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 "G" No. 2
Surface Location: 2440 ft FSL & 1550 ft FEL
Bottom Hole Loc: 3070 ft FSL & 1750 ft FEL
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 of Sec. 24 (and more)

1. Estimated Tops of Geologic Markers

Horizon	T. V. Depth ft	Sea Level Datum
Surface	0	+3.616
Anhydrite	510	+3.106
B/Salt	1.770	+1.846
Yates	1.930	+1.686
7-Rivers	2.164	+1.452
Queen	3.114	+502
Penrose	3.390	+226
Grayburg	3.590	+26
San Andres	4.328	-712
Delaware	4.770	-1.154
Bone Springs	5.800	-2.184
1st Bone Springs sd.	7.640	-4.024
2nd Bone Springs dolo.	8.170	-4.554
Total Depth	8.500	-4.884

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 5½" casing with cement up to a minimum of 500 ft above the upper-most zone of interest.

2. The Operators Minimum Specifications for Pressure Control

A. Exhibit F is a schematic diagram of the blowout prevention equipment. The annular BOP and rams will be hydraulically tested to 2750 psig (70% of the internal yield strength of the 8 5/8" 32 lb/ft, J55 casing) after nippling up and after any use under pressure. Annular and pipe rams will be operationally tested each 24 hr period and blind rams will be tested each time the drill pipe is out of the hole. Accessories to the BOP will include a floor safety valve and a choke manifold with a pressure rating equivalent to the BOP stack

B. Testing Procedures:

1. All casing below the surface string will be tested to .22 psig/ft or to 1500 psig, whichever is greater, but not to exceed 70% of the internal yield strength of the casing.

2. All ram type preventers will be tested to the rated working pressure of the stack or to 70% of the minimum internal yield of the casing , whichever is less.

3. Tests will be performed at the time of installation, and prior to drilling out of the casing shoe, and at least every 30 days.

4. The intermediate casing string will be tested prior to drillout by drilling cement to within 15-20 ft of the shoe, raising the drillstring off bottom, closing the pipe rams, and raising the casing pressure to the desired pressure.

5. The production string will be tested prior to drillout or perforating by pressuring to the desired pressure.

D. No over pressured formations are expected to be encountered, however drilling fluid levels will be visually monitored while circulating the reserve pit. A flow rate monitor will be installed in the mud flow line and fluid level indicators will be installed on the steel circulating tanks.

4. Proposed Casing and Cementing Programs

A. All casing below the conductor will either be new and manufactured to API specifications or used and reconditioned to Grade "A" specifications. Minimum casing specifications are shown below.

String	Size	Wt/ft	Grade	Thread Type	True Vertical Setting Depth	Condition
1.	20"	52.73#	Sch 10	NA	40' to 80'	Used, Grd. A
2.	13 3/8"	48#	H40	8 rnd, ST & C	760'	New or Used, Grd. A
3.	8 5/8"	32#	J55	8 rnd, ST & C	2,800'	New or Used, Grd. A
4.	5 ½"	17#	J55	8 rnd, LT & C	0' to 900'	New or Used, Grd. A
	5 ½"	15.5#	J55	8 rnd, LT & C	900' to 6200'	New or Used, Grd. A
	5 ½"	17#	J55	8 rnd, LT & C	6200' to 8500'	New or Used, Grd. A

B. Cementing

1. The hole for the conductor casing will be cut with a rat hole digger and sufficient hole will be cut to drill into consolidated sediments. Since the casing comes in 40 ft lengths, either 40ft or 80 ft of hole will be drilled depending on

the consolidation of the underlying sediments. After drilling is completed casing will be set on bottom and cemented to the surface with ready-mix cement.

