

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

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 32322
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator McKay Oil Corporation		7. If Unit or CA Agreement, Name and No. 34425
3a. Address PO Box 2014 Roswell, NM 88202-2014		8. Lease Name and Well No. Miller B#5
3b. Phone No. (include area code) 505-623-4735		9. API Well No. 30-005-63729
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 660' FNL & 660' FWL At proposed prod. zone		10. Field and Pool, or Exploratory W. Pecos ABO Slope
14. Distance in miles and direction from nearest town or post office* Approximately 25 miles		11. Sec., T. R. M. or Blk. and Survey or Area Lot 4, Sec. 6, T6S, R23E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of acres in lease 890.38	12. County or Parish Chaves
17. Spacing Unit dedicated to this well 160'	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	13. State NM
19. Proposed Depth 4300'	20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4217'	22. Approximate date work will start* 11/01/2004	23. Estimated duration 7-10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) James L. Schultz	Date 10/11/2004
Title Agent		

Approved by (Signature)	Name (Printed/Typed)	Date NOV 17 2004
Title Assistant Field Manager, Lands And Minerals		Office ROSWELL FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

CEMENT TO COVER ALL OIL, GAS AND WATER BEARING ZONES i.e. Glenside

ench Dr., Hobbs, NM 88240
Grand Avenue, Artesia, NM 88210
District III
000 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

Form C-144
June 1, 2004

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

For drilling and production facilities, submit to
appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe
office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐ Submitted 4/16/04

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: MCKAY OIL CORPORATION Telephone: 505-623-4795 e-mail address: april@mckayoil.com

Address: PO Box 2014 Roswell, NM 88202-2014

Facility or well name: Miller Federal B #5 API #: _____ U/L or Qtr/Qtr 4 Sec 6 T 6S R 23E

County: CHAVES Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☐ Thickness _____ mil Clay ☐

Pit Volume _____ bbl

Below-grade tank

Volume: _____ bbl Type of fluid: _____

Construction material: _____

Double-walled, with leak detection? Yes ☐ If not, explain why not.

Depth to ground water (vertical distance from bottom of pit to seasonal
high water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

(0 points)

Wellhead protection area: (Less than 200 feet from a private domestic
water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

(0 points)

Distance to surface water: (horizontal distance to all wetlands, playas,
irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

1000 feet or more

(0 points)

Ranking Score (Total Points)

0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if
your are burying in place) onsite ☒ offsite ☐ If offsite, name of facility _____. (3) Attach a general description of remedial action taken including
remediation start date and end date. (4) Groundwater encountered: No ☒ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5)

Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has
been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 10/11/04

Printed Name/Title James L. Schultz, Agent

Signature [Signature]

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or
otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or
regulations.

Approval:

Printed Name/Title [Signature]

Signature [Signature]

Date: DEC 1 2004

State of New Mexico

DISTRICT I

1625 N. FRENCH DR., HOBBES, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
Property Code	Property Name MILLER B		Well Number 5
OGRID No.	Operator Name McKAY OIL CORPORATION		Elevation 4217'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	6	6-S	23-E		660	NORTH	660	WEST	CHAVES

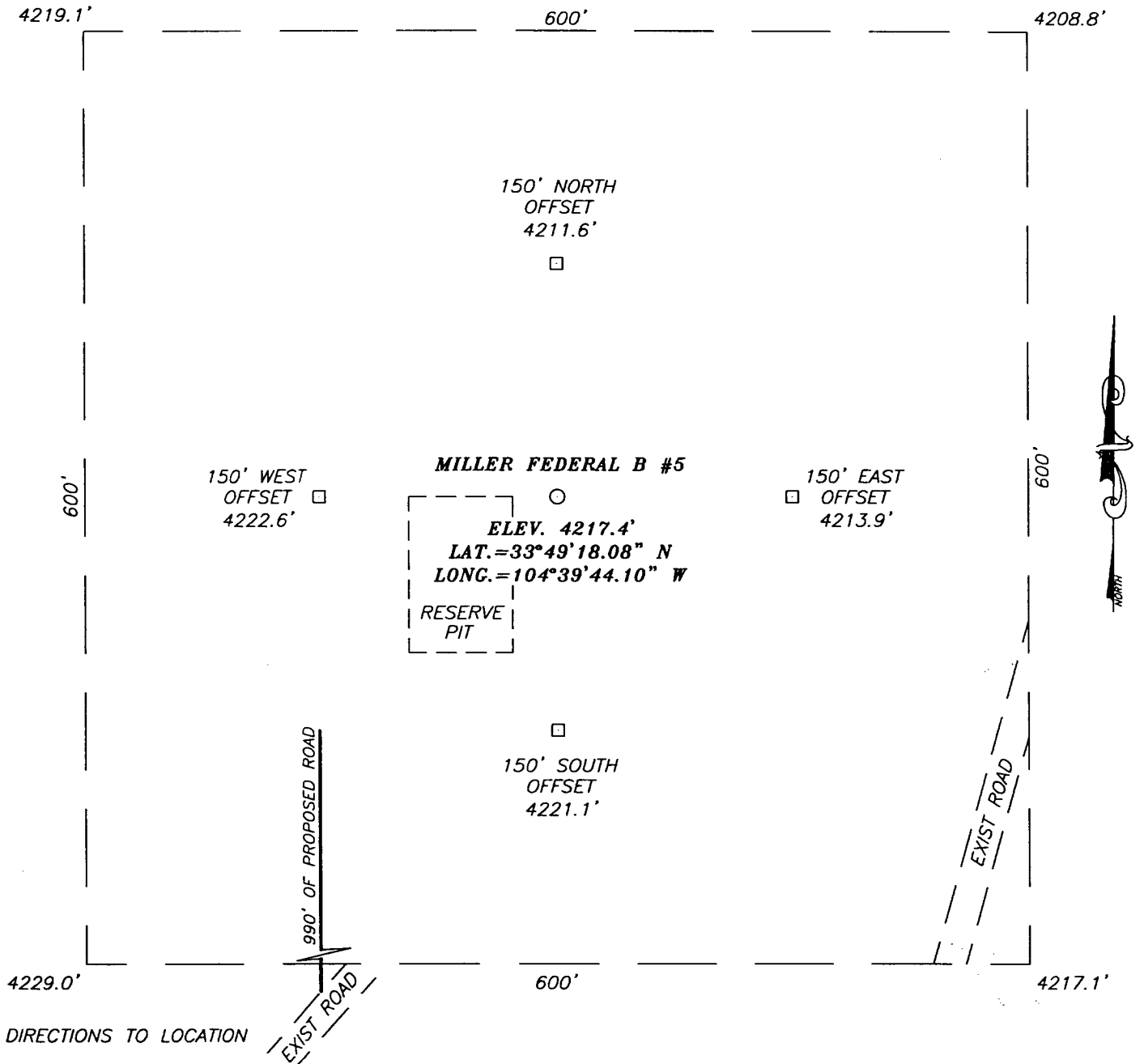
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 132.734.22		Joint or Infill		Consolidation Code		Order 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

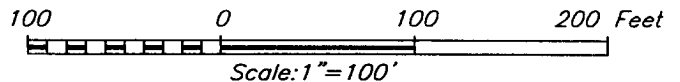
	<h3>OPERATOR CERTIFICATION</h3> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>James Schultz</i> James Schultz Printed Name Agent Title 10/11/2004 Date</p> <h3>SURVEYOR CERTIFICATION</h3> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>SEPTEMBER 14, 2004 Date Surveyed Signature & Seal of Professional Surveyor: <i>GARY EIDSON</i> GARY EIDSON Professional Surveyor 04.11.1151 Certificate No. GARY EIDSON 12841</p>
<p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=1026634.6 N X=400104.1 E</p> <p>LAT.=33°49'18.08" N LONG.=104°39'44.10" W</p>	

SECTION 6, TOWNSHIP 6 SOUTH, RANGE 23 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

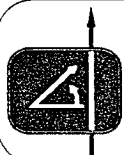
FROM THE INTERSECTION OF U.S. HWY. # 208 AND CO. RD. #40 (STARGRASS RD.) GO WEST ON CO. RD. #40 FOR APPROX. 2.5 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) AND GO APPROX. 2.0 MILES, TURN LEFT (WEST) AND GO APPROX. 1.0 MILES, TURN RIGHT (NORTH) AND GO APPROX. 0.15 MILES PAST CATTLEGUARD. TURN WEST AND GO APPROX. 1.8 MILES. TURN NE AND GO APPROX. 0.2 MILES TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY NORTH APPROX. 990' TO PROPOSED LOCATION.



McKAY OIL CORPORATION

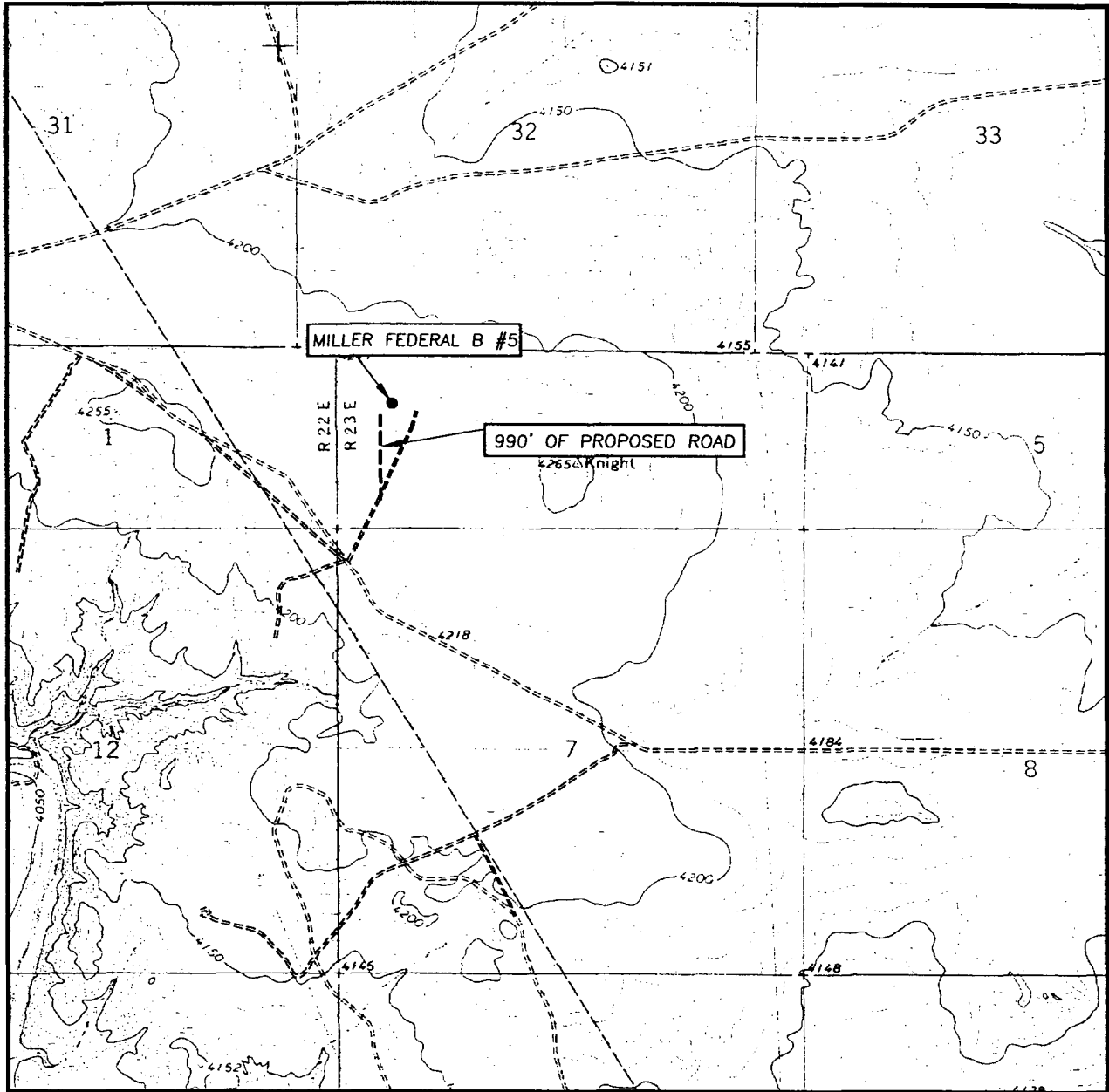
MILLER FEDERAL B #5 WELL
LOCATED 660 FEET FROM THE NORTH LINE
AND 660 FEET FROM THE WEST LINE OF SECTION 6,
TOWNSHIP 6 SOUTH, RANGE 23 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.

Survey Date: 09/14/04		Sheet 1 of 1 Sheets	
W.O. Number: 04.11.1151		Dr By: J.R.	Rev 1:10/4/04
Date: 09/24/04	Disk: CD#10	04111151	Scale: 1"=100'



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 383-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MESA SW, N.M. - 10'

SEC. 6 TWP. 6-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 660' FNL & 660' FWL

ELEVATION 4217'

OPERATOR McKAY OIL CORPORATION

LEASE MILLER FEDERAL B

U.S.G.S. TOPOGRAPHIC MAP
MESA SW, N.M.

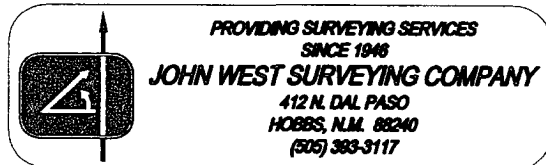
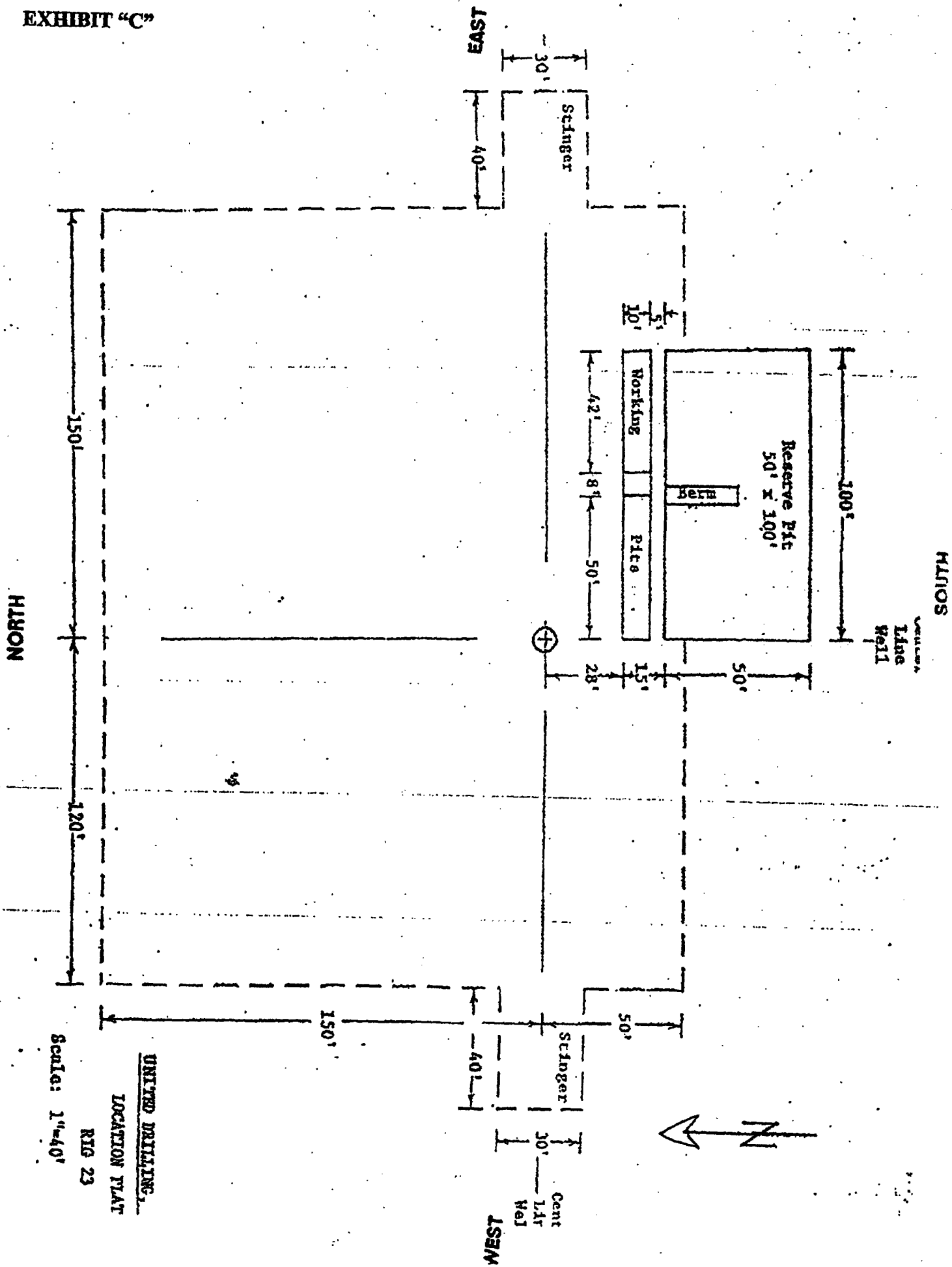


