N.M. Oil Cons. DIV-Dist. 2 1301 W. Grand Avenue Artesia. NM 88210

F -3 orm 3160 (September 2001)	ee		OMB No.	PPROVED 1004-0136 nuary 31, 2004					
	DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT								
APPLICATION FOR PERMIT TO			6. If Indian, Allotee	or Tribe Name	•				
la. Type of work:	TER		7 If Unit or CA Agree	ment, Name and No.	-				
lb. Type of Well: Oil Well Gas Well Other	Single Zone Multi	iple Zone	8. Lease Name and W		•				
2. Name of Operator MCKAY OI L CORPORATION			9. API Well No.	63655	•				
3a. Address P.O. BOX 2014 ROSWELL, NM 88202-2014	1	O. Field and Pool, or E WEST PECOS	xploratory	•					
4. Location of Well (Report location clearly and in accordance with	arry State requirements.*)	1	1. Sec., T. R. M. or Bl	c. and Survey or Area	•				
At surface 988' FSL & 718'FWL At proposed prod. zone			UNIT M, SEC.	22, T6S, R22E					
14. Distance in miles and direction from nearest town or post office* APPROXIMATELY 25 MILES		1	12. County or Parish CHAVES	13. State	-				
15. Distance from proposed* location to nearest property or lease line, ft.	16. No. of acres in lease	17. Spacing U	Jnit dedicated to this w						
(Also to nearest drig. unit line, if any)			MBIA Bond No. on file						
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1278'	19. Proposed Depth 3400'	ZU. BLIVIBIA	A BOIRT NO. OII IIIC	MAY 0 8 7	7004				
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4202'	22. Approximate date work will sta 04/15/2004	art* 2	3. Estimated duration 7-10 DAYS	OCD-ART	ESIA				
	24. Attachments	•			•				
The following, completed in accordance with the requirements of Onsh	hore Oil and Gas Order No.1, shall be a	attached to this t	form:		•				
 Well plat certified by a registered surveyor. A Drilling Plan. 	4. Bond to cover 1 Item 20 above).		unless covered by an e	existing bond on file (see					
 A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office). 		specific inform	nation and/or plans as	may be required by the					
25. Signature Opin D. Myba	Name (Printed/Typed) APRIL D. MCKA	Y		Date 02/01/2004	-				
Title V.P.					_				
Approved by (Signature) ARMANDO A. LOPEZ	Name (Printed/Typed)	LA OGNAN	OPE7	APR 29 2	2004				
Title Assistant Field Manage	ROSWELL FI		·	PPROVED FOR 1					
Application approval does not warrant or certify that the applicant he conduct operations thereon. Conditions of approval, if any, are attached.				title the applicant to					

*(Instructions on page 2)

DISTRICT I 1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II 611 South First, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, New Mexico 87505

M AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name	·
Property Code	CACTUS FEDERAL	operty Name	Well Number
OGRID No.	McKAY OIL CORPORATION	erator Name	Elevation 4202

Surface Location

1	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	Bast/West line	County
	М	35	6 S	22 E		988	SOUTH	718	WEST	CHAVES

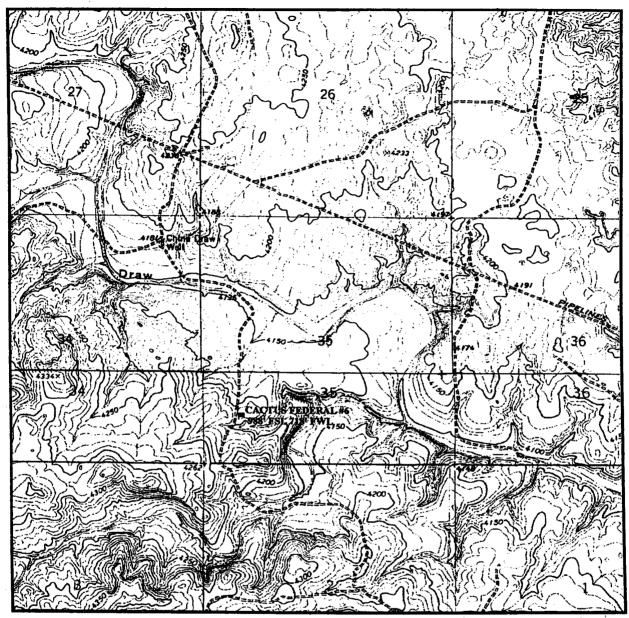
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint o	r Infill Co	nsolidation (Code Or	der No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	TON-STRIVDAND ONLY HAS DE	EN ALLKOVED DI THE D.	
		l cont	OPERATOR CERTIFICATION I hereby certify that the information tained herein is true and complete to the of my knowledge and belief.
			And D. Mellay Inted Name
		De	U.P. tle 3/9/04 ate
		on act	SURVEYOR CERTIFICATION tereby certify that the well location shown this plat was plotted from field notes of tual surveys made by me or under my pervision and that the same is true and
 		De	ate suffer and of the property
718'			POFESSION PROPERTY
		1 14 R	ertificate No. TODO P. WAGENER NMPS & \$242 AGENER ENGINEERING 110 N. MISSOURI AVE. DSWELL, NM 88201 15-823-8382

