



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

October 24, 2000

**Lori Wrotenbery**  
Director  
Oil Conservation Division

**KCS Medallion Resources, Inc.**  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

*Administrative Order NSL-4517*

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated October 12, 2000 on behalf of the operator KCS Medallion Resources, Inc. ("KCS"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning KCS's request to drill its Big Kahuna Well No. 1 at an unorthodox wildcat Devonian oil well location 1553 feet from the South line and 1515 feet from the East line (Unit J) of Section 21, Township 9 South, Range 37 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The geologic interpretation based solely on 3-D seismic data submitted therein indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the NW/4 SE/4 of Section 21.

Further, it is our understanding that the Devonian formation underlying the S/2 of Section 21 is within a single patented fee lease in which KCS is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than KCS.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

  
Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs