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MAR 16 1998

March 13, 1998

Via Fax and U.S. Mail

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case No. 11,926; Application of KCS Medallion Resources,
Inc. for compulsory pooling (W½ §33-19S-28E)

Dear Mr. Stogner:

At the February 19, 1998 hearing, at which OXY's motion to dismiss was argued, you requested KCS Medallion to contact the Bureau of Land Management ("BLM") to determine if the BLM would allow communitization of the W½ of Section 33, due to the S½ of Section 33 being comprised of one federal lease. KCS Medallion has contacted personnel in the BLM's Roswell office about this matter. At this point, it is KCS Medallion's understanding that the BLM is leaving it to the Division to determine whether pooling of the W½ is proper. Thus, KCS Medallion would like to know whether the Division desires to hear testimony in this case. Please let me know. Thank you.

Very truly yours,



James Bruce

Attorney for KCS Medallion
Resources, Inc.

cc: D.R. Deffenbaugh
W. Thomas Kellahin (via fax)
William F. Carr (via fax)