

Sec : 24 Twp : 18S Rng : 30E Section Type : NORMAL

D 40.00 Federal owned R	C 40.00 Federal owned R	B 40.00 Federal owned A	A 40.00 Federal owned A
E 40.00 Federal owned R	F 40.00 Federal owned A	G 40.00 Federal owned	H 40.00 Federal owned A
L 40.00 Federal owned R	K 40.00 Federal owned C	J 40.00 Federal owned A A A	I 40.00 Federal owned A A
M 40.00 Federal owned A	N 40.00 Federal owned A	O 40.00 Federal owned A A	P 40.00 Federal owned A A

Well No : 006
GL Elevation: 3556

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	---	---	---	---	---
B.H. Locn : F	24	18S	30E	FTG 2100 F N	FTG 2310 F W	P	
Lot Identifier:							
Dedicated Acre:							
Lease Type : F							
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025: Enter PF keys to scroll

```
PF01 HELP      PF02      PF03 EXIT      PF04 GoTo      PF05      PF06
PF07      PF08      PF09      PF10 NEXT-WC PF11 HISTORY PF12 NXTREC
```

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTSUBMIT IN TRIPlicate
(Other instructions
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

C/SF

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒GAS WELL ☐

OTHER

SPECIAL ☒MULTIPLE ☐

2. NAME OF OPERATOR

KCS Medallion Resources, Inc.

161859

3. ADDRESS AND TELEPHONE NO.

7130 South Lewis Avenue, Suite 700, Tulsa, OK 74136-5489. Phone (918)499-1325

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1650 ft FNT. & 2310 ft FWL of Section 2

At proposed prod. some 2100 BWT Same

Unit F

POTASH

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

The location is about 7 miles SE of Loco Hills

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)

467 ft

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

1342 ft

16. NO. OF ACRES IN LEASE

200 Acres more or less

19. PROPOSED DEPTH

8,500 ft

17. NO. OF ACRES ASSIGNED TO THIS WELL

40 Acres

20. ROTARY OR CABLE TOOLS

Rotary Tools

21. ELEVATIONS (Show whether DV, RT, GR, etc.)

3556 ft, Ground Level

22. APPROX. DATE WORK WILL START*

01 October 2001

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	Sch 10, 20"	52.73 lbs.	40 to 80 ft	Ready-Mix to surface
17 1/2"	H40, 13 3/8"	48 lbs.	760 ft	520 sacks w/additives
11"	J55, 8 5/8"	32 lbs.	2,800 ft	680 sacks w/additives
7 7/8"	J55, 5 1/2"	15.5 & 17 lbs.	8,500 ft	480 sacks w/additives

Procedure:

1. Drill 26 in hole and set 20 in conductor w/rat hole digger if necessary. Cement to surface
 2. Drill 17 1/2 in hole to 760 ft and set 13 3/8 in casing. Cement to surface.
 3. Drill 11 in hole to 2800 ft and set 8 5/8 in casing. Cement to surface.
 4. Install Hydrill and BOP Stack. Test to 2750 psig.
 5. Drill cement in casing to within 20 ft of shoe. Test casing to 1500 psig.
 6. Drill 7 7/8 in hole through the Bone Springs formation to TD. DST as necessary.
 7. Run electric logs. Shoot sidewall cores if desired.
 8. If warranted, run and cement 5 1/2 in casing w/stage collar at 4300 ft. Cement to 500 ft above top zone of interest and through stage collar with sufficient slurry to fill 500 ft into the 8 5/8" surface casing.
 9. Test 5 1/2 in casing to 3000 psig prior to perforation.
- Exhibits Attached:

- A. Location and elevation plat.
B. Location Verification Map.
C. Vicinity map.

- D. Surface Use Plan.
E. Drilling Plan.
F. Blow Out Preventer Diagram

- G. Typical Wellsite Layout
H. Map of Existing Wells In Area
I. H2S Drilling operations Plan

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

24.

SIGNED

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

STATE DIRECTOR

DATE

DEC 11 2001

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

APPROVAL FOR 1 YEAR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED

Bureau of Land Management Form 1004-0135

Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

KCS Medallion Resources, Inc.

3. Address and Telephone No.

7130 S. Lewis Ave., Suite 700, Tulsa, Ok 74139-5489, 918-488-8283

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2100 ft FNL & 2310 ft FWL of Sec. 24, 18S, R30E

5. Lease Designation and Serial No.

USA LC 028990 (a)

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Shugart West 24 Federal F # 6

9. API Well No.

10. Field and Pool, or Exploratory Area

Shugart

11. County or Parish, State

Eddy Co., NM

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment☐ Recompletion☐ Plugging Back☐ Casing Repair☐ Altering Casing☐ Other☒ Change of Plans☐ New Construction☐ Non-Routine Fracturing☐ Water Shut-Off☐ Conversion to Injection☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

At the request of Mr. John Sherman, Wildlife Biologist, BLM Carlsbad, NM, the location of this well has been moved 450 ft South of the original location of 1650 ft FNL & 2310 ft FWL as requested in the APD submitted on 16 August 2001. The purpose of this move is to reduce the environmental impact of the drilling operations upon the dunal habitat of the local wildlife. Also, in order to further reduce the encroachment of the operations into the dunal habitat, he has requested that no more than 100 feet of the pad west of the well location stake be utilized for the drilling or production operations. In order to honor his request the rig has been reoriented on the well site layout with the reserve pit on the east.

Sent with this Sundry Notice are one original and 5 copies of the revised Form C-102 as well as 6 copies each of the Location Verification Map, Vicinity Map, and the revised Well Site Layout. The additional archaeological survey will be performed by Geo Marine within the next few day and their report will be submitted directly to the BLM Carlsbad office.

14. I hereby certify that the foregoing is true and correct

Signed

Title

Senior Drilling Engineer

Date

17 October 2001

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See instruction on Reverse Side

Exhibit "E"
Eight Point Compliance Program
KCS Medallion Resources, Inc.
7130 South Lewis Avenue, Suit 700
Tulsa, OK 74139-5489

Drilling Plan

Shugart West "24" Federal "F" No. 6
1650 ft FNL & 2310 ft FWL
Sec. 24, T18S, R30E N.M.P.M.
Eddy Co. New Mexico

Lease No.: USA LC 028990 (a)
Lease Description: NW/4 & SW/4 of NE/4
& more in other sections

1. Estimated Tops of Geologic Markers

Horizon	Depth ft	Sea Level Datum
Surface	0	+3,556
Anhydrite	446	+3,110
B/Salt	1,706	+1,850
Yates	1,866	+1,690
7-Rivers	2,096	+1,460
Queen	3,056	+500
Penrose	3,326	+230
Grayburg	3,536	+20
San Andres	4,266	-710
Delaware	4,706	-1,150
Bone Springs	5,736	-2,180
1 st Bone Springs sd.	7,576	-4,020
2 nd Bone Springs dolo.	8,106	-4,550
Total Depth	8,500	-4,944

2. Estimated Depths of Water, Oil or Minerals

A. Fresh Water

It is possible that fresh water zones could be encountered at depths up to 200 to 300 ft. Any zones encountered will be protected by the 13 5/8" casing set at 760 ft and by the 8 5/8" casing set at 2800 ft. Both strings of casing will be cemented to the surface.

B. Oil and Gas

Oil in the Bone Springs Sand is the primary objective of this well. It is also possible that shows of gas or oil may be encountered in other zones. Potentially productive horizons, as indicated by samples and/or electric logs will be protected by 5 1/2" casing with cement up to a minimum of 500 ft above the upper-most zone of interest.

5. Drilling Fluid Program

A. Fluid Characteristics by Interval

1. 0 to 760 ft, Fresh water, native mud, gel, & LCM.
Weight 8.6 to 9.0 ppg
Viscosity 27 - 45 sec/qt
Fluid Loss NC
ph 9.5 - 10
LCM as needed
2. 760 ft to 2800 ft, Brine/ water, gel, caustic soda, lime, & polymer.
Weight 9.7 to 10.0 ppg
Viscosity 27 to 34 sec/qt
Fluid loss NC
ph 9.5 - 10.5
LCM as needed
3. 2800 to 6,000, Fresh water, gel, polymer, KCl, caustic soda, and lime
Weight 8.4 - 8.6 ppg
Viscosity 27 to 30 sec/qt
Fluid loss NC
ph 9.5 - 10.0
LCM as needed
4. 6,000 to 8,500, Fresh water, KCl, polymer, gel, caustic soda, and lime
Weight 8.8 - 9.0 ppg
Viscosity 30 to 32 sec/qt
Fluid loss 10 cc
ph 9.5 - 10.0
LCM as needed

B. Adequate stocks of drilling fluid materials will be on hand to handle lost circulation and/or kicks should they occur.

6. Testing, Logging, Coring, and Completion Programs

A. Testing:

The Bone Springs Sand is the primary objective in this well and will possibly be drillstem tested if present. Other zones may be tested if hydrocarbon shows are encountered.

B. Logging:

A Gamma Ray/Compensated Neutron log will be run from the surface to TD.
A Dual Laterolog and a Formation Density Log will be run from TD to 7600 ft and from 6000ft to 4700 ft..
A Mud Logger will be installed and in operation from 4800 ft to TD.

C. Coring:

No conventional coring is anticipated. Sidewall cores may be taken over zones of interest.