LOCATION VERIFICATION MAP



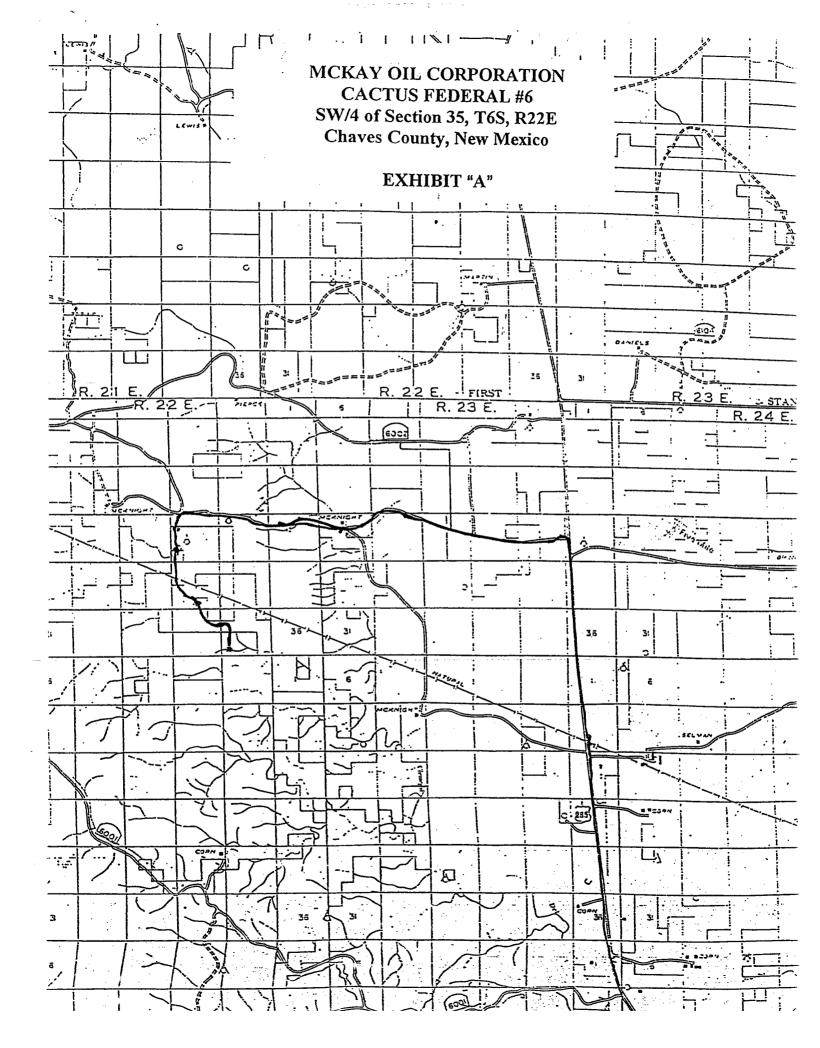
SCALE: 1" = 2000'

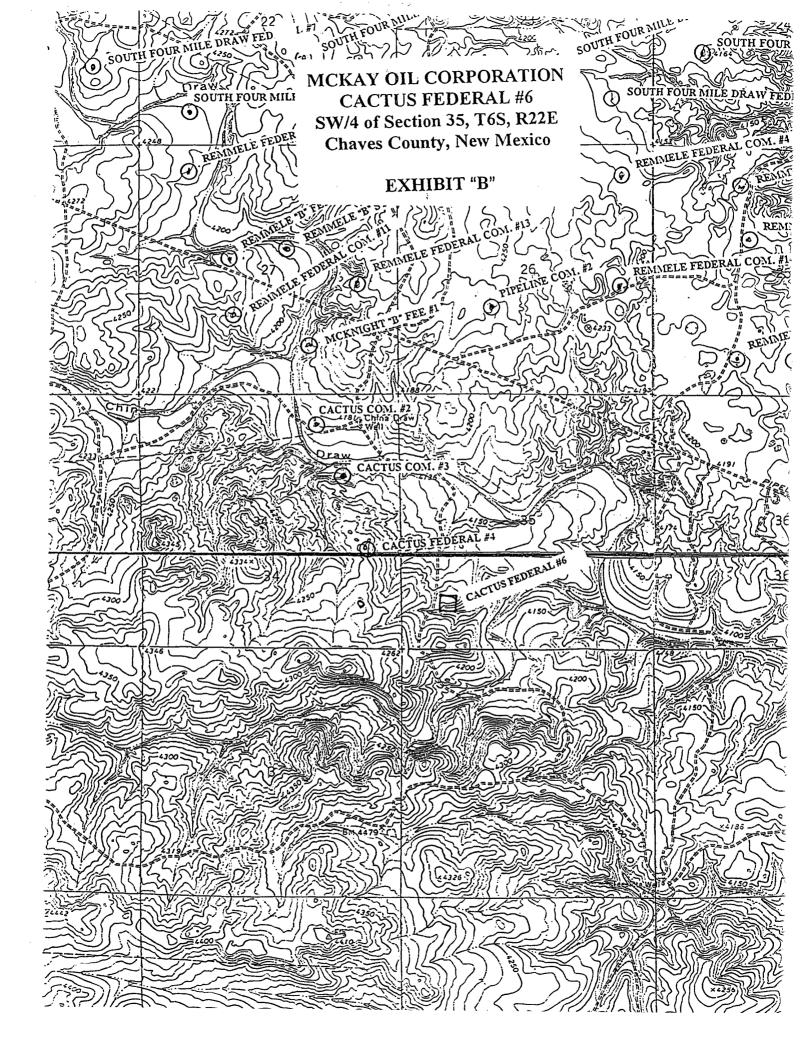
CONTOUR INTERVAL: 10'

SEC. 35 IWP. 6 S RGE. 22 E
SURVEYN.M.P.M.
COUNTY CHAVES
DESCRIPTION 988' FSL & 718' FWL
ELEVATION 4202
OPERATOR McKAY OIL CORPORATION LEASE CACTUS FEDERAL #6 U.S.G.S. TOPOGRAPHIC MAP
MESA SW. NW &
ROCK HOUSE CANYON, NM

WAGENER ENGINEERING

1410 N. MISSOURI AVE. ROSWELL, N. M. 88201 (505) 623-8382



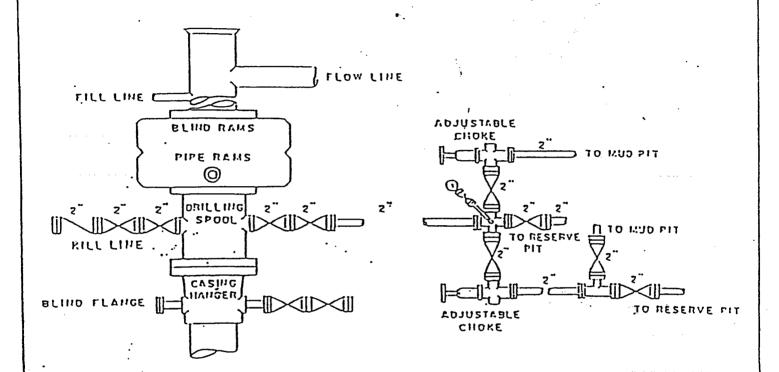


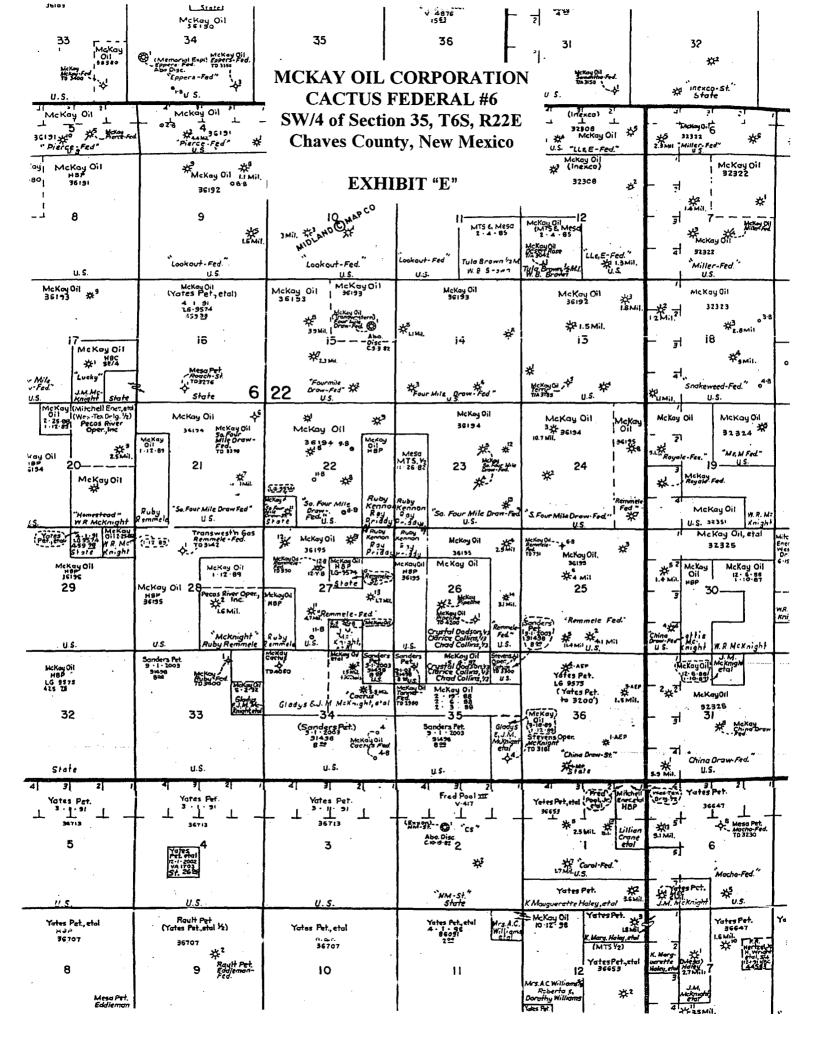
7

FAX NO. :15056237737

MCKAY OIL CORPORATION CACTUS FEDERAL #6 SW/4 of Section 35, T6S, R22E Chaves County, New Mexico

EXHIBIT "D"





PERTINENT INFORMATION

FOR

MCKAY OIL CORPORATION CACTUS FEDERAL #6 988'FSL & 718'FWL Sec. 35, T6S, R22E Chaves County, New Mexico

25 air miles Northwest of LOCATED: Roswell, NM. NM-91498 **LEASE NUMBER:** September 1, 1993 **LEASE ISSUED:** McKay Petroleum Corporation **RECORD LESSEE:** Operator's \$25,000 Statewide **BOND COVERAGE:** Assignment of Operating Rights **AUTHORITY TO OPERATE:** ACRES IN LEASE: 1,240.00 acres, more or less Federal **SURFACE OWNERSHIP:** OWNER: USA-BLM General Statewide Rules POOL RULES: **EXHIBITS**: A. Road and Well Map B. Contour Map C. Rig Layout D. BOP Diagram E. Lease Map F. Location Topography

SUPPLEMENTAL DRILLING DATA

MCKAY OIL CORPORATION CACTUS FEDERAL #6 988'FSL & 718' FWL of Sec. 35, T6S, R22E Chaves County, New Mexico

The following items supplement Form 3160-3 in accordance with instruction contained in Onshore Oil and Gas Order No. 1:

1. SURFACE FORMATION: San Andres

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Yeso - 876' Tubb - 2372' Abo - 2600'

3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATIONS:

Fresh Water - In surface formation above 600'
Gas - In Abo Formation below 2600'

4. PROPOSED CASING PROGRAM:

12-1/4" hole 8-5/8" X-42 24# 950' + 7-7/8" hole 5-1/2" J-55 15.5# TD

5. PROPOSED CEMENTING PROGRAM:

Surface to 950' class "C" - 350 sxs cemented and circulated

to surface.

Production Casing class "C" - 300 sxs cemented with adequate

cover.

6. PROPOSED DRILLING PROGRAM:

McKay Oil Corporation proposes to drill and test the ABO formation. Approximately 950' of surface casing will be set and cemented to surface. 5-1/2" production casing will be set and cemented with adequate cover, perforated and stimulated as needed for production.

- 7. <u>PRESSURE CONTROL EQUIPMENT</u>: Blowout preventer will consist of 2 ram, 2M system. A sketch of the BOP is attached.
- 8. **CIRCULATION MEDIUM**: Air Drilling
- 9. <u>AUXILIARY EQUIPMENT</u>: Full-opening drill string safety valve fit for the drill string in use, will be kept on the rig floor at all times.
- 10. TESTING, LOGGING AND CORING PROGRAM:

Samples:

Catch samples from surface to TD.

DST's:

None.

Logging:

GR-CNL, Dual Lateral MSFL from

surface to TD.

Coring:

None.

- 11. <u>ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE</u>: None anticipated.
- 12. <u>ANTICIPATED STARTING DATE</u>: On or before April 15, 2004 Drilling should be completed within 10 days. Completion operations (perforations and stimulation) will follow drilling operations.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MCKAY OIL CORPORATION CACTUS FEDERAL #6 988' FSL & 718' FWL of Sec. 35, T6S, R22E Chaves County, New Mexico

NM 91498

This plan is submitted with the application for permit to drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a road map showing the location of the proposed well is staked. The well is approximately 21 miles north of Roswell, NM.
- B. <u>Directions</u>: Heading North out of Roswell, New Mexico on U.S. 285 for approximately 21 miles and turn left on county road just before mile marker 137 (Cottonwood Road). Go approximately 2.0 miles, then turn north for approximately 1/4 mile to the lease road, turn west for approximately 1/2 mile, then turn south 1/4 mile to the location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: 1/4 mile long and 20' wide.
- B. Surface Materials: Sand, gravel and caliche where needed.
- C. Turnouts: None
- D. Maximum Grade: No more than 3%.
- E. <u>Drain Design</u>: Road will have drainage ditches on both sides and a crowned top, with culverts and/or low water crossings as necessary.
- F. Culverts: None.
- G. Cuts and Fill: None.

- H. Gates, Cattleguards: None needed. Already in place.
- I. Top Soil: Very little.

3. LOCATION OF EXISTING WELLS:

A. A map indicating the location of adjacent wells is attached.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A: <u>See Exhibit "A"</u> for location of existing lease wells. If the well is commercial, production facilities and tank battery will be constructed.
- B. <u>Cuts and Fills</u>: Less than 10' of cut and fill will be required for the pad size of 400' x 400'. (See Exhibit "F")
- C. <u>Top Soil</u>: Any top soil which can sustain plant vegetation will be bladed and piled for future rehabilitation.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water will be purchased from a commercial source and trucked to the location over existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Closest Pit to the location.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Water produced during test will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.

- E. Trash, waste paper, garbage, and junk will be placed in portable receptacles and hauled from the location upon completion of drilling and completion operations.
- F. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None necessary.

9. WELL SITE LAYOUT:

- A. Exhibit "C" indicates the relation location and dimensions of the well pad, mud pits, reserve pit and major rig equipment.
- B. The location slopes very slightly to the east and southeast.
- C. The reserve pit will be lined with plastic to prevent loss of water.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing conditions as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the well is non-productive or abandoned, the disturbed area will be rehabilitated using the preserved soil mentioned in 2.I. and 4.C.

11. OTHER INFORMATION:

- A. <u>Topography</u>: The topography is a gradual slope to the south in the vicinity of the access road and south-southwest in the vicinity of the drill pad. Regional slope is south-southwest toward the Arroyo del Macho which is south-southwest of the location.
- B. Soil: Sandy loam with limestone outcropping.

- C. <u>Flora and Fauna</u>: The flora consists of typical desert vegetation, such as yucca, cactus and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, dear and antelope.
- D. <u>Ponds and Streams</u>: Arroyo del Macho south-southwest of the proposed location.
- E. <u>Residences and other Structures</u>: The David Corn ranch house (old W.R. McKnight Ranch) is approximately 1 mile to the south-southwest.
- F. Archaeological, Historical and Other Cultural Sites: An Archaeologist from Roswell, NM will be contracted to check and approve this site and access road.
- G. Land Use: Grazing.
- H. Surface Ownership: USA-BLM.

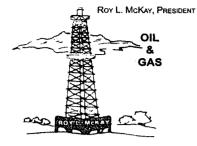
12. OPERATOR'S REPRESENTATIVE:

Humberto Perez Roswell, New Mexico (505) 623-4735 (O) (505) 626-8580 (C)

13. <u>CERTIFICATION</u>:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exists; that he statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by MCKAY OIL CORPORATION and its subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.





MAILING ADDRESS: P.O. Box 2014 Roswell, N.M. 88202 • Telephone 505 / 623 - 4735 STREET ADDRESS: ONE McKay Place Roswell, N.M. 88201 • Fax No. 505 / 624 - 2202

February 12, 2004

Oil Conservation Division Bryan Arrant 1301 W. Grand Avenue Artesia, NM 88211

Re: H2S Contingency Plan-Cactus Federal #6

Bryan,

Please see attached Contingency Plan-H2S for the Cactus Federal #6 located in Sec 22, T6S, R22E 988' FSL & 718' FWL in Chaves County. Should you need any further information, please contact me at 505-623-4735.

Sincerely,

April McKay

Vice President

MCKAY OIL CORPORATION P.O. BOX 2014 ROSWELL, NM 88202-2014 505-623-4735

HYDROGEN SULFIDE (H2S) CONTINGENCY PLAN FOR THE CACTUS FEDERAL #6 LOCATED IN SEC 22, T6S, R22E IN CHAVES COUNTY, NEW MEXICO

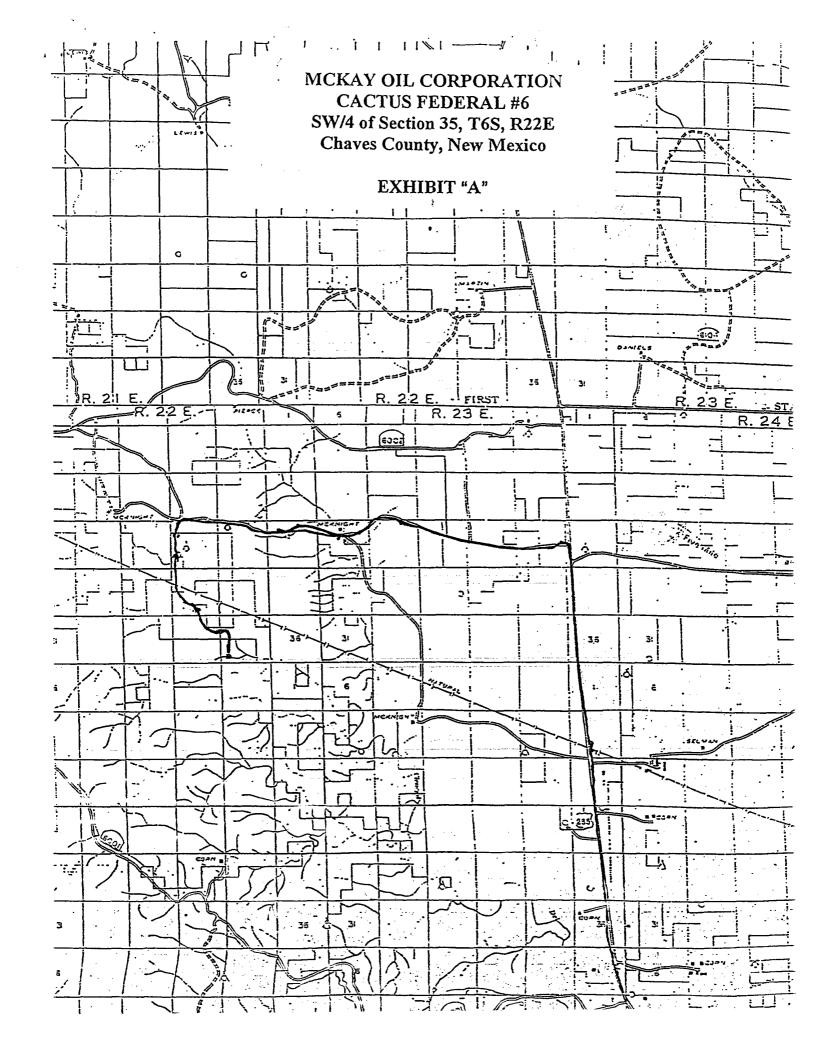
NO HYDROGEN SULFIDE OR OTHER HAZARDOUS GASES OR FLUIDS HAVE BEEN ENCOUNTERED, REPORTED OR KNOWN TO EXIST AT THIS DEPTH IN THIS AREA.

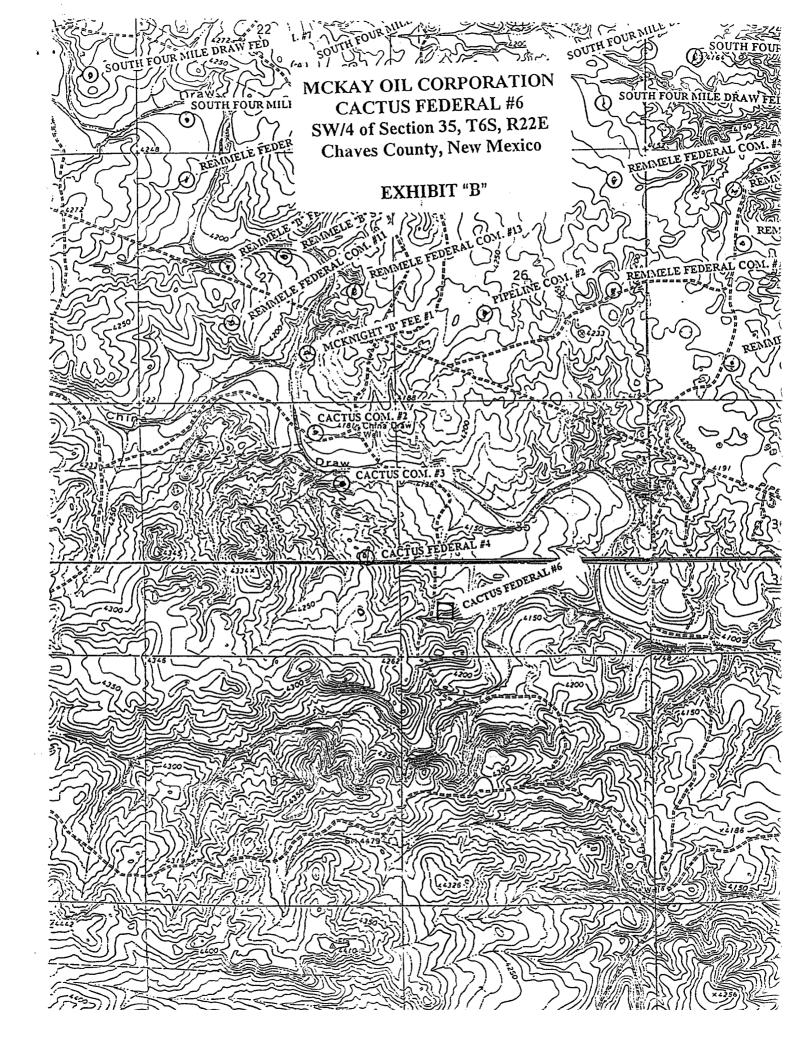
CACTUS FEDERAL #6

This is an open drilling site. H2S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H2S, including warning signs, wind indicators and H2S monitor. Pumpers carry (MICROPACKS) H2S pocket testers at all times. Pulling units has an H2S indicator that puts off light and alarm of any indication of H2S being present.

MAPS-SEE ATTACHED

		 	**** *****
		•	
•			
		** ** ** ** **	
			•
	•		





EMERGENCY PROCEDURES

In the case of a release of gas containing H2S, the first responder must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder must evacuate any public spaces encompassed by the 100 ppm ROE. First responder must take care not to injure themselves during the operation. Company and or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H2S measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H2S monitors and air packs on order to control the release. Use the "buddy system" to ensure no injuries occur during the response.

IGNITION OF GAS SOURCE

Should control of the well be considered lost and ignition considered, take care to protect against exposure of sulfur Dioxide (SO2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

CHARACTERISTICS OF H2S & SO2

COMMON NAME	CHEMICAL FORMULA	SPECIFIC GRAVITY		HAZARDOUS LIMIT	LETHAL CONCENTRATION
HYDROGEN SULFIDE	H2S	1.189 AIR =1	10 PPM4	100 PPM/HR	600 PPM
SULFUR DIOXIDE	SO2	2.21 AIR =1	2 PPM	N/A	1000 PPM

CONTACTING AUTHORITIES

McKay Oil Corporation personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. be prepared with all information available. The following call list of essential and potential responders must be in coordination with the State of New Mexico's Hazardous Materials Emergency Response Plan (HMER).

