

July 26, 1999

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

Telefax No. (505) 982-2151

AMENDED Administrative Order NSL-3972

Dear Mr. Bruce:

Reference is made to your application dated July 12, 1999 requesting that Division Administrative Order NSL-3972 be amended to reflect a location change for KCS Medallion Resources, Inc.'s ("KCS") proposed Esperanza Well No. 1 (**API No. 30-015-30298**) to be drilled within a standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 28, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.

Division Administrative Order NSL-3972, dated March 13, 1998, authorized KCS to drill the Esperanza Well No. 1 at an unorthodox gas well location within the Burton Flat-Morrow Gas Pool 660 feet from the South and East lines (Unit P) of Section 28.

It is our understanding that this move to the west a distance of 634 feet was prompted by a reevaluation of the geological data.

This amended application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F(2), Division Administrative Order NSL-3972 is hereby amended to reflect a location change for the proposed well in the E/2 of Section 28 to be drilled an unorthodox gas well location that is 660 feet from the South line and 1304 feet from the East line (Unit P) of Section 28. All other provisions of said Order NSL-3972 shall remain in full force and effect until further notice.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3972