D. **Samples:**

Formation samples will be caught and bagged at 10 ft intervals beginning at 2800 ft.

E. **Completion:**

Zones expected to be productive will be selectively perforated and tested. Acid treatment for mud cleanup and stimulation may be necessary. Hydraulic fracturing may be employed to increase productivity if required.

7. **Anticipated Abnormal pressures, Temperatures, or Other Hazards**

A. **Abnormal Pressures:**

There have been a few isolated instances of minor over pressuring reported in the area but none is expected here. With the flow detection equipment, casing design, drilling fluid program, surface pressure control equipment, and with alerted crews, any unusual flows caused by over pressuring will be quickly detected and readily contained.

B. **Abnormal Temperatures:**

There are no known instances of abnormally high subsurface temperatures being recorded in the area and none are expected in this well.

C. **Other Hazards:**

Hydrogen Sulfide has been considered and none is anticipated in any of the formations to be penetrated in this well. However, monitoring equipment will be installed and crew training completed prior to drilling out of the 8 5/8" casing to be set at about 2800 ft. In the event that Hydrogen sulfide is encountered, a Hydrogen Sulfide Drilling Operations Plan is included as Exhibit "I".

8. **Anticipated Starting Date and Duration of Operations**

Dirt work operations will commence as soon as drilling contractor selection is completed and the required permits have been received which is expected to be late September 2001. Location and road construction will require about 5 working days. Drilling operations will require about 20 days and completion operations and surface facilities construction are estimated to require an additional 30 days.

DISTRICT I
P.O. Box 1988, Hobbs, NM 88241-1988

DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-8718

DISTRICT III
1008 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name SHUGART WEST "24" FEDERAL "F"	Well Number 6
OGED No.	Operator Name KCS MEDALLION RESOURCES, INC.	Elevation 3552'

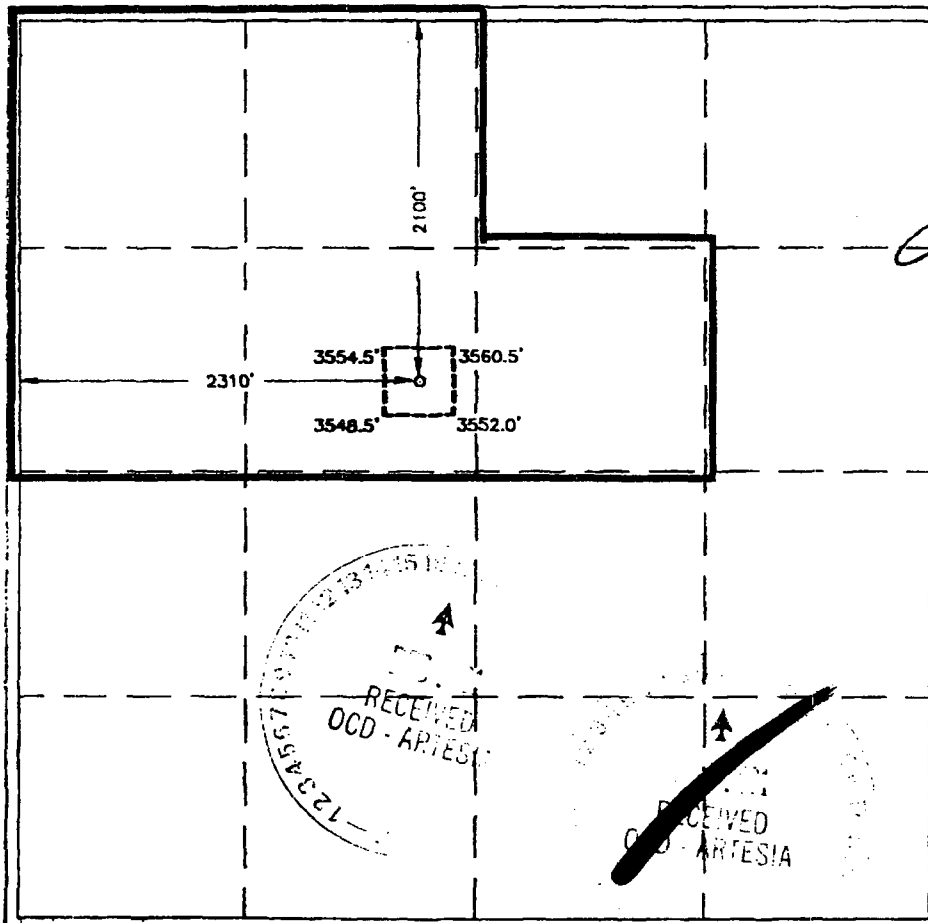
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
-	24	18S	30 E		2100	NORTH	2310	WEST	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 Area	Joint or Infill	Consolidation Code	Order No.						
0									

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>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Larry Wheat</i> Signature Larry Wheat Printed Name Dir. Supt Title 10-16-01 Date</p> <p>SURVEYOR CERTIFICATION</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>OCTOBER 09, 2001</p> <p>Date Surveyed Signature <i>Ronald E. Edson</i> Professional Surveyor NEW MEXICO 001.17.1100 Certificate No. RONALD E. EDSON 3238 CART. EDSON 12841</p>
---	---

CONTOUR INTERVAL: 10'
HACKBERRY LAKE, N.M.

HACKBERRY LAKE, N.M.

**JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117**

**JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117**

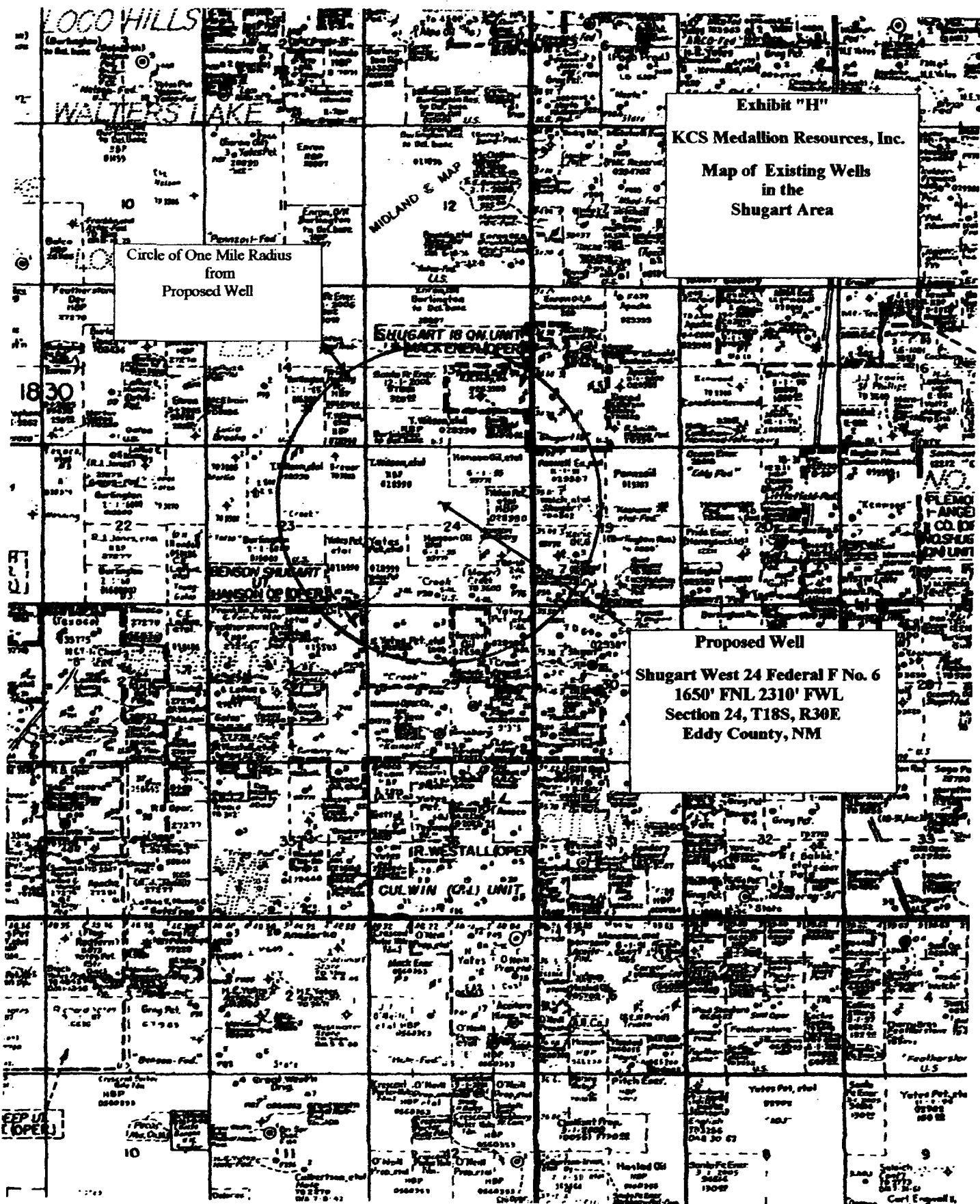


Exhibit "H"

KCS Medallion Resources, Inc.

