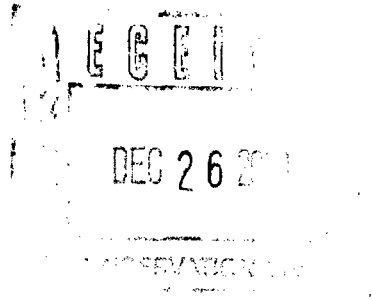


KCS Medallion Resources, Inc.

7130 South Lewis Avenue
Suite 700
Tulsa, OK 74136-5489

36336995

(918) 488-8283 phone
(918) 499-1331 fax



December 21, 2000



Mr. Mike Stonger
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: La Huerta 32 #1-Y
Sec 32-T21S-R27E
Eddy County, Burton Flat Field

Dear Mr. Stonger:

On December 5, 2000 the La Huerta 32 #1 was spud with Patterson Rig #55. On December 13, 2000, the rig was skid due to severe hole instability near the surface which caused us to loose the hole and the BHA in the hole at the time. The rig was moved to the south 151' to get a comfortable distance away from possible caverns created by the original hole. The replacement wellbore was inadvertently spud 2 feet closer to the East lease line.

As per our conversation at 1:30 pm Monday December 18, 2000, I am submitting copies of the forms requested showing the rig move from 660 FNL & 1980 FWL of 32-21S-27E to 811 FNL & 1982 FWL of 32-21S-27E.

Please find enclosed a copy of the Application for Permit to Drill (Form C-101) for the original La Huerta 32 #1 well (prior to skid), a copy of the applicable unit plat (Form C-102) showing the location of La Huerta 32 #1-Y well (after skid), and a copy of the Sundry Notice (Form C-103) of La Huerta 32 #1-Y well (after skid) regarding the location change.

After our conversation I understood that this would not be considered a non-standard location. Please feel free to call me at (918) 499-1325 if you have any questions or need any further information.

With Appreciation,

Tom Williams
Sr. Drilling Engineer

State of New Mexico
Energy, Minerals & Natural ResourcesForm C-101
Revised March 17, 1999

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. 1st Street, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505



Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address R. C. Bennett Company 3300 N. "A" Street, Building # 2, Suite 108, Midland, Texas 79705		² OGRID Number 018364
⁴ Property Code	⁵ Property Name La Huerta 32	³ API Number 30- 015- 31470
		⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot. Ldn	Feet from the	North/South Line	Feet from the	East/West line	County
C	32	21S	27E		660	North	1980	West	Eddy

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	R

⁹ Proposed Pool 1

Burren Flat, Morrow

OPERATOR TO COMPLY WITH ANY
COUNTY ORDINANCE THAT MAY APPLYOPERATOR TO BRING CEMENT ACROSS
ALL OIL, GAS & WATER BEARING ZONES.

¹¹ Work Type Code N	¹² Well Type Code M	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 3109'
¹⁶ Multiple No	¹⁷ Proposed Depth 11,800'	¹⁸ Formation Morrow	¹⁹ Contractor Patterson	²⁰ Spud Date 11/30/00

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
26-1/2"	20"	52.75#/ft	40' - 80'	Ready-Mix	Surface
17-1/2"	13-3/8"	48#/ft	400'	315 + Add	Surface
12 1/4"	*8-5/8"	32#/ft	2800'	1000 + Add	Surface
7-7/8"	4-1/2"	11.6#/ft	11,800'	1092 + Add	* 7900'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.
Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill and set 20" conductor - ready mix to surface
Drill 17-1/2" hole, set 13-3/8" csg & cmt to surface. Install 3M annular BOP. Test to 500 psi.
Drill 12 1/4" hole, set 8-5/8" csg & cmt to surface. Install 5M BOPE and test to 70% of csg yield.

Test BOPE. 250 psi - 3000 psi.
Drill 7-7/8" hole, set 4-1/2" csg & cmt to 7900', 800' above the Wolfcamp. Complete in the Morrow Sand.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *R. C. Bennett*

Printed name: R. C. Bennett

Title: President

Date: 11/17/00

Phone: (915) 683-3062

OIL CONSERVATION DIVISION

Approved by: *Sign. W. G. BGA*Title: *District Supervisor*

Approval Date: NOV 27 2000 Expiration Date: NOV 27 2001

Conditions of Approval

Attached ☐

OPERATOR TO NOTIFY OCD SPUD & TIME
TO WITNESS CEMENTING 13 3/8" & 8 5/8"
CASING

DISTRICT I
P.O. Box 1080, Hobbs, NM 88241-1080

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

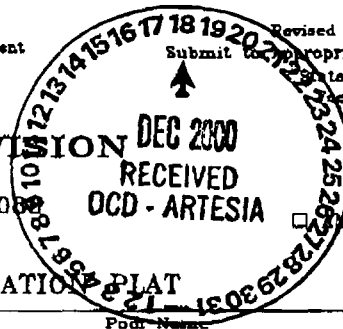
DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to appropriate District Office
Lease - 4 Copies
De Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088



☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name LA HUERTA 32	Well Number 1 Y
GRID No.	Operator Name R.C. BENNETT COMPANY	Elevation 3109

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	32	21S	27 E		811	NORTH	1982	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature R. C. Bennett Printed Name President Title 12/15/00 Date	
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. DECEMBER 13, 2000 Date Surveyed Signature & Seal of Professional Surveyor NEW MEXICO 00-11-1457 Certificate No. RONALD E. EDSON 3239 12641	
	AWB	

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
811 South First, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

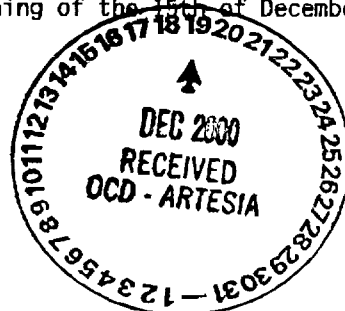
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015- 01470 31521
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator R. C. BENNETT COMPANY		6. State Oil & Gas Lease No. 018364
3. Address of Operator 3300 North "A" Street, Building # 2, Suite 108, Midland, Texas 79705		7. Lease Name or Unit Agreement Name: La Huerta 32
4. Well Location Unit Letter <u>C</u> : <u>811</u> feet from the <u>North</u> line and <u>1982</u> feet from the <u>West</u> line Section <u>32</u> Township <u>21S</u> Range <u>27E</u> NMPM County <u>Eddy</u>		8. Well No. 1-Y
10. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. Pool name or Wildcat Burton Flat
11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data		
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input checked="" type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: Skid Rig <input type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Skid rig Patterson # 55, 151' South from 660' FNL and 1980' FWL of Section 32-21S-27E to 811' FNL and 1982' FWL of Section 32-21S-27E due to lost 17 1/2" hole. Will drill new 17 1/2" hole to 500' and run 13 3/8" casing to 500' and cement to surface. Will spud new hole the evening of the 15th of December.



I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE R. C. Bennett TITLE President DATE 12/18/00

Type or print name R. C. Bennett Telephone No. 915-683-3062

(This space for State use)

APPROVED BY James W. Green TITLE District Supervisor DATE DEC 20 2000

Conditions of approval, if any: NSL -

Approval to Produce

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

12/28/00 07:35:37
OGOMES -TPJE
PAGE NO: 1

Sec : 32 Twp : 21S Rng : 27E Section Type : NORMAL

D 40.00	C 40.00	B 40.00	A 40.00
Fee owned	Fee owned	Fee owned	Fee owned
	P		
E 40.00	F 40.00	G 40.00	H 40.00
Fee owned	Fee owned	Fee owned	Fee owned
			A

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

12/28/00 07:35:41
OGOMES -TPJF
PAGE NO: 2

Sec : 32 Twp : 21S Rng : 27E Section Type : NORMAL

L 40.00	K 40.00	J 40.00	I 40.00
Fee owned	Fee owned	Federal owned	Federal owned
A			
M 40.00	N 40.00	O 40.00	P 40.00
Fee owned	Fee owned	Federal owned	Federal owned

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12

CMD : ONGARD 12/28/00 07:36:09
 OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPJF
 Page No : 1

API Well No : 30 15 21868 Eff Date : 04-30-1991
 Pool Idn : 73280 BURTON FLAT;MORROW (PRO GAS)
 Prop Idn : 1951 TRACY FAIRWAY COM Well No : 001
 Spacing Unit : 37267 OCD Order : Simultaneous Dedication:
 Sect/Twp/Rng : Acreage : 322.00 Revised C102? (Y/N) :
 Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	C	32	21S	27E	40.00	N	FE			
	D	32	21S	27E	40.00	N	FE			
	E	32	21S	27E	40.00	N	FE			
	F	32	21S	27E	40.00	N	FE			
	K	32	21S	27E	40.00	N	FE			
	L	32	21S	27E	40.00	N	FE			
	M	32	21S	27E	40.00	N	FE			
	N	32	21S	27E	40.00	N	FE			

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

12/28/00 07:36:21
OGOMES -TPJF

API Well No : 30 15 21868 Eff Date : 11-01-1976 WC Status : A
Pool Idn : 73280 BURTON FLAT;MORROW (PRO GAS)
OGRID Idn : 18364 R C BENNETT CO
Prop Idn : 1951 TRACY FAIRWAY COM

Well No : 001
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : L	32	21S	27E	FTG 1980	F S FTG	942 F W	P

Lot Identifier:
Dedicated Acre: 322.00
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC