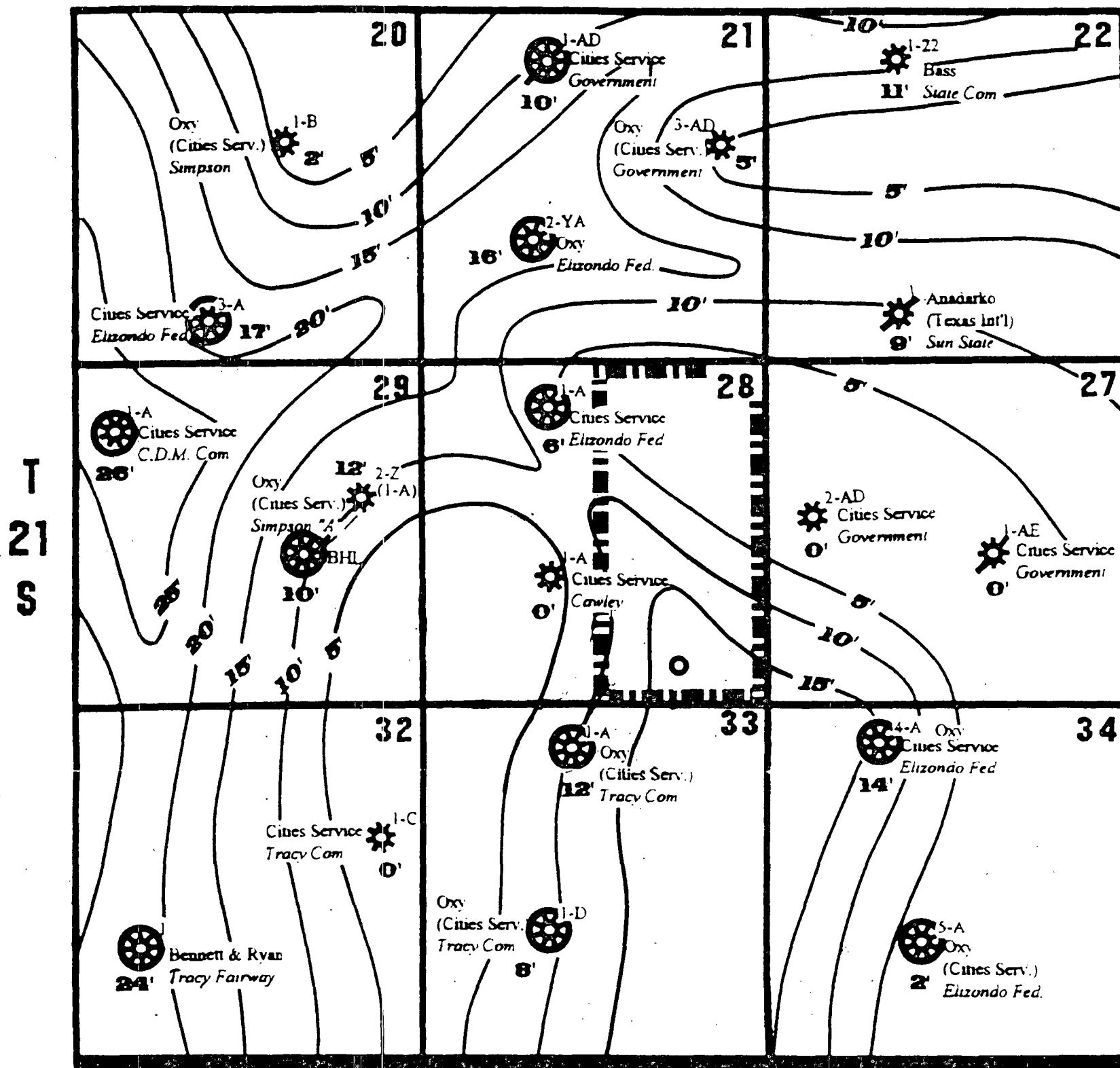
12185

EXHIBIT

A

21
1304
660
434

R-27-E



**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. Sirta

Date: 7/99

EXHIBIT B

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)

July 12, 1999


CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

Dear Mr. Foppiano:

Enclosed is a copy of an application filed by KCS Medallion Resources, Inc. ("KCS") with the New Mexico Oil Conservation Division seeking to amend Administrative Order NSL-3972. KCS seeks to move its proposed Esperanza Well No. 1, located in the E½ of Section 28, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, to a location 1304 feet from the east line of the section. KCS's records show that OXY owns an interest offsetting the above well. If you object to the unorthodox location, you must notify the Division in writing no later than Monday, August 2, 1999. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,


James Bruce

Attorney for KCS Medallion
Resources, Inc.

New Address: Suite 2453C
5 Greenway Plaza
Houston, Texas 77046



CMD : ONGARD 07/19/99 09:22:05
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPSC

OGRID Idn : 161859 API Well No: 30 15 30298 APD Status(A/C/P): A
Opr Name, Addr: KCS MEDALLION RESOURCES INC Aprvl/Cncl Date : 04-20-1998
7130 SOUTH LEWIS
STE 700
TULSA,OK 74136

Prop Idn: 23429 ESPERANZA Well No: 1

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn : P	28	21S	27E				FTG 660 F S	FTG 660 F E
OCD U/L : P		API	County	15				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3189

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 11600 Prpsd Frmtn : MORROW

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12