

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11411 Exhibit No. 1

Submitted by: Medallion Production Company

Hearing Date: November 2, 1995

9

Medallion Production Co. 50%
Kaiser Francis Oil Co. 50%

Medallion 100%



S/2 Unit Leasehold

	Acres:	Percent:
MPC	180.00	56.25
KF	140.00	43.75
Total	320.00	100.00



Medallion Production
A MidAmerican Energy Company

Cemetery Prospect

Section 9-20S-25E
Eddy County, New Mexico

Scale: 8" = 1 mile

Oct 1995

MEDALLION PRODUCTION COMPANY
AUTHORIZATION FOR EXPENDITURES

PROSPECT Cemetery DATE 10/31/95
 LEASE _____ WELL NO. _____ AFE NO. _____
 LOCATION NW/4 SE/4 SECTION 9 TWP 20S RANGE 25E
 FIELD _____ COUNTY Eddy STATE New Mexico
 WELL TD 9550' PRIM. OBJ. Morrow SEC. OBJ. _____

AFE CLASSIFICATION			Medallion W/I		NRI	
<input checked="" type="checkbox"/> CAPITAL (820 840) DRLG (830 850)	<input type="checkbox"/> CAPITAL (840) RE-COMPLETE (850)	<input type="checkbox"/> CAPITAL (840) WORKOVER (850)	<input type="checkbox"/> CAPITAL (895) P & A	<input type="checkbox"/> EXPENSE (870) WORKOVER	<input type="checkbox"/> EXPENSE (870) REPAIR	

Description of Work: Drill, Complete & Equip Well As A Single Zone Drilling Completion Total
 Morrow Gas Producer Costs Costs

INTANGIBLE COSTS	BCP	ACP	
Location	16,000	2,500	\$18,500
Contracted Equipment	2,000	+	2,000
Rotary Rig: ML, RU, RD, MO	+	+	0
Daywork 2/1 @ \$4600/Day	9,200	4,600	13,800
Footage \$18.50/Ft	176,700	+	176,700
Fuel	+	+	0
Drilling Bits	+	+	0
Drilling Fluid	17,000	+	17,000
Mud Disposal	+	+	0
Drill Stem Tests	4,000	+	4,000
Cement and Cementing Service	12,000	7,800	19,800
Casing Crew, Equipment	3,800	2,400	6,200
Logging: Open Hole	9,600	+	9,600
Completion Rig 10 Days @ \$1800/Day	+	18,000	18,000
Stimulation	+	25,000	25,000
Log & Perf. Cased Hole	+	6,500	6,500
Rentals	4,000	5,000	9,000
Water/Water Hauling	12,000	5,000	17,000
Hauling/Freight	2,500	2,000	4,500
Testing/Inspection	1,200	2,000	3,200
Labor: Contract	2,000	2,500	4,500
Company Geologist/Engineer Mud Logger @ \$300/Day	7,500	1,200	8,700
Overhead	4,000	2,500	6,500
Professional Services	13,500	4,500	18,000
Insurance	1,000	+	1,000
Miscellaneous, etc.	3,500	2,000	5,500
TOTAL INTANGIBLE COSTS	\$301,500	\$93,500	\$395,000

TANGIBLE COSTS			
Cattle Guards & Fencing	2,500	1,000	3,500
Casing: Cond.	2,500	+	2,500
Casing: Surface 13-3/8" @ 350'	6,500	+	6,500
Casing: Intermediate 8-5/8" 32# J-55 @ 1250'	12,500	+	12,500
Casing: Production 4-1/2" 11.6# N-80 @ 9550'	+	42,600	42,600
Float Equip, Centrizers, etc.	1,700	1,100	2,800
Well Head	1,400	8,000	9,400
Tubing 2-3/8" 4.7# N-80 @ 9550'	+	23,600	23,600
Pump Unit	+	+	0
Motor/Engine	+	+	0
Rods & Pump	+	+	0
Pkr & Other Sub-surface Equip.	+	8,000	8,000
Tanks	+	6,600	6,600
Separator/Production Unit	+	6,000	6,000
Heater Treater/Dehydrator	+	+	0
Fittings & Small Pipe	+	8,000	8,000
Other Equipment	+	+	0
Installation Costs	+	8,000	8,000
TOTAL TANGIBLE COSTS	\$27,100	\$112,900	\$140,000
TOTAL COSTS	\$328,600	\$206,400	\$535,000

Estimated Spud Date _____ Estimated Work Dates _____
 Total Well Cost to Casing Point \$328,600 Plugging Cost \$10,000 Total Dry & Abandoned Cost \$338,600
 Total Cost Through Evaluation of Zone of Interest \$498,400

Prepared By: Lee Granis
 MEDALLION PRODUCTION COMPANY APPROVED

WORKING INTEREST OWNER APPROVED

By: Lee Date: _____

Company Name: _____

By: _____ Date: _____

By: _____ Date: _____

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11411 Exhibit No. 2

Submitted by: Medallion Production Company

Hearing Date: November 2, 1995

file #2
clp

KAISER-FRANCIS OIL COMPANY

RECEIVED

P.O. BOX 21468

TULSA, OKLAHOMA 74121-1468

OCT 23 1995

6733 South Yale Ave.
(918) 494-0000

MEDALLION PRODUCTION COMPANY

CERTIFIED MAIL
#Z 051 427 684

October 19 1995

Medallion Production Company
7130 South Lewis Avenue, Suite 700
Tulsa, OK 74136

Attn: Mr. D. R. Deffenbaugh, CPL
Landman

Re: Cemetery Prospect
Compulsory Pooling Hrg.-Oct. 19, 1995
South Half (S/2) of Sec. 9, T20S-R25E
Eddy County, NM

Dear Mr. Deffenbaugh:

Enclosed herewith is your letter dated October 18, 1995 regarding the compulsory pooling application for the S/2 of Section 9, T20S-R25E, Eddy County, New Mexico. The letter has been executed on behalf of Kaiser-Francis Oil Company, a copy was telecopied to you yesterday.

If you need anything further, do not hesitate to contact.

Sincerely,



Debbie Stout
Land Assistant

xc: Jim Wakefield

D72:\ltr\cemetery.ret

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11411 Exhibit No. 3

Submitted by: Medallion Production Company

Hearing Date: November 2, 1995



Medallion Production Company
7130 South Lewis Avenue
Suite 700
Tulsa, Oklahoma 74136
918 488-8283 Telephone
918 488-8182 Fax

October 18, 1995

VIA FAX 491-4694 AND U.S. MAIL

491-4105 Writers Direct

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

Attention: Jim Wakefield

Re: Cemetery Prospect
South Half (S/2) of Section 9-20S-25E
Eddy County, New Mexico

Gentlemen:

Medallion Production Company ("Medallion") and Kaiser-Francis Oil Company ("Kaiser") hereby agree to the following:

1. Medallion agrees to continue its' compulsory pooling application under Oil Conservation Division, Case No. 11411, currently scheduled for hearing October 19, 1995, for two weeks until November 2, 1995.
2. Kaiser agrees to not protest, or cause to be protested, Oil Conservation Division Case No. 11411 and further agrees not to appeal any part of the order rendered as a result thereof.
3. Medallion will continue to negotiate with Kaiser in good faith for alternatives to the options provided for under any order resulting from Oil Conservation Division, Case No. 11411 through the election period provided for therein, including, but not limited to, the cash or farmout alternatives previously offered in Medallion's letter of August 30, 1995.

This agreement shall be binding on Medallion, Kaiser and their respective successors and assigns.



Should the above be consistent with our agreement, please so indicate by signing in the space provided below and returning one copy of this letter to the attention of the undersigned by fax at (918)488-8182.

Sincerely,

MEDALLION PRODUCTION COMPANY

A handwritten signature in black ink, appearing to read "D.R. Deffenbaugh".

D.R. Deffenbaugh, CPL
Landman

AGREED TO AND ACCEPTED THIS 19 DAY OF OCTOBER, 1995.
KAISER-FRANCIS OIL COMPANY

A handwritten signature in black ink, appearing to read "James T. Wakefield".

By: James T. Wakefield
Title: Engineer
DRD/nbcemkfoc.agr



Medallion Production Company

An InterCoast Energy Company

FILE COPY

7130 S. LEWIS AVE, SUITE 700 • TULSA, OK 74136 • PHONE (918) 488-8283 • FAX (918) 488-8182

Writers Direct Number (918) 491-4105

July 20, 1995

Kaiser Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

Attention: Wayne Fields

Re: Cemetery Prospect
Section 9-20S-25E
Eddy County, New Mexico

Gentlemen:

Medallion Production Company ("Medallion") proposes the drilling of a test well to be located in the S/2 of Section 9-20S-25E, Eddy County, New Mexico. Medallion proposes that the test well be drilled to a depth of about 9,550' in order to sufficiently test the Morrow formation. Dry hole costs are estimated to be \$338,600 with total completed well costs estimated at \$535,000, as shown on the enclosed AFE.

In connection with the test well, Medallion has acquired leasehold rights accounting for 56.25% of this lay down 320 acre unit and proposes that you grant us a farmout of all of your interest in the S/2 of said Section 9 under the following terms:

1. On or before 120 days following the execution date of a definitive agreement, Medallion would commence or cause the commencement of a 9,550' Morrow test (the "Test Well") in the S/2 of Section 9-20S-25E, Eddy County, New Mexico.
2. In the event the Test Well results in a well capable of producing in commercial quantities, Medallion would earn an assignment of your interest from the surface of the earth to the total depth drilled in the Test Well. Such assignment would be limited to the unit established for the Test Well and any and all equipment used and obtained in connection therewith.
3. You would reserve in such assignment an overriding royalty interest equal to the difference between existing leasehold burdens and 25%, proportionately reduced to the interest being assigned.

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11411 Exhibit No. 4

Submitted by: Medallion Production Company

Hearing Date: November 2, 1995

Kaiser Francis Oil Company
July 20, 1995
Page 2

4. Upon payout of the Test Well, you shall have the right and option to convert the previously reserved overriding royalty interest to a proportionately reduced 25% working interest.

As an alternative, Medallion would entertain a purchase of all of your interest in the referenced lands. Please let me know your thoughts on this proposal at your earliest convenience.

Respectfully,

MEDALLION PRODUCTION COMPANY



D.R. Deffenbaugh, CPL
Landman

DRD/nb

cemkfoc.ltr

MEDALLION PRODUCTION COMPANY
AUTHORIZATION FOR EXPENDITURES

PROSPECT	Cemetery		DATE	7/21/1995 Rev 1
LEASE		WELL NO.	9 - 1	AFE NO.
LOCATION	NW/4 SE/4	SECTION	9	TWP
FIELD	COUNTY	Eddy	20S	RANGE
WELL TD	9550'	PRIM. OBJ.	Morrow	STATE
				New Mexico
				SECONDARY OBJ.

CLASSIFICATION OF EXPENSE	Drilling	Completion	Total
Drill, Complete and Equip Well As A	Costs	Costs	
Single Zone Morrow Gas Producer			

INTANGIBLE COSTS	BCP	ACP	
Location	\$ 16,000	\$2,500	\$18,500
Contracted Equipment	2,000	+	2,000
Rotary Rig: MI, RU, RD, MO	+	+	0
Daywork 2/1 @ \$4600/day	9,200	4,600	13,800
Footage \$18.50/ft	176,700	+	176,700
Fuel	+	+	0
Drilling Bits	+	+	0
Drilling Fluid	17,000	+	17,000
Mud Disposal	+	+	0
Drill Stem Tests	4,000	+	4,000
Cement and Cementing Service	12,000	7,800	19,800
Casing Crew, Equipment	3,800	2,400	6,200
Logging: Open Hole	9,600	+	9,600
Completion Rig 10 days @ \$1800/day	+	18,000	18,000
Stimulation	+	25,000	25,000
Log & Perf. Cased Hole	+	6,500	6,500
Rentals	4,000	5,000	9,000
Water/Water Hauling	12,000	5,000	17,000
Hauling/Freight	2,500	2,000	4,500
Testing/Inspection	1,200	2,000	3,200
Labor: Contract	2,000	2,500	4,500
Company Geologist/Engineer (Mud logger @ \$300/day)	7,500	1,200	8,700
Overhead	4,000	2,500	6,500
Professional Services	13,500	4,500	18,000
Insurance	1,000	+	1,000
Miscellaneous	3,500	2,000	5,500

TOTAL INTANGIBLE COSTS	301,500	\$93,500	\$395,000
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TANGIBLE COSTS			
Cattle Guards & Fencing	2,500	1,000	3,500
Casing: Cond.	2,500	+	2,500
Casing: Surface 13-3/8" @ 350'	6,500	+	6,500
Casing: Intermediate 8-5/8" 32# J-55 @ 1250'	12,500	+	12,500
Casing: Production 4-1/2" 11.6# N-80 @ 9550'	+	42,600	42,600
Float Equip, Centrizers, etc.	1,700	1,100	2,800
Well Head	1,400	8,000	9,400
Tubing 2-3/8" 4.7# N-80 @ 9550'	+	23,600	23,600
Pump Unit	+	+	0
Motor/Engine	+	+	0
Rods & Pump	+	+	0
Pkr & Other Sub-surface Equip.	+	8,000	8,000
Tanks	+	6,600	6,600
Separator/Production Unit	+	6,000	6,000
Heater Treater/Dehydrator	+	+	0
Fittings & Small Pipe	+	8,000	8,000
Other Equipment	+	+	0
Installation Costs	+	8,000	8,000

TOTAL TANGIBLE COSTS	\$27,100	\$112,900	\$140,000
TOTAL COSTS	\$328,600	\$206,400	\$535,000

Estimated Spud Date		
Total Well Cost to Casing Point	\$328,600	
Plugging Cost	\$10,000	
Total Dry and Abandoned Cost	\$338,600	
Total Cost Through Evaluation of Zone of Interest		\$498,400

MEDALLION PRODUCTION COMPANY

WORKING INTEREST OWNER

By: LCJ Date: _____

By: _____ Date: _____

Company Name: _____

By: _____ Date: _____



Medallion Production Company

An InterCoast Energy Company

FIRE COPY

7130 S. LEWIS AVE, SUITE 700 • TULSA, OK 74136 • PHONE (918) 488-8283 • FAX (918) 488-8182

Writers Direct Number (918) 491-4105

July 20, 1995

Kaiser Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

Attention: Wayne Fields

Re: Cemetery Prospect
Section 9-20S-25E
Eddy County, New Mexico

Gentlemen:

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Kaiser Francis Oil Company
July 20, 1995
Page 2

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As an alternative, Medallion would entertain a purchase of all of your interest in the referenced lands. Please let me know your thoughts on this proposal at your earliest convenience.

Respectfully,

MEDALLION PRODUCTION COMPANY



D.R. Deffenbaugh, CPL
Landman

DRD/nb

cemkfoc.ltr

MEDALLION PRODUCTION COMPANY
AUTHORIZATION FOR EXPENDITURES

PROSPECT	<u>Cemetery</u>	DATE	<u>7/21/1995 Rev 1</u>
LEASE		WELL NO.	<u>9 - 1</u>
LOCATION	<u>NW/4 SE/4</u>	SECTION	<u>9</u>
FIELD	<u>COUNTY</u>	TWP	<u>20S</u>
WELL TD	<u>9550'</u>	STATE	<u>New Mexico</u>
	PRIM. OBJ.	Morrow	SECONDARY OBJ.

CLASSIFICATION OF EXPENSE	Drilling Costs	Completion Costs	Total
Drill, Complete and Equip Well As A Single Zone Morrow Gas Producer			
INTANGIBLE COSTS	BCP	ACP	
Location	\$ 16,000	\$2,500	\$18,500
Contracted Equipment	2,000	+	2,000
Rotary Rig MI, RU, RD, MO	+	+	0
Daywork 2/1 @ \$4600/day	9,200	4,600	13,800
Footage \$18.50/ft	176,700	+	176,700
Fuel	+	+	0
Drilling Bits	+	+	0
Drilling Fluid	17,000	+	17,000
Mud Disposal	+	+	0
Drill Stem Tests	4,000	+	4,000
Cement and Cementing Service	12,000	7,800	19,800
Casing Crew, Equipment	3,800	2,400	6,200
Logging Open Hole	9,600	+	9,600
Completion Rig 10 days @ \$1800/day	+	18,000	18,000
Stimulation	+	25,000	25,000
Log & Perf. Cased Hole	+	6,500	6,500
Rentals	4,000	5,000	9,000
Water/Water Hauling	12,000	5,000	17,000
Hauling/Freight	2,500	2,000	4,500
Testing/Inspection	1,200	2,000	3,200
Labor: Contract	2,000	2,500	4,500
Company Geologist/Engineer (Mud logger @ \$300/day)	7,500	1,200	8,700
Overhead	4,000	2,500	6,500
Professional Services	13,500	4,500	18,000
Insurance	1,000	+	1,000
Miscellaneous	3,500	2,000	5,500
TOTAL INTANGIBLE COSTS	301,500	\$93,500	\$395,000
TANGIBLE COSTS			
Cattle Guards & Fencing	2,500	1,000	3,500
Casing: Cond.	2,500	+	2,500
Casing: Surface 13-3/8" @ 350'	6,500	+	6,500
Casing: Intermediate 8-5/8" 32# J-55 @ 1250'	12,500	+	12,500
Casing: Production 4-1/2" 11.6# N-80 @ 9550'	+	42,600	42,600
Float Equip, Centrizers, etc.	1,700	1,100	2,800
Well Head	1,400	8,000	9,400
Tubing 2-3/8" 4.7# N-80 @ 9550'	+	23,600	23,600
Pump Unit	+	+	0
Motor/Engine	+	+	0
Rods & Pump	+	+	0
Pkr & Other Sub-surface Equip.	+	8,000	8,000
Tanks	+	6,600	6,600
Separator/Production Unit	+	6,000	6,000
Heater Treater/Dehydrator	+	+	0
Fittings & Small Pipe	+	8,000	8,000
Other Equipment	+	+	0
Installation Costs	+	8,000	8,000
TOTAL TANGIBLE COSTS	\$27,100	\$112,900	\$140,000
TOTAL COSTS	\$328,600	\$206,400	\$535,000

Estimated Spud Date _____

Total Well Cost to Casing Point \$328,600

Plugging Cost \$10,000

Total Dry and Abandoned Cost \$338,600

Total Cost Through Evaluation of Zone of Interest \$498,400

MEDALLION PRODUCTION COMPANY

By: LCJ Date: _____

By: _____ Date: _____

WORKING INTEREST OWNER

Company Name: _____

By: _____ Date: _____



Writers Direct Number (918) 491-4105

July 20, 1995

Kaiser Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

Attention: Wayne Fields

Re: Cemetery Prospect
Section 9-20S-25E
Eddy County, New Mexico

Gentlemen:

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Kaiser Francis Oil Company
July 20, 1995
Page 2

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MEDALLION PRODUCTION COMPANY



D.R. Deffenbaugh, CPL
Landman

DRD/nb

cenkfoc.ltr

MEDALLION PRODUCTION COMPANY
AUTHORIZATION FOR EXPENDITURES

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Pump Unit	+	+	0
Motor/Engine	+	+	0
Rods & Pump	+	+	0
Pkr & Other Sub-surface Equip.	+	8,000	8,000
Tanks	+	6,600	6,600
Separator/Production Unit	+	6,000	6,000
Heater Treater/Dehydrator	+	+	0
Fittings & Small Pipe	+	8,000	8,000
Other Equipment	+	+	0
Installation Costs	+	8,000	8,000
TOTAL TANGIBLE COSTS	\$27,100	\$112,900	\$140,000

TOTAL COSTS	\$328,600	\$206,400	\$535,000
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Plugging Cost	\$10,000	
Total Dry and Abandoned Cost	\$338,600	
Total Cost Through Evaluation of Zone of Interest		\$498,400