2. The 13 3/8" surface casing will be set at approximately 760 ft in 17 ½" hole using a guide shoe, insert float, and at least three centralizers. It will be cemented to the surface with 100% excess slurry consisting of a lead slurry of 320 sacks of Class 'H' cement + 3% D79 + 0.25pps of D29 mixed with 14.14 gal/sk of water for a weight of 12.0 ppg and a yield of 2.39 cf/sack. followed by a tail slurry of 200 sacks of Class 'C' Cement + 2% S1 mixed with 6.3 gal/sk of water for a weight of 14.8 ppg and a slurry yield of 1.34 cu ft/sack. 1" pipe and a 100 sack top out system will be available in the event that the cement does not circulate.

3. The 8 5/8" intermediate casing will be set at approximately 2800 ft in 11" hole using a float shoe, a float collar. and at least 6 centralizers. The slurry design will provide 100% excess and will include a lead slurry of 480 sacks of class 'H' cement + 3% D79 + 0.25 ppg of D29 mixed with 14.14 gal/sk of water for a weight of 12.0 ppg and a yield of 2.39 cf/sack followed by a tail slurry of 200 sacks of Class 'C' Cement + 1% S1 mixed with 6.3 gal/sk of water for a weight of 14.8 ppg and a yield of 1.33 cf/sack.

4. If run, the 5 ½" production string will be set at about 8,500 ft in 7 7/8" hole. A float shoe, a float collar, and sufficient centralizers to centralize the casing through all prospective pay zones will be run. Sufficient slurry will be pumped to cover the uppermost prospective zone with at least 500 ft of cement using at least 20% excess slurry. Assuming a First Bone Springs Sand completion with casing set at 8,500 ft and a desired cement top of 7,000 ft (Bone Springs Sand top estimated to be below 7500 ft), the casing would be cemented with a lead system of 25 sacks of 50:50 Poz:Class 'H' Cement: +2.5% D44(bwow) + 2% D20 + 0.2% D59, mixed with 12.52gal/sk of water for a weight of 12.0 ppg and a yield of 2.18 cf/sack. The slurry would be preceded by 20 bbls of CW-7 Chemical Wash. This slurry would be followed by a tail system of 245 sacks of 50:50 Poz:Class 'H' Cement +5%D44(bwow) + 2% D20 + 0.2% D59. The top of the lead slurry should reach to about 6750 ft.

   A stage collar will be run in the 5 ½" casing at about 4300 ft. The casing will be cemented through the stage collar with a lead slurry consisting of approximately 160 sacks of 35:65 Poz:Class H cement + 5% D44(bwow) + 6% D20 mixed with 12.94 gal/sk of water for a weight of 12.2 ppg and a yield of 2.27 cf/sk followed by a tail slurry of 50 sacks of Class 'H' cement + 1% S1 mixed with 5.21 gal/sk of water for a mixed weight of 15.6 ppg and a yield of 1.19 cf/sk. These slurry volumes are approximate as they will be adjusted to the actual hole volume as determined by a caliper log to be run over the interval to be cemented. Sufficient slurry will be pumped to put the top of the cement up to about 2,300 ft; i.e., 500 ft into the 8 5/8" surface casing.

5. Casing seats shown are at approximate True Vertical depths and cement volumes are approximate. Actual volumes may vary depending upon hole conditions and actual casing setting depths.

5. Directional Drilling Program

A. After setting and testing the 8 5/8 in casing at 2800 ft. the 7 7/8 in hole will be drilled to the kick off point of 4500 ft TVD. At this point the hole will be turned to an azimuth of 342.4° and the angle of inclination built up to a maximum of 17.38° at the rate of 2.5°/100 ft. This inclination will be allowed to gradually decrease to 0° by 7488 ft MD (7400 ft TVD) at which point the hole should be over the target location of 3070 ft FSL & 1750 ft FEL of Sec. 24. A straight hole will be continued to a TD of about 8500 ft TVD (8588 ft MD). A proposed well profile plan with a Plan View and a Section View are included with this APD as Exhibit E1.

6. Drilling Fluid Program

A. Fluid Characteristics by Interval

1. 0 to 760 ft TVD, 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 TVD, 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 TVD, 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 TVD, 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.

7. 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 TVD and from 6000ft to 4700 ft. TVD.
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.

8. 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".

9. 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 March, 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.