

**KCS Medallion Resources, Inc.**

7130 South Lewis Avenue

Suite 700

Tulsa, OK 74136-5489

(918) 488-8283 phone

(918) 499-1331 fax

FEB 23 1999

February 19, 1999

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*DC*  
*Case File*  
*11792*  
**KCS**

State of New Mexico  
Energy, Minerals and Natural  
Resources Department  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Attention: Lori Wrotenbery, Director

RE: Case No. 11992  
Order No. R-11004  
Section 19-18S-31E  
Eddy County, New Mexico

Gentlemen:

Pursuant to Paragraph (14) on Page 5 of the referenced Order, this is to advise that KCS Medallion Resources, Inc. (successor in interest to Penwell Energy, Inc.) and Canadian Kenwood Company have reached a voluntary agreement subsequent to the entry of said Order No. R-11004.

Very truly yours,



D. R. Deffenbaugh  
Vice President - Land

DRD:rkw

cc: Canadian Kenwood Company  
1910 IDS Center  
80 South Eighth Street  
Minneapolis, MN 55402

notification to State of NM