

N.M. **UNITED STATES**  
**DEPARTMENT OF THE INTERIOR**  
**BUREAU OF LAND MANAGEMENT**  
Artesia, NMSUBMIT IN TRIPLICATE  
(Other instruct:  
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****SINGLE**  
**ZONE** ☒**MULTIPLE**  
**ZONE** ☐**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

370 ft FNL &amp; 1700 ft FEL of Section 24

At proposed prod. zone

Same

Unit B

**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)**

370 ft

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

943 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 DF, ET, GR, etc.)**

3640 ft, Ground Level

**22. APPROX. DATE WORK WILL START\***

15 October 2001

**23. Secretary's Potash****PROPOSED CASING AND CEMENTING PROGRAM****Capitan Controlled Water Basin**

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	
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 perforations


**Exhibits Attached:**

- |                                 |                               |                                  |
|---------------------------------|-------------------------------|----------------------------------|
| A. Location and elevation plat. | D. Surface Use Plan.          | G. Typical Wellsite Layout       |
| B. Location Verification Map.   | E. Drilling Plan.             | H. Map of Existing Wells In Area |
| C. Vicinity map.                | F. Blow Out Preventer Diagram | I. H2S Drilling operations Plan  |

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

  
Tom Williams

TITLE

Senior Drilling Engineer

DATE

9-10-01

(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 /S/ RICHARD A. WHITLEY TITLE ASSOC. STATE DIRECTOR DATE DEC 04 2001

\*See Instructions On Reverse Side APPROVAL FOR 1 YEAR

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 SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**