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OIL CONSERVATION DIV.

99 MAR -9 PM 3:33

March 9, 1999

12144

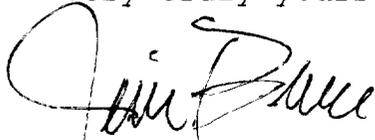
Hand Delivered

Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and two copies of an amended application in Case 12144, which adds a request for an unorthodox location. Also enclosed is a proposed advertisement. Please re-advertise this case for the April 1, 1999 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for KCS Medallion
Resources, Inc.

DHC - 1119
MC - 2488

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

99 MAR -9 PM 3:33

APPLICATION OF KCS MEDALLION
RESOURCES, INC. FOR SIMULTANEOUS
DEDICATION AND AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY, NEW MEXICO.

Case No. 12144

AMENDED APPLICATION

KCS Medallion Resources, Inc. applies for simultaneous dedication in the Morrow formation underlying the W $\frac{1}{2}$ of Section 27, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and for an unorthodox gas well location, and in support thereof, states:

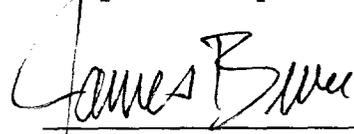
1. Applicant is a working interest owner in the W $\frac{1}{2}$ of said Section 27. The W $\frac{1}{2}$ of Section 27 is currently dedicated to the Greenwood Pre-Grayburg Unit Fed. C Com. Well No. 1, located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ (Unit L) of Section 27, which is producing from the Morrow formation (Shugart-Morrow Gas Pool). 30-319-
22601

2. Applicant proposes to drill its Shugart Fed. "27" Well No. 1, at an unorthodox gas well location 1202 feet from the North line and 660 feet from the West line (Unit D) of Section 27, to a depth sufficient to test the Morrow formation, and seeks an exception to Division Rule 104.D(3) to permit it to simultaneously dedicate the W $\frac{1}{2}$ of Section 27 to both the existing and proposed wells.

3. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for KCS Medallion Resources,
Inc.

OIL CONSERVATION DIV.

PROPOSED ADVERTISEMENT

99 MAR -9 PM 3: 34

Case 12144:

Application of KCS Medallion Resources, Inc. for simultaneous dedication and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Shugart Fed. "27" Well No. 1 to the base of the Morrow formation at a location 1202 feet from the North line and 660 feet from the West line (Unit D) of Section 27, Township 18 South, Range 31 East, NMPM, said location being unorthodox for the Shugart-Morrow Gas Pool. Applicant also seeks to dedicate the W½ of Section 27 to the proposed well and to the existing Greenwood Pre-Grayburg Unit Fed. C Com. Well No. 1, located in Unit L of Section 27. Said unit is located approximately 10 miles southeast of Loco Hills, New Mexico.