

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:

KCS ENERGY, INC., PROLIQ, INC., KCS
ENERGY MARKETING, INC., KCS
RESOURCES, INC. A/K/A KCS MOUNTAIN
RESOURCES, INC., KCS MEDALLION
RESOURCES, INC., MEDALLION CALIFORNIA
PROPERTIES, INC., MEDALLION GAS
SERVICES, INC., KCS ENERGY SERVICES,
INC., KCS MICHIGAN RESOURCES, INC. AND
NATIONAL ENERDRILL CORP.,

Debtors.

Chapter 11

Case No. 00-0028 (PJW) and
Case Nos. 00-0310 (PJW) through
00-0318 (PJW)

JOINTLY ADMINISTERED

**BALLOT FOR ACCEPTING OR REJECTING
DEBTORS' THIRD AMENDED JOINT PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

**BALLOT FOR VOTING SENIOR SUBORDINATED NOTES CLAIMS
(8 7/8% Senior Subordinated Notes Due 2008: Class 5)**

This Ballot is for holders of Senior Subordinated Notes Claims as of October 20, 2000 (the "Voting Record Date") in the above captioned Chapter 11 cases of KCS Energy, Inc. and its affiliates listed above (collectively, the "Debtors"). Holders of Senior Subordinated Notes Claims are those entities that own 8 7/8% Senior Subordinated Notes of KCS Energy, Inc., due January 15, 2008. This Ballot is to be used to cast votes to accept or reject the Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code, dated October 20, 2000 (the "Debtors' Plan"). The Debtors' Plan is annexed as Exhibit "A" to the Fourth Amended Disclosure Statement for Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated October 20, 2000 (the "Debtors' Disclosure Statement"), which accompanies this Ballot. Senior Subordinated Notes Claims are placed in Class 5 in the Debtors' Plan. Before voting on the Debtors' Plan, please carefully review the Debtors' Plan and the Debtors' Disclosure Statement in their entireties. Information regarding voting procedures is set forth in Sections II and XI of the Debtors' Disclosure Statement.

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IMPORTANT

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT BEFORE THE **VOTING DEADLINE OF 10:00 P.M., EASTERN TIME, ON JANUARY 5, 2001** AT THE FOLLOWING ADDRESS:

THE ALTMAN GROUP, INC.
60 EAST 42ND STREET, SUITE 1241
NEW YORK, NEW YORK 10165
TELEPHONE: (212) 681-9600

OR BY FAX TO: (212) 681-1383

A BALLOT THAT IS COMPLETED AND RECEIVED TIMELY BY THE VOTING AGENT BUT DOES NOT INDICATE AN ACCEPTANCE OR A REJECTION OF THE DEBTORS' PLAN WILL BE DEEMED A VOTE TO ACCEPT THE DEBTORS' PLAN.

DO NOT RETURN ANY SECURITIES WITH THIS BALLOT. This Ballot is *not* a letter of transmittal and may *not* be used for any purpose other than to cast votes.

HOW TO VOTE

1. COMPLETE ITEM 1, ITEM 2, AND, IF APPLICABLE, ITEM 3.
2. REVIEW THE CERTIFICATION CONTAINED IN ITEM 4.
3. COMPLETE AND SIGN THE BALLOT (unless your ballot has already been signed or "prevalidated" by your nominee).
4. RETURN THE BALLOT IN THE PRE-ADDRESSED POSTAGE-PAID ENVELOPE (if the enclosed envelope is addressed to your bank, broker or their agent, make sure such entity receives your Ballot in sufficient time to submit it to the Voting Agent before the Voting deadline). OR IF THE PRE-ADDRESSED POSTAGE PAID ENVELOPE IS ADDRESSED TO THE ALTMAN GROUP, YOU MAY FAX THE COMPLETED BALLOT TO (212) 681-1383.
5. YOU MUST VOTE *ALL* YOUR SENIOR SUBORDINATED NOTES CLAIMS *EITHER* TO ACCEPT *OR* TO REJECT THE DEBTORS' PLAN. AND MAY NOT SPLIT YOUR VOTE.

