



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 20, 1998

K.C.S. Medallion Resources, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504-1056

12032

RE: Administrative application for K.C.S. Medallion Resources, Inc. to drill its proposed PDM Well No. 1 at an unorthodox gas well location in the Turkey Track-Morrow Gas Pool within a proposed 320-acre gas spacing and proration unit to comprise the W/2 of Section 16, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

Dear Mr. Bruce:

Subsequent to my review of the subject application and of a closely associated application that is currently pending before the New Mexico Oil Conservation Commission in Case No. 11925, I find that in the best interest of conservation and fairness that this particular matter be set for hearing. The next available docket for this new application will be August 20, 1998.

Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's General Rules and Regulations.

Sincerely,

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
File: Case 11925
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe
Ms. Kathy Valdes - NMOCD, Santa Fe