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FAX COVER SHEET

DELIVER TO: Florene Davidson  
COMPANY: Oil Conservation Division  
CITY: Santa Fe, New Mexico  
FAX NUMBER: 827-8177  
NUMBER OF PAGES: 4 (Including Cover Sheet)  
DATE SENT: 2/12/97

MEMO: Florene: Enclosed is my Pre-Hearing Statement in Cases 11666/11677 (de novo). Please distribute copies to the appropriate people. Thanks.

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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION  
FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF INTERCOAST OIL AND GAS  
COMPANY (now known as KCS MEDALLION  
RESOURCES, INC.) FOR COMPULSORY POOLING  
AND AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 11666 (de novo)

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Commission.

APPEARANCES

APPLICANT

KCS Medallion  
Resources, Inc.  
Suite 700  
7130 South Lewis  
Tulsa, Oklahoma 74136  
(918) 488-8283  
Attn: Rock A. Quinn

APPLICANT'S ATTORNEY

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

OPPONENT

Yates Petroleum Corporation

OPPONENT'S ATTORNEY

W. Thomas Kellahin

STATEMENT OF THE CASE

APPLICANT

KCS Medallion Resources, Inc. ("Medallion") filed an application to force pool the E½ S20-T20S-R28E, from the surface to the base of the Morrow formation, and for an unorthodox gas well location for a well to be drilled 990 feet FNL and FEL. The unorthodox location is necessary to ensure a reasonable chance of success in the Morrow formation. Yates Petroleum Corporation ("Yates") also filed an application to pool the E½ S20 (Case No. 11677). Yates' proposed well is at the same location as Medallion's well. Both parties desire to operate the well.

The Division, by Order No. R-10731, approved compulsory

pooling and an unorthodox well location, and named Medallion as operator. Yates has appealed the decision. Medallion generated the prospect, and without its initiative no wells would be drilled in the section. Also, Medallion is the largest single interest owner in the well. As a result, Medallion requests that Order No. R-10731 be affirmed.

OPPONENT

**PROPOSED EVIDENCE**

APPLICANT

| <u>WITNESSES</u>           | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|----------------------------|------------------|-----------------|
| Rock A. Quinn<br>(Landman) | 10 min.          | Approx. 2       |

OPPONENT

| <u>WITNESSES</u> | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|------------------|------------------|-----------------|
|                  |                  |                 |

**PROCEDURAL MATTERS**

- (1) Cases 11666 and 11677 should be consolidated for hearing.
- (2) Medallion requests that the record before the Division be incorporated into the Commission's record.
- (3) There is no dispute between the parties over geology or well costs. In addition, the basic land facts are not disputed. As a result, the parties will enter a stipulation of facts into the record. Both parties will have their landmen available for questioning, but will not present geologic or engineering witnesses.
- (4) Medallion requests an expedited decision by the Commission.



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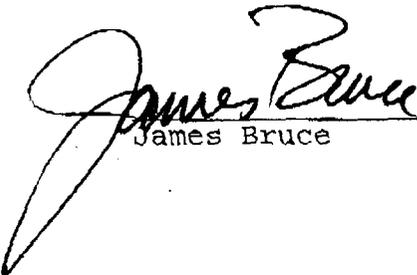
Attorney for KCS Medallion  
Resources, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent via facsimile transmission this 12<sup>th</sup> day of February, 1997 to:

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