Item 1. Principal Amount of the Senior Subordinated Notes Voted. The undersigned certifies that, as of the October 20, 2000, Voting Record Date, the undersigned was either the beneficial owner or the nominee of a beneficial owner of Senior Subordinated Notes in the following aggregate unpaid principal amount (insert number in box below). If your Senior Subordinated Notes are held by a nominee on your behalf and you do not know the amount, please contact your nominee immediately to obtain this information.

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Item 2. Vote. The beneficial owner of the Senior Subordinated Notes identified in Item 1 above (the "Beneficial Owner") votes as follows (**check one box only -- if you do NOT check a box, your vote will be deemed an acceptance of the plan**):

to Accept the Debtors' Plan to Reject the Debtors' Plan.

Item 3. Identify All Other Senior Subordinated Notes Voted. If any other Ballots have been or will be submitted for Senior Subordinated Notes owned by the Beneficial Owner other than those identified in Item 1 above, complete the following table with respect to such other Senior Subordinated Notes voted (please use additional sheets of paper if necessary):

ONLY COMPLETE ITEM 3 IF YOU HAVE SUBMITTED OTHER BALLOTS.

| Name of Record Holder of any other Senior Subordinated Notes Voted* | Account Number of any other Senior Subordinated Notes Voted (if Held in Street Name) | Principal Amount of any other Senior Subordinated Notes Voted |
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* Insert your name if the Senior Subordinated Notes are held by you in record name. If held in Street Name, insert the name of your bank or broker.

Item 4. Certification. By returning this Ballot, the Beneficial Owner certifies that (a) it has received a copy of the Debtors' Disclosure Statement (including the exhibits thereto) and understands that this solicitation is subject to all the terms and conditions set forth in the Debtors' Disclosure Statement, (b) it has full power and authority to vote to accept or reject the Debtors' Plan with respect to the Senior Subordinated Notes in the amount listed in Item 1, (c) it was the beneficial owner of the Senior Subordinated Notes described in Item 1 on the Voting Record Date, (d) this Ballot is the only Ballot being submitted for the Senior Subordinated Notes owned by such Beneficial Owner (except for the Senior Subordinated Notes identified in Item 3 above), and (e) if any other Ballots for Senior Subordinated Notes are being submitted by the Beneficial Owner, all such Ballots indicate the same vote to accept or reject the Debtors' Plan that the Beneficial Owner has indicated in Item 2 of this Ballot.

Name of Creditor: _____
(Print or Type)

Social Security or Federal Tax I.D. No.: _____
(Optional)

Signature: _____

By: _____
(If Appropriate)

Title: _____
(If Appropriate)

Street Address: _____

City, State, Zip Code: _____

Telephone Number: _____

Fax Number: _____

Date Completed: _____

No fees, commissions, or other remuneration will be payable to any broker, dealer, or other person for soliciting votes on the Debtors' Plan. This Ballot shall not constitute or be deemed a proof of claim or equity interest or an assertion of a claim or equity interest.

VOTING DEADLINE

YOU MUST FORWARD YOUR COMPLETED BALLOT TO YOUR NOMINEE OR THE VOTING AGENT, AS APPLICABLE, IN AMPLE TIME FOR YOUR VOTE TO BE RECEIVED BY THE VOTING AGENT PRIOR TO THE **VOTING DEADLINE, WHICH IS 10:00 P.M., EASTERN TIME, JANUARY 5, 2001**, OR YOUR VOTE WILL NOT BE COUNTED.

IF YOU HAVE ANY QUESTIONS

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED AN ADDITIONAL BALLOT OR ADDITIONAL COPIES OF THE DEBTORS' DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, PLEASE CALL THE VOTING AGENT, THE ALTMAN GROUP, INC., AT (212) 681-9600.

VOTING INSTRUCTIONS

I. Parties in Interest Entitled to Vote

Only holders of Claims or Equity Interests in Class 2 (Secured Bank Claims), Class 5 (Senior Subordinated Notes Claims), Class 6 (General Unsecured Claims) and Class 7 (KCS Common Stock Equity Interests) may vote on the Debtors' Plan. Pursuant to the applicable provisions of the Bankruptcy Code, generally only those classes of claims or equity interests that are (i) "impaired" by a chapter 11 plan and (ii) entitled to receive a distribution under such a plan are entitled to vote on a chapter 11 plan. The Debtors believe that Class 1 (Other Priority Claims), Class 3 (Other Secured Claims) and Class 4 (Senior Note Claims), and the holders of Claims in such Classes, are unimpaired, are conclusively presumed to have accepted the Debtors' Plan and thus are not entitled to vote on the Debtors' Plan. The holders of Equity Interests in Class 8 will not receive a distribution under the Debtors' Plan and, therefore, are deemed to have rejected the Debtors' Plan. Consequently, only holders of Claims and Equity Interests in Classes 2, 5, 6 and 7 of the Debtors' Plan are permitted to vote on the Debtors' Plan (holders of Claims and Equity Interests in Classes 2, 5, 6 and 7 are hereinafter referred to collectively as the "Voters").

II. Vote Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan of reorganization by an impaired class of claims occurs when holders of at least two-thirds in dollar amount and more than one-half in number of the allowed claims of that class that timely return ballots for acceptance or rejection of the plan of reorganization vote to accept the plan. Acceptance of a plan of reorganization by an impaired class of equity interests occurs when holders of at least two-thirds in amount of the allowed equity interests of that class that cast ballots for acceptance or rejection of the plan of reorganization vote to accept the plan.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. The Debtors may seek to confirm the Debtors' Plan even if one or more classes of claims or equity interests do not accept the Debtors' Plan.

III. Voting Procedures

The Debtors are providing copies of the Debtors' Disclosure Statement, Ballots and, where appropriate, Master Ballots to all record holders of Claims and Equity Interests in Classes 2, 5, 6 and 7 as of October 20, 2000 (the "Voting Record Date"). Record holders may include brokers, banks and other nominees. If such record holders do not hold for their own accounts, they or their agents (collectively, with such record holders, "Nominees") must provide copies of the Debtors' Disclosure Statement and appropriate Ballots to the beneficial owners of such notes and common stock. Any beneficial owner who has not received a Ballot should contact his, her or its Nominee, or the Voting Agent.

Beneficial Owners. Any beneficial owner that holds as of the Voting Record Date, Senior Subordinated Notes in his, her or its own name can vote on the Debtors' Plan by completing and signing the applicable enclosed Ballot and returning it directly to the Voting Agent (by first class mail using the enclosed pre-addressed, postage-paid envelope included in the Solicitation Package or by fax to (212) 681-1383) so as to be received by the Voting Agent before 10:00 P.M. on January 5, 2001 (the "Voting Deadline"). A Ballot that is completed and received timely but does not indicate an acceptance or rejection of the Debtors' Plan will be deemed a vote to accept the Debtors' Plan. If no return envelope was enclosed with the Solicitation Package, contact the Voting Agent for instructions for returning the Ballot.

Any beneficial owner holding, as of the Voting Record Date, Senior Subordinated Notes in "street name" through a Nominee can vote by completing the Ballot and signing it (unless the Ballot has already been signed, or "prevalidated," by the Nominee), and returning it to the Nominee in sufficient time for

the Nominee to then forward the vote so as to be *received* by the Voting Agent before the **Voting Deadline of 10:00 P.M. (Eastern Time) on January 5, 2001**. A Ballot submitted to a Nominee will not be counted unless and until the Nominee completes properly and delivers timely a corresponding Master Ballot to the Voting Agent. A Ballot that is completed and received timely but does not indicate an acceptance or a rejection of the Debtors' Plan will be deemed a vote to accept the Debtors' Plan. **If a Ballot has already been signed (or "prevalidated") by a Nominee, the Ballot must be completed and returned or faxed directly to the Voting Agent so that it is received by the Voting Agent before the Voting Deadline.**

Nominees. A Nominee which, on the Voting Record Date, is the registered holder of Senior Subordinated Notes for a beneficial owner can obtain the votes of the beneficial owners of such securities, consistent with customary practices for obtaining the votes of securities held in "street name," in one of the following two ways:

The Nominee may "prevalidate" a Ballot by (i) signing the Ballot, (ii) indicating on the Ballot the name of the registered holder, the amount of securities held by the Nominee for the beneficial owner, and the account number for the account in which such securities are held by the Nominee, and (iii) forwarding such Ballot, together with the Debtors' Disclosure Statement, return envelope and other materials requested to be forwarded, to the beneficial owner for voting. The beneficial owner must then complete the information requested in the Ballot, review the certifications contained in the Ballot, **and return the Ballot directly to the Voting Agent in the pre-addressed, postage-paid envelope or by fax so that it is received by the Voting Agent before the Voting Deadline.** A list of the beneficial owners to whom "prevalidated" Ballots were delivered should be maintained by Nominees for inspection for at least one year from the Voting Deadline.

OR

If the Nominee elects *not* to prevalidate Ballots, the Nominee may obtain the votes of beneficial owners by forwarding to the beneficial owners the unsigned Ballots, together with the Debtors' Disclosure Statement, a return envelope provided by, and addressed to, the Nominee, and other materials requested to be forwarded. Each such beneficial owner must then indicate his, her or its vote on the Ballot, complete the information requested in the Ballot, review the certifications contained in the Ballot, **execute the Ballot and return the Ballot to the Nominee.** After collecting the Ballots, the Nominee should, in turn, complete a Master Ballot compiling the votes and other information from the Ballots, execute the Master Ballot and deliver the Master Ballot to the Voting Agent so that it is received by the Voting Agent before the Voting Deadline. All Ballots returned by beneficial owners should either be forwarded to the Voting Agent (along with the Master Ballot) or retained by Nominees for inspection for at least one year from the Voting Deadline. **The Nominee should advise the beneficial owner to return his, her or its Ballot to the Nominee by a date calculated by the Nominee to allow it to prepare and return the Master Ballot to the Voting Agent so that it is received by the Voting Agent before the Voting Deadline.**

Other. If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, if requested by the Voting Agent, must submit proper evidence satisfactory to the Voting Agent of such person's authority to so act.

For purposes of voting to accept or reject the Debtors' Plan, the beneficial owners of such securities will be deemed to be the "holders" of such claims represented by such securities. Unless otherwise ordered by the Bankruptcy Court, Ballots that are signed, dated and timely received, but on which a vote to accept or reject the Debtors' Plan has not been indicated, will be counted as an acceptance of the Debtors' Plan. The Voting Agent, in its discretion, may contact voters to attempt to cure defects in the Ballots or Master Ballots. In the event of a dispute with respect to the Voting Agent's determination of a vote to accept or reject the Debtors' Plan, the disputing party may seek a determination from the Bankruptcy Court.

Withdrawal or Change of Vote. Any eligible voter that delivers a valid Ballot or Master Ballot to the Nominee or Voting Agent, as applicable, may withdraw his, her or its vote by delivering a written notice of withdrawal to the Voting Agent before the Voting Deadline. To be valid, the notice of withdrawal must (a) be signed by the party who signed the Ballot or Master Ballot to be revoked, and (b) be received by the Voting Agent before the Voting Deadline. Any eligible voter that delivers a valid Ballot or Master Ballot may change its vote by delivering to the Voting Agent a properly completed subsequent Ballot or Master Ballot so as to be received before the Voting Deadline. In the case where more than one timely, properly completed Ballot or Master Ballot is received in respect of the same claim or equity interest, only the Ballot or Master Ballot that bears the latest date will be counted. The Debtors may contest the validity of any withdrawals or change of votes.

VOTING DEADLINE

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT BEFORE THE VOTING DEADLINE OF 10:00 P.M., EASTERN TIME, ON JANUARY 5, 2001, AT THE FOLLOWING ADDRESS:

THE ALTMAN GROUP, INC.
60 EAST 42ND STREET, SUITE 1241
NEW YORK, NEW YORK 10165
TELEPHONE: (212) 681-9600

OR BY FAX TO: (212) 681-1383

STREET NAME HOLDERS

IF YOU MUST RETURN YOUR BALLOT TO YOUR BANK, BROKER OR OTHER NOMINEE, OR TO ITS AGENT, YOU MUST RETURN YOUR BALLOT TO THEM IN SUFFICIENT TIME FOR THEM TO PROCESS IT AND RETURN IT TO THE VOTING AGENT BEFORE THE VOTING DEADLINE. STREET NAME HOLDERS MAY NOT VOTE BY FAX UNLESS THEIR NOMINEE HAS PROVIDED THEM WITH A PRE-VALIDATED BALLOT AS DISCUSSED IN THESE VOTING INSTRUCTIONS.

QUESTIONS

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CALL THE VOTING AGENT, THE ALTMAN GROUP, INC., AT (212) 681-9600.