EXHIBIT "C"



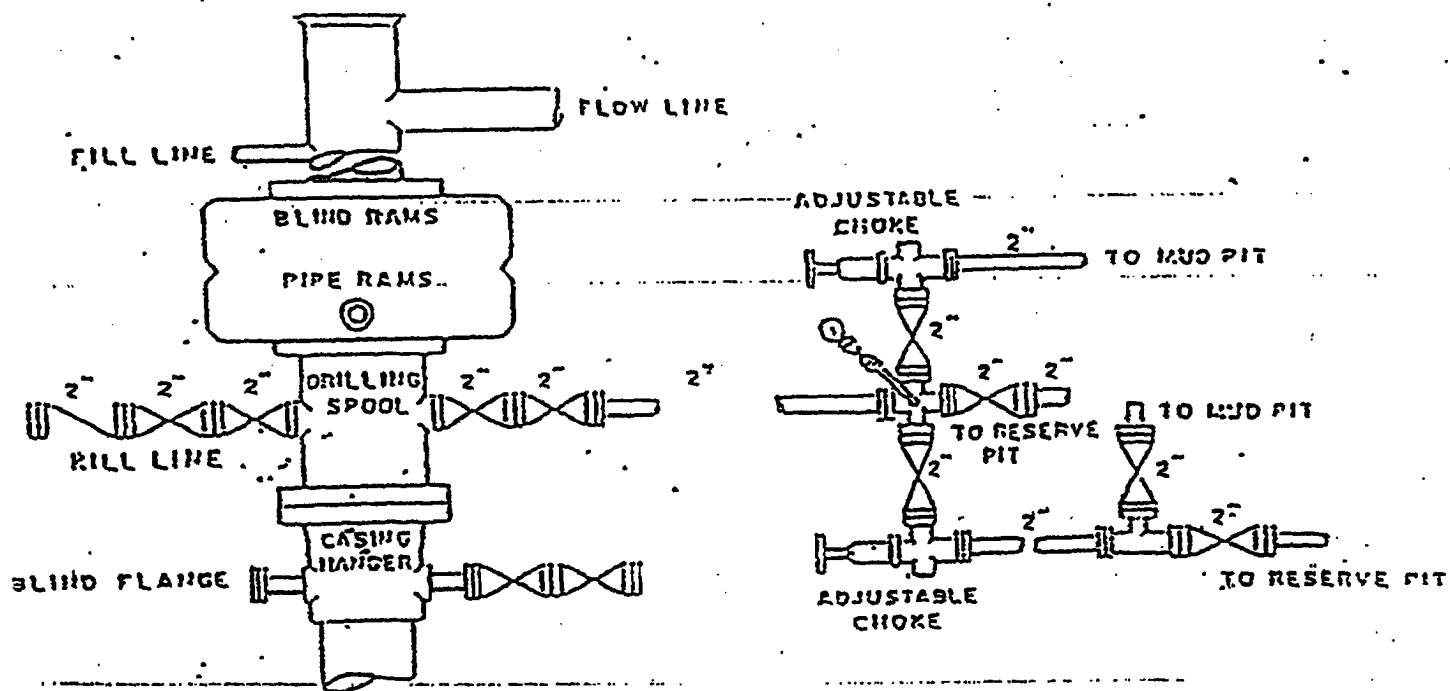
MCKAY OIL COPORATION

Miller B #5

Lot 4 of Section 6, T6S, R23E

Chaves County, New Mexico

EXHIBIT "D"



SUPPLEMENTAL DRILLING DATA

MCKAY OIL CORPORATION
MILLER B #5
660' FNL & 660' FWL Sec. 6, T6S, R23E

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 - 940'
Tubb - 2436'
Abo - 2649'

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

Fresh Water - In surface formation above 600'
Gas - In Abo Formation below 2649'

4. PROPOSED CASING PROGRAM:

J-55

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. PRESSURE CONTROL EQUIPMENT: Blowout preventer will consist of 2 ram, 2M system. A sketch of the BOP is attached.
8. CIRCULATION MEDIUM: Air Drilling
9. AUXILIARY EQUIPMENT: 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. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:
None anticipated.
12. ANTICIPATED STARTING DATE: On or before November 1, 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
MILLER B #5
660' FNL & 660' FWL Sec. 6, T6S, R23E

Chaves County, New Mexico

NM 32322

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. Directions: 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 2 miles to the lease road, turn west for approximately 3 miles, then turn northeast 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. Drain Design: 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, Cattle guards: 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: See Exhibit "A" for location of existing lease wells. If the well is commercial, production facilities and tank battery will be constructed.

