

KCS Medallion Resources, Inc.

7130 South Lewis Avenue

Suite 700

Tulsa, OK 74136-5489

(918) 488-8283 phone

(918) 488-8182 fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 19, 1997



State of New Mexico
Oil Conservation Division
2040 S. Pochecho Street
Santa Fe, NM 87505-5472

RE: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

AUG 25 1997

Gentlemen:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, please find copies of letters sent to the non-consent working interest owners along with Medallion's actual costs AFE for the drilling of this well.

Very truly yours,

A handwritten signature in black ink, appearing to read "D.R. Deffenbaugh", written over a circular stamp.

D.R. Deffenbaugh, CPL
Senior Landman

Handwritten initials in black ink, possibly "DRC", written to the right of the signature.

DRD:cad

Enclosures

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 *phone*
(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Space Building Corporation
250 Cape Highway, Route 44
East Taunton, MA 02713



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Gentlemen:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

This same AFE is being provided to the State of New Mexico, Oil Conservation Division by copy of this letter.

If there are any questions, you may reach me at (918) 491-4105.

Sincerely,

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D.R. Deffenbaugh, CPL
Senior Landman

DRD:cad

Enclosure

cc: State of New Mexico
Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 phone
(918) 488-8182 fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Karen V. Martin and William H. Martin,
Trustees of the Martin Living Trust
400 West Illinois, Suite 1100
Midland, TX 79701



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Dear Mr. and Mrs. Martin:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

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D.R. Deffenbaugh, CPL
Senior Landman

DRD:cad

Enclosure

cc: State of New Mexico
Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 *phone*

(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Unit Petroleum Corporation
7130 South Lewis
Tulsa, OK 74136



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Gentlemen:

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D.R. Deffenbaugh, CPL
Senior Landman

DRD:cad

Enclosure

cc: State of New Mexico
Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 *phone*

(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

David Goodnow
230 Ridgefield Road
Wilton, CT 06897



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Dear Mr. Goodnow:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

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Senior Landman

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Oil Conservation Division

KCS Medallion Resources, Inc.

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Tulsa, OK 74136-5489

(918) 488-8283 phone

(918) 488-8182 fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Edward H. Judson and
Marilyn M. Judson
400 West Illinois, Suite 1100
Midland, TX 79701



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Dear Mr. and Mrs. Judson:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

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Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 *phone*

(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Myco Industries Inc.
105 South Fourth Street
Artesia, NM 88210



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Gentlemen:

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Senior Landman

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Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 *phone*
(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

J.W. Gendron
1280 Encino Drive
San Marino, CA 91108



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Dear Mr. Gendron:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

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Senior Landman

DRD:cad

Enclosure

cc: State of New Mexico
Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 phone

(918) 488-8182 fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Joseph R. Hodge
3815 Roxbury Ct.
Colorado Springs, CO 80906



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Dear Mr. Hodge:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

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D.R. Deffenbaugh, CPL
Senior Landman

DRD:cad

Enclosure

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Oil Conservation Division

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(918) 488-8182 fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

E.G. Holden Testamentary Trust

2524 Union Street

San Francisco, CA 94123



Re: State of New Mexico #20-1

Angell Ranch Prospect

E½ Section 20-20S-28E

Eddy County, New Mexico

Gentlemen:

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D.R. Deffenbaugh, CPL

Senior Landman

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Oil Conservation Division

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Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 phone

(918) 488-8182 fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Betsy H. Keller
2425 Union Street
San Francisco, CA 94123



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Dear Ms. Keller:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

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Senior Landman

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Oil Conservation Division

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Suite 700

Tulsa, OK 74136-5489

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VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Issac A, Kawasaki
734 Kalamipuu
Honolulu, HI 96825



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Dear Mr. Kawasaki:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

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Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

(918) 488-8283 *phone*

(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Charles Cline Moore
138 Harvard Avenue
Mill Valley, CA 94941



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

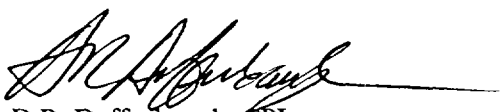
Dear Mr. Moore:

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D.R. Deffenbaugh, CPL
Senior Landman

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Oil Conservation Division

KCS Medallion Resources, Inc.

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Suite 700

Tulsa, OK 74136-5489

(918) 488-8283 phone

(918) 488-8182 fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Adolph P. Schuman

400 Sansome Street

San Francisco, CA 94111



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Dear Mr. Schuman:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

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D.R. Deffenbaugh, CPL

Senior Landman

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Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue

Suite 700

Tulsa, OK 74136-5489

(918) 488-8283 *phone*

(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

W.A.& E.R. Hudson Inc.
616 Texas Street
Ft. Worth, TX 76102-4612



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Gentlemen:

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cc: State of New Mexico
Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue

Suite 700

Tulsa, OK 74136-5489

(918) 488-8283 *phone*

(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Yates Drilling Company
110 South 4th. Street
Artesia, NM 88210-2123



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Gentlemen:

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Enclosure

cc: State of New Mexico
Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue

Suite 700

Tulsa, OK 74136-5489

(918) 488-8283 *phone*

(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

R. Ken Williams

P.O. Box 10626

Midland, TX 79702-7626



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

Dear Mr. Williams:

Pursuant to State of New Mexico, Oil Conservation Division Order No. R-10731-B issued February 28, 1997, in KCS Medallion Resources, Inc. ("Medallion") Compulsory Pooling, Case No. 11666, attached please find Medallion's AFE dated August 14, 1997, provided as an itemized schedule of actual well costs for the drilling and completion of the subject well.

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Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue

Suite 700

Tulsa, OK 74136-5489

(918) 488-8283 *phone*

(918) 488-8182 *fax*

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

ABO Petroleum Corporation

331 West Main St., Ste. A

Artesia, NM 88210-2160



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

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Oil Conservation Division

KCS Medallion Resources, Inc.

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(918) 488-8182 fax

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Pennzoil Exploration and Production
P.O. Box 2967
Houston, TX 77252



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

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Oil Conservation Division

KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

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RF

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

August 14, 1997

Yates Petroleum Corp.
105 S. 4th St.
Artesia, NM 87196



Re: State of New Mexico #20-1
Angell Ranch Prospect
E½ Section 20-20S-28E
Eddy County, New Mexico

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D.R. Deffenbaugh, CPL
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Enclosure

cc: State of New Mexico
Oil Conservation Division

KCS MEDALLION RESOURCES, INC.

AUTHORIZATION FOR EXPENDITURES

ACTUAL

Description of Work: Footage Drill, Log, DST, complete and equip a single zone Morrow Sand gas well

Prospect: Angell Ranch Date: 8/14/97
 Lease: State of New Mexico 20 Well No: 1 AFE No:
 Location: 990' FNL-990' FEL Section: 20 Twp: 20S Range: 28E
 Field: Atoka Morrow County: Eddy State: New Mexico
 Well ID: 11.450 Prim. Obj: Morrow Sec. Obj:

	Before Csg Point	After Csg Point	Total		Before Csg Point	After Csg Point	Total
INTANGIBLE COSTS	BCP-820	ACP-840		TANGIBLE COSTS	BCP-830	ACP-850	
.01 Location/Damage Payment	325		325	.01 Cattle Guards & Fencing		650	\$ 650
.02 Location Construction	21,981	647	22,628	.02 Csg: Cond	2,726	X	\$ 2,726
.03 Contracted Equipment				.03 Csg: Surface	14,816	X	14,816
.04 Rotary Rig: MI, RU, RD, MO			0	534' 13-3/8" 48# H-40			
.05 Rotary Rig: Daywork	69,465		69,465	.04 Csg: Intermediate	40,000	X	40,000
.06 Rotary Rig: Footage	250,998		250,998	3000' 8-5/8" 32#			
.07 Fuel			0	.05 Csg: Production	X	80,393	80,393
.08 Drilling Bits			0	4-1/2" @ 11425'			
.09 Drilling Fluid	75,356		75,356	.06 Float Equip, Centrlzrs, etc.			
.10 Mud Disposal		X	0	.07 Well Head	5,125	8,022	13,147
.11 Drill Stem Tests		X	0	.08 Tubing	X	39,193	39,193
.12 Cement and Cementing Service	12,500	12,413	24,913	2-7/8", 6.5#, N-80			
.13 Casing Crew, Equipment	11,625		11,625	.09 Pump Unit	X		0
.14 Logging: Open Hole	34,693	X	34,693	.10 Motor/Engine	X		0
.15 Completion Rig	X	3,417	3,417	.11 Rods & Pump	X		0
.16 Stimulation	X	30,622	30,622	.12 Pkr & Sub-surface Equip.	X	8,275	8,275
.17 Misc. Pumping Services		426	426	.13 Tanks	X	4,920	4,920
.18 Log & Perf Cased Hole	X	11,861	11,861	.14 Separator/Production Unit	X		
.19 Rentals	18,479	7,039	25,518	.15 Heater Treater/Dehydrator	X		0
.20 Water/Water Hauling	42,353	618	42,971	.16 Fittings & Small Pipe	X	14,335	14,335
.21 Hauling/Freight	1,412	2,196	3,608	.17 Other Equipment		16,831	\$ 16,831
.22 Tubular Inspection	2,966		2,966	.18 Installation Costs	X	15,600	15,600
.23 Well Testing	1,994	5,069	7,063	.19 Miscellaneous			
.24 Labor: Contract	3,434	6,668	10,102	.20 Contingency			
.25 Company Geologist/Engineer			0	Subtotal	\$62,667	\$188,219	\$250,886
.26 Overhead	7,780	1,266	9,046				
.27 Professional Services	15,908	22,472	38,380	Pipeline		PL-885	
.28 Insurance			0	.01 Line Pipe	X		
.29 Miscellaneous tax	3,292	2,203	5,495	.02 Metering Equipment	X	0	
.30 Contingency			0	.03 Meter Sta. Valves, Fittings	X	0	
.31 Coiled Tubing Work			0	Subtotal		\$0	\$0
.32 Packer Redress	X	2,093	2,093	TOTAL TANGIBLE COSTS	\$62,667	\$188,219	\$250,886
Subtotal	\$574,561	\$109,010	\$683,571	TOTAL WELL COSTS	\$637,228	\$297,554	\$934,782
Pipeline		PL-880		.01 Tapping Fee	X	325	325
.01 Tapping Fee	X	325	325	.02 Purchased Right of Way	X		
.02 Purchased Right of Way	X			.03 Damage Payments	X		
.03 Damage Payments	X			.04 Right of Way Acquisition	X		
.04 Right of Way Acquisition	X			.05 Permits	X		
.05 Permits	X			.06 Freight	X		
.06 Freight	X			.07 PL & Meter Sta. Construction	X		
.07 PL & Meter Sta. Construction	X			.08 Surveying and Drafting	X		
.08 Surveying and Drafting	X			.09 Field Construction Sup.	X		
.09 Field Construction Sup.	X			.10 Misc. and Contingency	X		
.10 Misc. and Contingency	X			Subtotal		325	325
TOTAL INTANGIBLE COSTS	\$574,561	\$109,335	\$683,896	Total Well Cost to Casing Point			\$637,228
				Plugging Cost			
				Total Dry & Abandonment Cost			\$637,228
				Total Cost Through Evaluation of Zone of Interest			\$874,496
				Prepared By: Terry L. Reeves <i>TLR</i>			
				Estimated Spud Date			
				KCS Medallion Resources, Inc. WIO %			74.23%
				KCS Medallion Resources, Inc. Net Expenditure			\$693,932
				Supplement No.			
				Original AFE Amount			
				Amount This Supplement			
				Revised AFE Amount			

KCS MEDALLION RESOURCES, INC. APPROVED

WORKING INTEREST OWNER APPROVED

By: _____ Date: _____
 By: _____ Date: _____
 By: _____ Date: _____

Company Name: _____
 By: _____ Date: _____
 Name: _____