Map of Existing Wells
in the
Shugart Area

Circle of One Mile Radius
from
Proposed Well

Proposed Well

Shugart West 24 Federal F No. 6
1650' FNL 2310' FWL
Section 24, T18S, R30E
Eddy County, NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTCons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210
FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.Form No.
LC-028990-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
Pending8. Well Name and No.
Shugart West 24
Federal F #69. API Well No.
30-015-3213910. Field and Pool, or Exploratory Area
Shugart11. County or Parish, State
Eddy NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other

Dry & Abandon

2. Name of Operator

KCS Medallion Resources, Inc.

3a. Address

7130 South Lewis, Ste. 700 Tulsa, OK 74136-5489

3b. Phone No. (include area code)

(918) 488-8283

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2100'FNL & 2310'FWL
Sec24-T18S-R30E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐
- Notice of Intent
-
- ☐
- Subsequent Report
-
- ☒
- Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|--|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| <input type="checkbox"/> Change Plans | <input checked="" type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

1/09/02- Construct location & set 40'-20"conductor. Cmt w/4yds.

1/10/02- Spud surface hole w/17-1/2"bit. Lost returns @ 640-42'. Dry drill to 780'.

1/12/02- Ran 22jts 13-3/8" 72# J-55 768'S.A 780'.Pumped 150sks Thixotropic @14.2ppg. 410sks Howco light premium w/2%CC 1/4pps flocel @ 12ppg. Tail 200sks premium plus 2%CC @14.8ppg. Cmt did not circulate. Ran temp.survey TOC @ 585'.

1/13/02- RIH w/1"tbg. Tag cmt @ 666'. Pump 50sks Class C w/3%cc. Wait 2 hrs & tag cmt @ 483'. Pump 250sks Class C w/2%cc/ Tag cmt @ 135'. Cmt w/175sks Class C w/2%cc. Circulate to cellar. Cmt w/525sks total down backside. Cut off & weld on & test wellhead. Test to 1200psi.

1/14/02- Unable to test csg. Drill out shoe.

1/15/02- Test csg.w/pkr Shoe would test. Squeeze with 200sks Class C w/2%CC. Test to 900psi. Drill & test csg shoe to 800psi.

1/18/02- Drill to 2800' w/11"bit. Ran 70jts 8-5/8" 32# ST&C 2833'S.A. 2800'. Cmt w/659sks Howco Class C light w/2%CC.1/4pps flowcel.Tail 200sks Class C w/2%CC.Circ 85sks to pit Nipple down,weld on 8-5/8 SOW 3 Mx 11" head.

1/19/02- Test BOPE to 3000psi.Test Hydril to 1500psi. Drill out float collar & test csg to 1000psi.

2/01/02- Drill 7-7/8"hole to 8,275'. Log:Compensated Z-densilog, CNL w/gamma ray

14. I hereby certify that the foregoing is true and correct.
Name (Printed/Typed)

Kaye Alley

Title

Production Technician

Date

02/10/02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

LES BABYAK
PETROLEUM ENGINEERCond
certif
which

Accepted for record

FEB 21 2002

Title
State:

only

e does not warrant or
ts in the subject lease

Office

ikes it a crime for any person knowingly and willfully to make to any department or agency of the United
any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

5. Lease Serial No.

LC-028990-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
Pending

8. Well Name and No.
Shugart West 24
Federal F #6

9. API Well No.

10. Field and Pool, or Exploratory Area
Shugart

11. County or Parish, State

Eddy NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other

Dry & Abandon

2. Name of Operator

KCS Medallion Resources, Inc.

3a. Address

7130 South Lewis, Ste. 700 Tulsa, OK 74136-5489

3b. Phone No. (include area code)

(918) 488-8283

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2100' FNL & 2310' FWL

Sec24-T18S-R30E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☐ Subsequent Report
☒ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|--|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| <input type="checkbox"/> Change Plans | <input checked="" type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

2/03/02- Ran DST & bottom o/bottom pkr @ 8050'. Test 8050' to 8275'. IOF-15 min 3psi/1/4"choke. ISI-30min. FOF-60min - 10min-3psi on 1/4"chke, 20min-2si on 1/4"choke, 40min-23oz on 1/4"choke, 60min-29oz on 1/4"choke. FSI=2hrs recovered 1 bbl fluid.

2/05/02- P&A - BLM witness - Kathy Queens. Plug #1-8181'-8031' - 45sks @14.8ppg. Plug #2-5811'-5661' - 75sks @ 14.8ppg. Plug #3 4776'-4636' - 50sks @14.8ppg.

2/06/02- Plug #4 4336'-4196' - 55sks @14.8ppg. Plug #5 2850'-2660' - 60sks @14.8ppg. Tag plug @ 2660'. Plug #6 830'-730' - 30 sks @ 14.8ppg. Plug #7 50'-4' - 20sks @ 14.8ppg. Nipple down BOPE. Cut off wellhead - weld plate and I.D. Release Rig.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Kaye Alley

Title

Production Technician

Date 02/10/02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resource.