MCKAY OIL CORPORATION CALL LIST

CHAVES COUNTY (505)	OFFICE	CELL PHONE	HOME PHONE
HUMBERTO PEREZ	625-1154	626-8580	627-1985
JIM ROBINSON	625-1154	626-8579	624-1093
APRIL MCKAY	623-4735	626-8575	625-2848

CHAVES COUNTY (505) ROSWELL

 STATE POLICE
 622-7200

 CITY POLICE
 911 or 624-6770

 SHERIFF'S OFFICE
 624-6500

 AMBULANCE
 911

FIRE DEPARTMENT 624-6800
LEPC (Local Emergency Planning Committee) Teresa Barncastle 624-6770

ext 129 NMOCD 748-1283

ENMMC (Hospital) 622-8170

Distric\$1 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Submit to appropriate District Office State Lease - 6 Copies Fee Lease - 5 Copies

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

☐ AMENDED REPORT

Form C-101

March 4, 2004

APPL	<u>ICATI</u>	ON FO	R PERMIT Operator Name	TO D	RILL, R	E-ENTI	ER, D	EEPE	N, PLUGB	ACK, C	DR AD D Number	D A ZONE
		Boom	Operator Name MCKAY OIL CO P.O. BOX	RPORATI 2014	ON					3 API	Number	
³ Prope	rty Code	ROSV	/ELL, NM 88202-	2014 505		erty Name				T	⁶ Wel	l No.
					7 Surfa	ice Loca	tion		-, <u>-</u>			
UL or lot no.	Section	Township	Range	Lot		eet from the	1	South line	Feet from the	East/V	Vest line	County
			⁸ Proposed	Botton	n Hole Lo	ocation I	Diffe	rent Fi	om Surface			
UL or lot no.	Section	Township	Range	Lot	Idn Fe	eet from the	North/S	South line	Feet from the	East/V	Vest line	County
		9	Proposed Pool 1						¹⁰ Pr	oposed Poo	12	
			Dri	lling P	it Locatio	n and O	ther In	format	ion			
UL or lot no.	Section	Township	Range	Lot	Idn F	eet from the	North/S	South line	Feet from the	East/V	Vest line	County
Depth to ground 300'	water	<u> </u>	<u> </u>	Distance 1000'	from nearest fro	esh water well	<u> </u>	_	Distance from near	rest surface w	rater	CHAVES
11 Work	Гуре Code		12 Well Type Co	de	13	Cable/Rotary		1	⁴ Lease Type Code		15 Ground Level Elevation	
16 M	ultiple		17 Proposed Dep	th	1	8 Formation	,		19 Contractor		²⁰ Spud Date	
			21	Propos	sed Casin	g and Co	ement	Progra	m	 _ -		
Hole S	ize	Ca	sing Size		g weight/foot		Setting D		Sacks of	Cement	Estimated TOC	
											R	ECEIVED
				 -							A	PR 1 9 2004
	· · ·						·	-			90	D-ARTESIA
Describe the PLEASE SEE	blowout pr	evention pro	If this application ogram, if any. Using PIT PLAN & DURE PROCEDU	e additiona DIAGRAM	al sheets if ne	cessary. FS NEED TO	D BE CLO	OSED, A	C-144 WITH DE	TAILS WII	LL BE SU	new productive zone. BMITTED FOR
best of my kn	owledge an	d belief. I f	n given above is turther certify tha	it the drill	ling pit will l	be		OIL C	CONSERVA	ATION I	DIVISI	ON
constructed a an (attached)	alternativ	to NMOCD e OCD-ap	guidelines 🖾, a proved plan 🗖.	general p	oermit 🖾, oi	II.	ved by:					
Signature:	and	Ω Ω	Meh					,	100			
Printed name:	APRIL D	MCKAY	7	·		Title:		10	/ 0 \			***************************************
Title:	VÍCE PRI					Appro	val Dit	V	7 2004	Expiration	Date:	
E-mail Addres			n				MA	/1	· ZUUT			
Date: 4/16/04			Phone: 505-6	23-4735			tions of A	pproval	Please so stipulation			<u> </u>
									requiren			



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

7 May 2004

McKay Oil Corporation P. O. Box 2014 Roswell, New Mexico 88202

RE:

Pit stipulations for:

Cactus Federal # 6

35 M-**32**-6S-22E

- 1. Notify O.C.D. prior to construction of pit(s)
- 2. Construction and closing of pit(s) must meet the criteria of Rule 19.15.2.50 and the Pit Guidelines.
- 3. Notice must be given to O.C.D. 48 hours prior to closing of pit.
- 4. Pit shall not be constructed in any watercourse, lakebed, sinkhole, wetland, or playa lake.

Van Barton Field Rep. II