MEDALLION PRODUCTION COMPANY

WORKING INTEREST OWNER

By: LCJ Date: _____

Company Name: _____

By: _____ Date: _____

By: _____ Date: _____



July 20, 1995

Kaiser Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

Attention: Wayne Fields

Re: Cemetery Prospect
Section 9-20S-25E
Eddy County, New Mexico

Gentlemen:

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In connection with the test well, Medallion has acquired leasehold rights accounting for 56.25% of this lay down 320 acre unit and proposes that you grant us a farmout of all of your interest in the S/2 of said Section 9 under the following terms:

1. On or before 120 days following the execution date of a definitive agreement, Medallion would commence or cause the commencement of a 9,550' Morrow test (the "Test Well") in the S/2 of Section 9-20S-25E, Eddy County, New Mexico.
2. In the event the Test Well results in a well capable of producing in commercial quantities, Medallion would earn an assignment of your interest from the surface of the earth to the total depth drilled in the Test Well. Such assignment would be limited to the unit established for the Test Well and any and all equipment used and obtained in connection therewith.
3. You would reserve in such assignment an overriding royalty interest equal to the difference between existing leasehold burdens and 25%, proportionately reduced to the interest being assigned.

Kaiser Francis Oil Company
July 20, 1995
Page 2

4. Upon payout of the Test Well, you shall have the right and option to convert the previously reserved overriding royalty interest to a proportionately reduced 25% working interest.

As an alternative, Medallion would entertain a purchase of all of your interest in the referenced lands. Please let me know your thoughts on this proposal at your earliest convenience.

Respectfully,

MEDALLION PRODUCTION COMPANY



D.R. Deffenbaugh, CPL
Landman

DRD/nb

cenkfoc.ltr

MEDALLION PRODUCTION COMPANY
AUTHORIZATION FOR EXPENDITURES

PROSPECT	Cemetery	DATE	7/21/1995 Rev 1	
LEASE	WELL NO.	9 - 1	AFF NO	
LOCATION	NW/4 SE/4	SECTION	9	TWP
FIELD	COUNTY	Eddy	STATE	20S
WELL TD	9550'	PRIM. OBJ.	Morrow	SECONDARY OBJ.
				RANGE
				25E
				New Mexico

CLASSIFICATION OF EXPENSE	Drilling Costs	Completion Costs	Total
Drill, Complete and Equip Well As A Single Zone Morrow Gas Producer			

INTANGIBLE COSTS	BCP	ACP	
Location	\$ 16,000	\$2,500	\$18,500
Contracted Equipment	2,000	+	2,000
Rotary Rig MI, RU, RD, MO	+	+	0
Daywork 2/1 @ \$4600/day	9,200	4,600	13,800
Footage \$18.50/ft	176,700	+	176,700
Fuel	+	+	0
Drilling Bits	+	+	0
Drilling Fluid	17,000	+	17,000
Mud Disposal	+	+	0
Drill Stem Tests	4,000	+	4,000
Cement and Cementing Service	12,000	7,800	19,800
Casing Crew, Equipment	3,800	2,400	6,200
Logging Open Hole	9,600	+	9,600
Completion Rig 10 days @ \$1800/day	+	18,000	18,000
Stimulation	+	25,000	25,000
Log & Perf. Cased Hole	+	6,500	6,500
Rentals	4,000	5,000	9,000
Water/Water Hauling	12,000	5,000	17,000
Hauling/Freight	2,500	2,000	4,500
Testing/Inspection	1,200	2,000	3,200
Labor Contract	2,000	2,500	4,500
Company Geologist/Engineer (Mud logger @ \$300/day)	7,500	1,200	8,700
Overhead	4,000	2,500	6,500
Professional Services	13,500	4,500	18,000
Insurance	1,000	+	1,000
Miscellaneous	3,500	2,000	5,500

TOTAL INTANGIBLE COSTS	301,500	\$93,500	\$395,000
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TANGIBLE COSTS			
Cattle Guards & Fencing	2,500	1,000	3,500
Casing Cond.	2,500	+	2,500
Casing Surface 13-3/8" @ 350'	6,500	+	6,500
Casing Intermediate 8-5/8" 32# J-55 @ 1250'	12,500	+	12,500
Casing Production 4-1/2" 11.6# N-80 @ 9550'	+	42,600	42,600
Float Equip, Centrizers, etc.	1,700	1,100	2,800
Well Head	1,400	8,000	9,400
Tubing 2-3/8" 4.7# N-80 @ 9550'	+	23,600	23,600
Pump Unit	+	+	0
Motor/Engine	+	+	0
Rods & Pump	+	+	0
Pkr & Other Sub-surface Equip.	+	8,000	8,000
Tanks	+	6,600	6,600
Separator/Production Unit	+	6,000	6,000
Heater Treater/Dehydrator	+	+	0
Fittings & Small Pipe	+	8,000	8,000
Other Equipment	+	+	0
Installation Costs	+	8,000	8,000

TOTAL TANGIBLE COSTS	\$27,100	\$112,900	\$140,000
-----------------------------	-----------------	------------------	------------------

TOTAL COSTS	\$328,600	\$206,400	\$535,000
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Estimated Spud Date			
Total Well Cost to Casing Point	\$328,600		
Plugging Cost	\$10,000		
Total Dry and Abandoned Cost	\$338,600		
Total Cost Through Evaluation of Zone of Interest		\$498,400	

MEDALLION PRODUCTION COMPANY

WORKING INTEREST OWNER

By: LCZ Date: _____

Company Name: _____

By: _____ Date: _____

By: _____ Date: _____



Writers Direct Number (918) 491-4105

July 20, 1995

Kaiser Francis Oil Company
P.O. Box 21468
Tulsa, OK 74121-1468

Attention: Wayne Fields

Re: Cemetery Prospect
Section 9-20S-25E
Eddy County, New Mexico

Gentlemen:

Medallion Production Company ("Medallion") proposes the drilling of a test well to be located in the S/2 of Section 9-20S-25E, Eddy County, New Mexico. Medallion proposes that the test well be drilled to a depth of about 9,550' in order to sufficiently test the Morrow formation. Dry hole costs are estimated to be \$338,600 with total completed well costs estimated at \$535,000, as shown on the enclosed AFE.

In connection with the test well, Medallion has acquired leasehold rights accounting for 56.25% of this lay down 320 acre unit and proposes that you grant us a farmout of all of your interest in the S/2 of said Section 9 under the following terms:

1. On or before 120 days following the execution date of a definitive agreement, Medallion would commence or cause the commencement of a 9,550' Morrow test (the "Test Well") in the S/2 of Section 9-20S-25E, Eddy County, New Mexico.
2. In the event the Test Well results in a well capable of producing in commercial quantities, Medallion would earn an assignment of your interest from the surface of the earth to the total depth drilled in the Test Well. Such assignment would be limited to the unit established for the Test Well and any and all equipment used and obtained in connection therewith.
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Kaiser Francis Oil Company
July 20, 1995
Page 2

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As an alternative, Medallion would entertain a purchase of all of your interest in the referenced lands. Please let me know your thoughts on this proposal at your earliest convenience.

Respectfully,

MEDALLION PRODUCTION COMPANY



D.R. Deffenbaugh, CPL
Landman

DRD/nb

oemkfoc.ftr

MEDALLION PRODUCTION COMPANY
AUTHORIZATION FOR EXPENDITURES

PROSPECT	Cometary			DATE	7/21/1995 Rev 1	
LEASE		WELL NO.	9 - 1		AFE NO.	
LOCATION	NW/4 SE/4	SECTION	9	TWP	20S	RANGE 25E
FIELD	COUNTY	Eddy		STATE	New Mexico	
WELL TD	9550'	PRIM. OBJ.	Morrow	SECONDARY OBJ.		