Form C-104B
March 19, 2001

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 copy of the final affected
wells list along with 1 copy of this form
per number of wells on that list to
appropriate District Office

Change of Operator Name

OGRID: 161859
Effective Date: January 1, 2002

Previous Operator Name and Information:

Name: KCS Medallion Resources, Inc.
Address: 7130 South Lewis Ave., Suite 700
Address: _____
City, State, Zip: Tulsa, Oklahoma 74136

New Operator Name and Information:

New Name: KCS Resources, Inc.
Address: 7130 South Lewis Ave., Suite 700
Address: _____
City, State, Zip: Tulsa, Oklahoma 74136

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given on this form and the attached list of wells is true and complete to the best of my knowledge and belief.

Signature: _____

Printed

name: Lainie Pleake

Title: Production Technician

Date: 12/11/01 Phone: (918) 499-1342



NMOCD Approval

Signature: Jim W. Green

Printed Name: District Supervisor

District: _____

Date: _____

MAR 22 2002

County EddyPool North Hackberry-Morrow Gas

TOWNSHIP

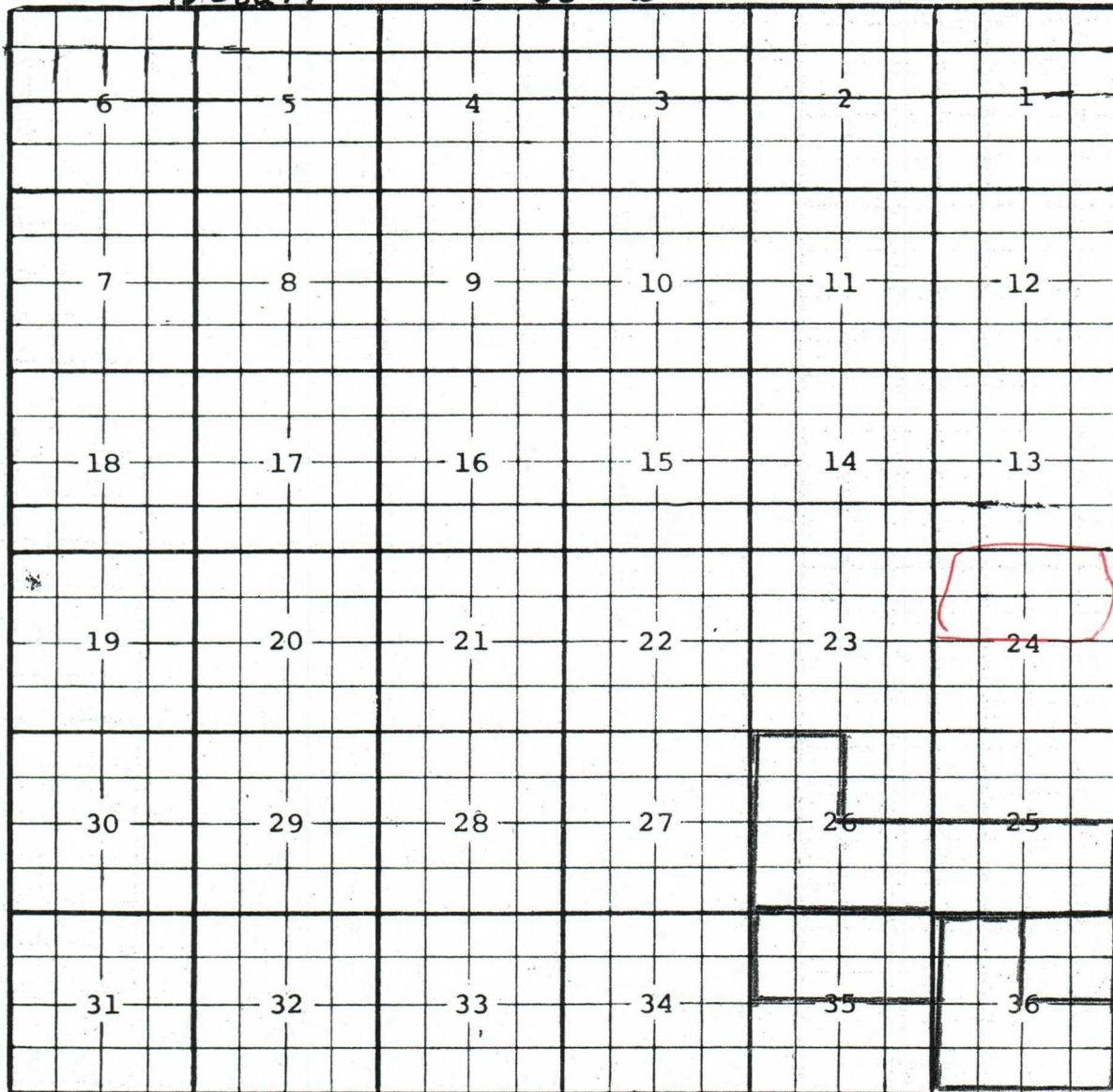
18 South

Range

30 East

NMPM

96785



Ext: $\frac{W}{2}$ and $\frac{SE}{4}$ Sec. 36 (R-11229, 2-22-02) Ext: $\frac{NE}{4}$ Sec. 36 (R-11800, 7-16-02)

