



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

September 22, 1999

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

Telefax No. (505) 982-2151

2nd AMENDED Administrative Order NSL-3972

Dear Mr. Bruce:

Reference is made to your application dated September 21, 1999 requesting that Division Administrative Order NSL-3972 be amended a second time to reflect a location change for KCS Medallion Resources, Inc.'s ("KCS") proposed Esperanza Well No. 1 (API No. 30-015-30298) to be drilled within a standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 28, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.

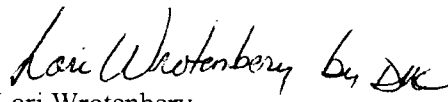
Division Administrative Order NSL-3972, dated March 13, 1998, authorized KCS to drill the Esperanza Well No. 1 at an unorthodox gas well location within the Burton Flat-Morrow Gas Pool 660 feet from the South and East lines (Unit P) of Section 28. An amendment to this order was issued on July 22, 1999 which authorized a change to a new location 660 feet from the South line and 1304 feet from the East line (Unit P) of Section 28.

It is our understanding that a move to the north-northwest a distance of 224 feet from the 660'/1304' location is needed in order to avoid an archaeological site.

This second amended request has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), Division Administrative Order NSL-3972, as amended, is hereby revised to reflect a location change for the proposed well in the E/2 of Section 28 to be drilled an unorthodox gas well location that is 860 feet from the South line and 1204 feet from the East line (Unit P) of Section 28. All other provisions of Division Administrative Order NSL-3972, as amended shall remain in full force and effect until further notice.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3972