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Monnheimer
& Jontz, P.C.**

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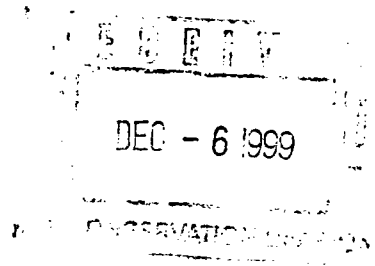
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ALAN HALL
JAMES T. REIST
KARLA K. POE
LESLIE K. COYNE
JEFFREY H. ALBRIGHT
RICARDO M. CONTRERAS

PAUL A. COOTER, Of Counsel

December 3, 1999



Mr. Ben Stone
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
2440 S. Pacheco Street
Santa Fe, NM 87505

Re: SWD 747 - KCS Medallion Resources' Supplemental (and Amended)
Application for Authorization to Inject Water for Salt Water Disposal
Purposes

Dear Ben:

Supplementing my November 15 letter forwarding to you KCS Medallion Resources' Supplemental Application for authorization to inject water for salt water disposal purposes in the West Shugert "19" Fed. No. 2 Well in Section 19, T18S, R31E, NMPM, Eddy County, New Mexico, forwarded to you herewith are:

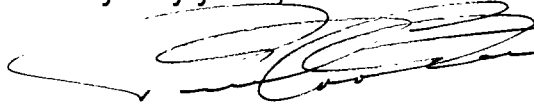
1. The original Affidavit of Publication referenced in that Supplemental Application.
2. (Amended) Supplemental Application, which, as you will note, excludes the interval of 4800' - 5050' for injection. This exclusion is made to resolve the objection of Concho Resources, as set forth in Tom Kellahin's letter to you of November 22. A copy of the letter agreement between KCS Medallion Resources and Concho Resources evidencing their agreement whereby Concho Resources will withdraw its objection to KCS Medallion Resources' Supplemental Application upon receipt of an endorsed copy of the enclosed (amended) Supplemental Application is also enclosed.
3. This (amended) Supplemental Application is complete with Exhibit "B" (the schematic diagram) and Exhibit "E" (Affidavit of Mailing), except only the Affidavit of Publication. Notice of this filing has been forwarded to the Artesia Daily Press, and as soon as the Affidavit of Publication has been received, I will forward it on to you.

As you will note, an extra copy of this (amended) Supplemental Application is enclosed. Would you please return an endorsed copy in the envelope provided for that purpose.

December 3, 1999
Page 2

Appreciating your many courtesies to us in this matter, I am

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul A. Cooter", with a large, stylized flourish at the end.

Paul A. Cooter

PAC/dwm
Enclosures

cc: Perry Hughes
Thomas Kellahin

Affidavit of Publication

NO. 16771

STATE OF NEW MEXICO

County of Eddy:

Gary Scott being duly

sworn, says: That he is the Publisher of The
Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for
1 consecutive weeks/days on the same
day as follows:

First Publication November 9 1999

Second Publication _____

Third Publication _____

Fourth Publication _____

Subscribed and sworn to before me this

9th day of November 1999

Barbara Ann Brans

Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2003

Copy of Publication:

7130 South Lewis Avenue, Suite 700, Tulsa, OK 74136, Agent Mr. Perry L. Hughes whose address is 207 W. McKay, Carlsbad, NM 88220 phone number 505-885-5433, is seeking approval from the New Mexico Oil Conservation Division to inject in its West Shugart "19" Federal #2 Well, located 660' FSL and 1980' FEL, Sec 19, T18S, R31E, NMPM, Eddy County, New Mexico for water disposal in the Queen/Grayburg/San Andres/Delaware Formations at a depth of 3100' to 5500'. KCS Medallion Resources, Inc. intends to inject a maximum of 2.5(M) BWPD at a maximum injection pressure of 1850 psi. Interested parties must file objections or requests for hearing with the Oil Conservation Division, 2040 South Pacheco, Santa Fe, NM 87505, within 15 days of this publication. Published in the Artesia Daily Press, Artesia, N.M. November 9, 1999.

Legal 16771

LEGAL NOTICE
NOTICE OF FILING APPLICATION FOR AUTHORIZATION TO INJECT
KCS Medallion Resources, Inc.,

Classifieds Ads
12-Words 1 Day \$7.90



December 15, 1999

ATTORNEYS AT LAW

500 Marquette NW
Suite 1200
Albuquerque, NM
87102-5311

P.O. Box 1276
87103-1276

505•247•2315

Facsimile
505•764•5480

Mr. Ben Stone
New Mexico Energy, Minerals
& Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

Re: SWD 747 - KCS Medallion Resources, Inc.'s Supplemental (and Amended) Application for Authorization to Inject Water for Saltwater Disposal Purposes

Dear Ben:

Excepted from the enclosures in my December 3 letter, was the Affidavit of Publication, which is forwarded to you with this letter.

Would you please note the filing date on the extra copy of the (Amended) Supplemental Application forwarded to you on December 3, and return the same to me.

It is my understanding that Concho Resources will withdraw its objection to KCS Medallion Resources' Application upon receipt of that endorsed copy.

Appreciating your courtesy, I am

Very truly yours,

Paul A. Cooter

PAC\smb
enclosure
cc w/enc.:

Perry Hughes
Tom Kellahin

JOHN P. EASTHAM
ROBERT A. JOHNSON
DONALD B. MONNHEIMER
DENNIS E. JONTZ
D. JAMES SORENSON
BRUCE E. CASTLE
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Affidavit of Publication

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the 1937 Session Laws of the state of New Mexico for
1 consecutive weeks/days on the same

day as follows:

First Publication December 2 1999

Second Publication

Third Publication

Fourth Publication

Subscribed and sworn to before me this

2nd day of December 1999

[Signature]
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2003

Copy of Publication:

LEGAL NOTICE

NOTICE OF FILING APPLICATION
FOR AUTHORIZATION TO
INJECT

KCS Medallion Resources, Inc.,
7130 South Lewis Avenue, Suite
700, Tulsa, OK 74136. Agent Mr.
Perry L. Hughes whose address is
207 W. McKay, Carlsbad, NM
88220 phone number 505-885-
5433, is seeking approval from the
New Mexico Oil Conservation
Division to inject in its West
Shugart "19" Federal #2 Well,
located 660' FSL and 1980' FEL,
Sec 19, T18S, R31E, NMPM,
Eddy County, New Mexico for
water disposal in the
Queen/Grayburg/San

Andres/Delaware Formations at a
depth of 3100' to 5500', excluding
the interval 4800' to 5050' in the
Delaware Formation. KCS
Medallion Resources, Inc. intends
to inject a maximum of 2,500
BWPB at a maximum injection
pressure of 1850 psi.

Interested parties must file objec-
tions, or requests for hearing with
the Oil Conservation Division,
2040 South Pacheco, Santa Fe,
NM 87505, within 15 days of this
publication.

Published in the Artesia Daily
Press, Artesia, N.M. December 2
1999.

Legal 16789

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12-WORDS 1 DAY \$7.90

ILLEGIBLE

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

JAN - 3 2000

CONSERVATION DIVISION

December 27, 1999

VIA FAX (505) 827-1389

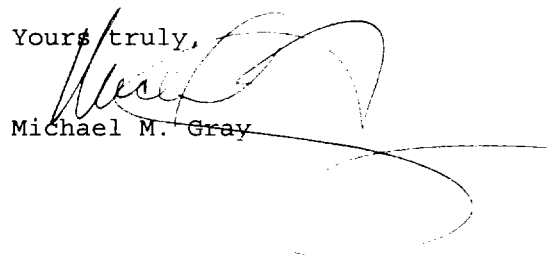
Mr. Ben Stone
Oil Conservation Division
New Mexico Energy, Minerals
and Natural Resources
2440 S. Chico Street
Santa Fe, NM 87505

Re: Water Disposal Application
KCS Medallion Resources, Inc.
West Shugart 19 Federal #2 Well
Unit 0
Section 19
T-18-S, R-31-E
NMPM
Eddy County, New Mexico

Dear Mr. Stone:

Attached is a copy of a letter dated December 27 whereby Concho Resources Inc. has withdrawn its objection to KCS Medallion's Application to Dispose of Salt Water in the captioned well.

Yours truly,


Michael M. Gray

MMG/lhc

Enclosure

cc: Mr. Paul A. Cooter (VIA FAX (505) 764-5480)
Mr. Rick Deffenbaugh (VIA FAX (918) 488-8182)

CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

December 27, 1999

VIA FAX (918) 488-8182

KCS Medallion Resources, Inc.
7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

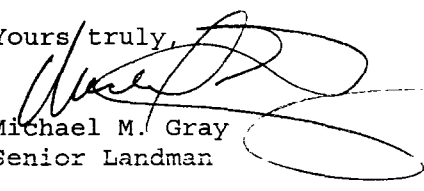
ATTENTION: Mr. Rick Deffenbaugh

Re: Salt Water Disposal
West Shugart 19 Federal #2
Section 19
T-18-S, R-31-E
Eddy County, New Mexico

Gentlemen:

Pursuant to our prior agreement, this letter will confirm that Concho Resources Inc. hereby withdraws its objection to your application to dispose of water in the West Shugart 19 Federal #2 Well located in the SE/4 of Section 19-18S-31E, Eddy County, New Mexico. The objection is withdrawn per our agreement whereby KCS has excluded the interval of 4,800' to 5,050' in the Delaware formation from your injection interval.

Yours truly,


Michael M. Gray
Senior Landman

MMG/lhc

cc: Mr. Paul A. Cooter (VIA FAX (505) 764-5480)
Eastham, Johnson,
Monnheimer, Jontz, P.C.
P.O. Box 1276
Albuquerque, NM 87102-5311

Mr. Tom Kellahin
P.O. Box 2265
Santa Fe, NM 87504

CONCHO RESOURCES INC.

110 W. Louisiana, Suite 410
Midland, Texas 79701
Telephone (915) 683-7443
Telecopy (915) 683-7441

FAX COVER SHEET

Date: December 27, 1999

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TO: Ben Stone FAX NO: (505) 827-1389

FROM: Mike Gray

RE: _____

This fax consists of 3 pages, including this cover page.

If you have any difficulty in receiving, please call Leta Collins at (915) 683-7443.

CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana

Midland, Texas 79701

(915) 683-7443

FAX 683-7441

December 27, 1999

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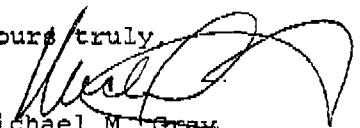
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VIA FAX (915) 488-8182

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Suite 700
Tulsa, OK 74136-5489

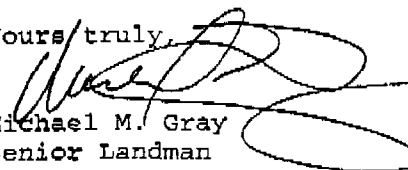
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