Ext: $\frac{S}{2}$ Sec. 25, $\frac{W}{2}$ and $\frac{SE}{4}$ Sec. 26 (R-11895, 2-6-03) Ext: $\frac{N}{2}$ Sec. 35 (R-11963, 5-13-03)

County EddyPool North Shugart-Morrow GasTOWNSHIP 18 SouthRange 31 East

NMPM

85305

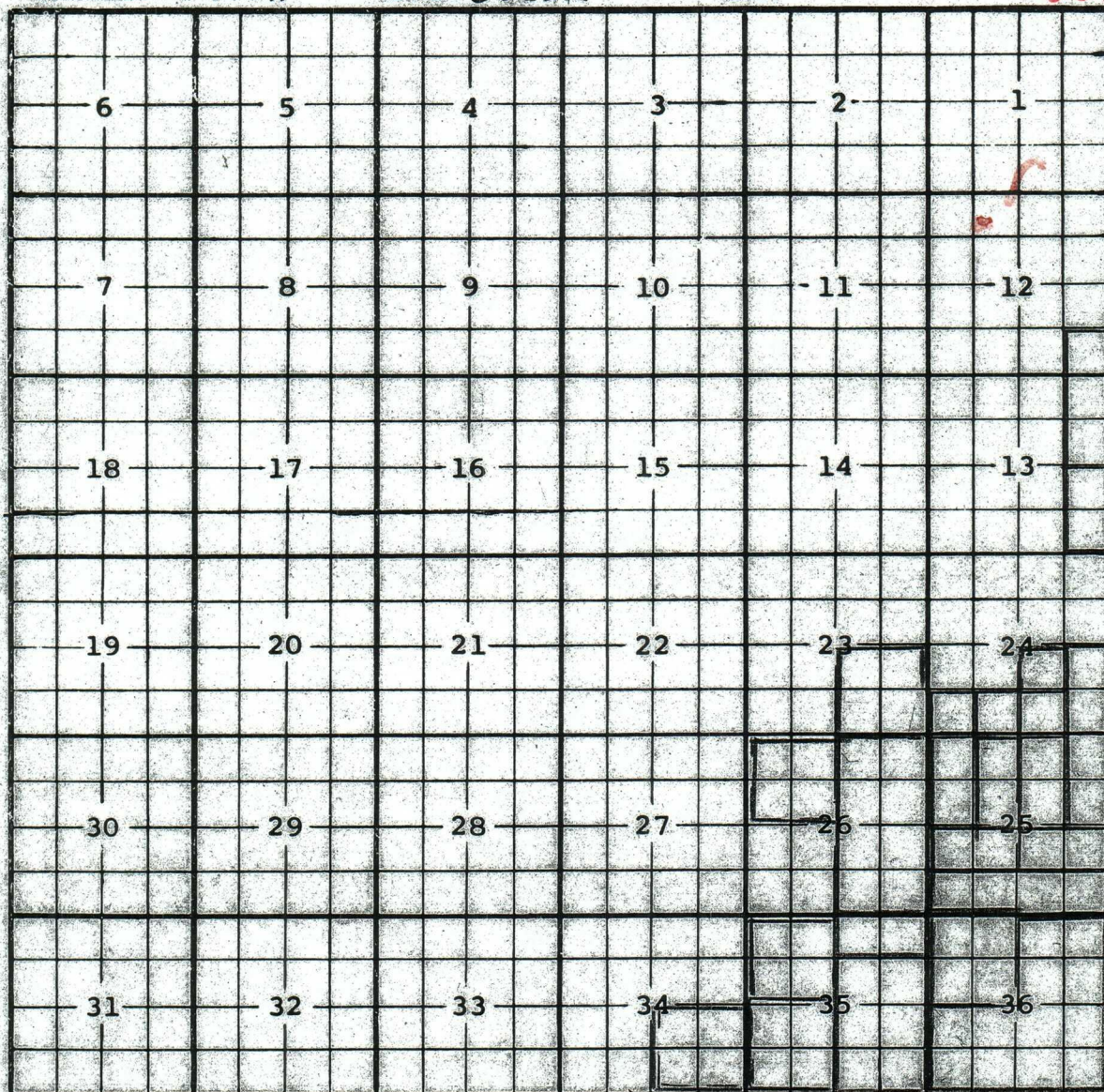
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: $\frac{E}{2}$ Sec 20, $\frac{N}{2}$ Sec 29 (R-5609, 1-1-78)Ext: $\frac{E}{2}$ Sec 19, $\frac{W}{2}$ Sec 20 (R-5729, 6-1-78)Ext: $\frac{W}{2}$ Sec 21 (R-5838, 11-1-78) Ext: $\frac{W}{2}$ Sec. 16 (R-6169, 11-1-79)Ext: $\frac{S}{2}$ Sec. 17 (R-6368, 7-1-80) Ext: $\frac{E}{2}$ Sec 7, All Sec 18 (R-6698, 6-2-81)Ext: $\frac{S}{2}$ Sec 9 (R-8945, 5-31-89) Ext: $\frac{E}{2}$ Sec 16 (R-9326, 11-1-90)Ext: $\frac{N}{2}$ Sec 17 (R-9418, 2-1-91) Ext: $\frac{W}{2}$ Sec. 8 (R-11411, 7-10-00)Ext: $\frac{W}{2}$ Sec. 5 (R-11444, 8-31-00) Ext: $\frac{E}{2}$ Sec. 6 (R-11534, 2-8-01)Ext: $\frac{E}{2}$ Sec. 5 (R-11583, 5-7-01) Ext: $\frac{E}{2}$ Sec. 8, $\frac{N}{2}$ Sec. 9 (R-11678, 10-23-01)Ext: $\frac{W}{2}$ Sec. 6 (R-11691, 11-28-01)

COUNTY EddyPOOL Shugart (Yates - Seven Rivers - Queen - Grayburg)TOWNSHIP 18 SouthRANGE 30 East

NMPM

56439



Ext. $\frac{S}{2} \frac{NE}{4}$ Sec. 36 (R-2128, 11-29-61) - $\frac{S}{2} \frac{S}{2}$ Sec. 25 (R-2172, 2-1-62)
 - $\frac{N}{2} \frac{SE}{4}$ Sec. 25 (R-2201, 4-1-62) - $\frac{E}{2} \frac{SE}{4}$ Sec. 13 (R-2292, 8-1-62)
 - $\frac{N}{2} \frac{SW}{4}$ Sec. 25 (R-2363, 12-1-62) - $\frac{E}{2} \frac{SE}{4}$ Sec. 24; $\frac{E}{2} \frac{NE}{4}$ Sec. 25 (R-2692, 5-1-64)
 - $\frac{W}{2} \frac{NE}{4}$ Sec. 25 (R-3802, 8-1-69) - $\frac{SW}{4} \frac{SE}{4}$ Sec. 24; $\frac{E}{2} \frac{NW}{4}$ Sec. 25 (R-3877, 12-1-69)
 - $\frac{SE}{4} \frac{SW}{4}$ Sec. 24 (R-3922, 3-1-70) - $\frac{W}{2} \frac{NW}{4}$ Sec. 25 (R-3948, 5-1-70)
 - $\frac{SW}{4} \frac{SW}{4}$ Sec. 24 (R-3979, 7-1-70) - $\frac{E}{2}$ Sec. 26 (R-4258, 3-1-72) - $\frac{NW}{4} \frac{SE}{4}$ Sec. 24 (R-4291, 5-1-72)
 - $\frac{NW}{4}$ Sec. 36 (R-4437, 12-1-72) - $\frac{SE}{4} \frac{SE}{4}$ Sec. 12; $\frac{E}{2} \frac{NE}{4}$ Sec. 13 (R-4622, 9-1-73)

Exc. $\frac{N}{2} \frac{NE}{4}$ Sec. 35 (R-6328, 5-1-80) Ext. $\frac{SE}{4}$ and $\frac{S}{2} \frac{NE}{4}$ Sec. 35 (R-7668, 9-21-84)

Ext. $\frac{NW}{4}$ Sec. 35 (R-8257, 7-8-86) Ext. $\frac{NW}{4}$ Sec. 26 (R-8391, 1-22-87)

Ext. $\frac{SW}{4}$ Sec. 35 (R-8455, 6-15-87) Ext. $\frac{SE}{4}$ Sec. 34 (R-9545, 7-1-91)

Ext. $\frac{SE}{4}$ Sec. 23 (R-10324, 3-7-95)

COUNTY Eddy

POOL North Shugart- Bone Spring

56405

TOWNSHIP 18 South

RANGE 30 East

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Ext: ^{SE}/₄ Sec. 24 (R-11534, 2-8-01) Ext: ^{NE}/₄ Sec. 24 (R-11800, 7-16-02)