CLASSIFICATION OF EXPENSE	Drilling Costs	Completion Costs	Total
Drill, Complete and Equip Well As A Single Zone Morrow Gas Producer			
INTANGIBLE COSTS	BCP	ACP	
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Contracted Equipment	2,000	+	2,000
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Daywork 2/1 @ \$4600/day	9,200	4,600	13,800
Footage \$18.50/ft	176,700	+	176,700
Fuel	+	+	0
Drilling Bits	+	+	0
Drilling Fluid	17,000	+	17,000
Mud Disposal	+	+	0
Drill Stem Tests	4,000	+	4,000
Cement and Cementing Service	12,000	7,800	19,800
Casing Crew, Equipment	3,800	2,400	6,200
Logging: Open Hole	9,600	+	9,600
Completion Rig 10 days @ \$1800/day	+	18,000	18,000
Stimulation	+	25,000	25,000
Log & Perf. Cased Hole	+	6,500	6,500
Rentals	4,000	5,000	9,000
Water/Water Hauling	12,000	5,000	17,000
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Insurance	1,000	+	1,000
Miscellaneous	3,500	2,000	5,500
TOTAL INTANGIBLE COSTS	301,500	\$93,500	\$395,000
TANGIBLE COSTS			
Cattle Guards & Fencing	2,500	1,000	3,500
Casing: Cond.	2,500	+	2,500
Casing: Surface 13-3/8" @ 350'	6,500	+	6,500
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Pump Unit	+	+	0
Motor/Engine	+	+	0
Rods & Pump	+	+	0
Pkr & Other Sub-surface Equip.	+	8,000	8,000
Tanks	+	6,600	6,600
Separator/Production Unit	+	6,000	6,000
Heater Treater/Dehydrator	+	+	0
Fittings & Small Pipe	+	8,000	8,000
Other Equipment	+	+	0
Installation Costs	+	8,000	8,000
TOTAL TANGIBLE COSTS	\$27,100	\$112,900	\$140,000
TOTAL COSTS	\$328,600	\$206,400	\$535,000
Estimated Spud Date			
Total Well Cost to Casing Point		\$328,600	
Plugging Cost	\$10,000		
Total Dry and Abandoned Cost		\$338,600	
Total Cost Through Evaluation of Zone of Interest			\$498,400

MEDALLION PRODUCTION COMPANY

WORKING INTEREST OWNER

By: LCF Date: _____

Company Name: _____

By: _____ Date: _____

By: _____ Date: _____

EXHIBIT A

Kaiser-Francis Oil Company
Post Office Box 21468
Tulsa, OK 74121-1468

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11411 Exhibit No. 5

**AFFIDAVIT,
Page 2**

Submitted by: Medallion Production Company

Hearing Date: November 2, 1995

CAMPBELL, CARR & BERGE, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE

MICHAEL H. FELDEWERT
TANNIS L. FOX
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 27, 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Kaiser-Francis Oil Company
Post Office Box 21468
Tulsa, OK 74121-1468

Re: Application of Medallion Production Company for Compulsory Pooling, Eddy
County, New Mexico

Gentlemen:

This letter is to advise you that Medallion Production Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of certain mineral interests in all formations from the surface to the base of the Morrow formation, Undesignated Cemetery-Morrow Pool, in and under the S/2 of Section 9, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico. Medallion Production Company proposes to dedicate the referenced pooled unit to its Harris No. 1 Well to be drilled at an orthodox location in the S/2 of said Section 9.

This application has been set for hearing before a Division Examiner on October 19, 1995. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



Tanya M. Trujillo

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Kaiser-Francis Oil Company
Post Office Box 21468
Tulsa, OK 74121-1468

5. Signature (Addressee)

6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
 2. Restricted Delivery
- Consult postmaster for fee.

4a. Article Number

P176 015 376

4b. Service Type

- Registered
- Certified
- Express Mail
- Insured
- COD
- Return Receipt for Merchandise

7. Date of Delivery

11/2

8. Addressee's Address (Only if requested and fee is paid)

P 176 015 376



Receipt for Certified Mail

No Insurance Coverage Provided

Kaiser-Francis Oil Company
Post Office Box 21468
Tulsa, OK 74121-1468

Postage	\$
Certified fee	
Collection services	
Registered fee	
Return Receipt fee	
Restricted Delivery fee	
Insurance fee	
Postmark or date	\$
Postmark or date September 27, 1995	

PS Form 3800, June 1991

Thank you for using Return Receipt Service.

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

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