

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF KCS MEDALLION RESOURCES, INC.
FOR COMPULSORY POOLING AND
AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11749

APPLICATION

KCS MEDALLION RESOURCES, INC., ("KCS Medallion"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the E/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4 and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 of Section 14, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. KCS Medallion owns or represents approximately 62.50% of the working interest in the E/2 of said Section 14, and has the right to drill thereon.

2. KCS Medallion proposes to dedicate the above-referenced spacing or proration unit to its Aid State No. 14-1 Well which it proposes to drill at an unorthodox well location 660 feet from the South line and 1,330 feet from the East line of said Section 14.

3. KCS Medallion proposes to drill to a depth of 10,650 feet to test all formations from the surface to the base of the Morrow formation.

4. KCS Medallion has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the E/2 of said Section 14.

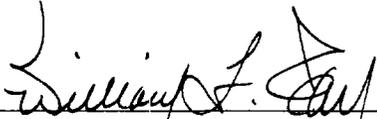
5. Said pooling of interests will prevent waste and will protect correlative rights.

6. In order to permit KCS Medallion to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled at the proposed unorthodox well location.

WHEREFORE, KCS Medallion Resources, Inc., respectfully requests that this application be set for hearing before an examiner of the Oil Conservation Division on March 20, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of supervision of the well, including overhead charges, imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well and approving an unorthodox location for the well 660 feet from the South line and 1,330 feet from the East line of said Section 14.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR KCS MEDALLION
RESOURCES, INC.

11749

CASE 11749

Application of KCS Medallion Resources, Inc., for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests for all formations developed on 320-acre spacing underlying the E/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4 and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 of Section 14, Township 17 South, Range 28 East, from the surface to the base of the Morrow formation. Said unit is to be dedicated to its Aid State No. 14-1 Well which will be drilled at an unorthodox location 660 feet from the South line and 1,330 feet from the East line of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately _____ miles _____ of _____, New Mexico.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
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February 25, 1997

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
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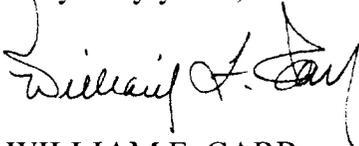
Case 11749

Re: Application of KCS Medallion Resources, Inc., for compulsory pooling and
an unorthodox well location, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of KCS Medallion Resources, Inc., in the above-referenced case as well as a legal advertisement. KCS Medallion Resources, Inc., respectfully requests that this matter be placed on the docket for the March 20, 1997 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Rick Deffenbaugh, (w/enclosures)