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February 17, 1997

Hand Delivered

Mr. William J. LeMay
New Mexico Oil Conservation Commission
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Hand Delivered

Ms. Jami Bailey
Commissioner of Public Lands
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Via Federal Express

Mr. William W. Weiss
Petroleum Recovery Research Center
Kelly Building
New Mexico Institute of Mining
& Technology
Socorro, New Mexico 87801

Re: Case Nos. 11,666 and 11677 (*de novo*)

Dear Commissioners:

Enclosed is a proposed order in the above matter, submitted on behalf of KCS Medallion Resources, Inc.

On the issue of the casing for the well, please be advised that Medallion's 4½" casing program contemplated a single zone (Morrow) completion. If other zones are encountered uphole, then Medallion will evaluate the possibility of 5½" casing.

Very truly yours,

A handwritten signature in black ink that reads "James Bruce". The signature is written in a cursive style with a large, looping initial "J".

James Bruce

Attorney KCS Medallion
Resources, Inc.

cc: Rock A. Quinn w/encl.
W. Thomas Kellahin w/encl.