



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2048 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 20, 1998

K.C.S. Medallion Resources, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-3933

Dear Mr. Bruce:

Reference is made to your application dated December 31, 1997 on behalf of the operator K.C.S. Medallion Resources, Inc. for an unorthodox Morrow gas well location for its proposed RGD Well No. 1 to be drilled 660 feet from the North line and 840 feet from the East line (Unit A) of Section 19, Township 21 South, Range 27 East, NMPM, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico.

Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of said Section 19 being a standard 314.84-acre gas spacing and proration unit for said pool is to be dedicated to said well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of Division Order No. R-8170-E-1, issued in Case 9872 and dated October 28, 1991, and Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen A. Garland".

Kathleen A. Garland
Acting Director

KAG/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U.S. Bureau of Land Management - Carlsbad