B. Cuts and Fills: Less than 10' of cut and fill will be required for the pad size of 400' x 400'. (See Exhibit "D")

C. Top Soil: 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. Topography: 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. Flora and Fauna: The flora consists of typical desert vegetation, such as yucca, cactus and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, deer and antelope.

D. Ponds and Streams: Arroyo del Macho south-southwest of the proposed location.

E. Residences and other Structures: 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. CERTIFICATION:

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 the 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 sub-contractors 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.



SIGNATURE

10-13-04

DATE

**Southwest Petroleum
Land Services, LLC**

100 N. Pennsylvania
Roswell, NM 88203
(505) 622-6713
(505) 622-9282 fax

October 11, 2004

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

Re: H2S Contingency Plan-Miller B #5

Bryan,

Please see attached Contingency Plan-H2S for the Miller B #5 located in Sec 6, T6S, R23E 660' FNL & 660' FWL in Chaves County. Should you need any further information, please contact me at 505-626-6879.

Sincerely,



Jim Schultz
Agent for McKay Oil Corporation

MCKAY OIL CORPORATION
PO BOX 2014
ROSWELL, NM 88202-2014
505-623-4735

HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN FOR THE
MILLER B #3
LOCATED IN SEC 7, T6S, R23E IN
CHAVES COUNTY, NEW MEXICO

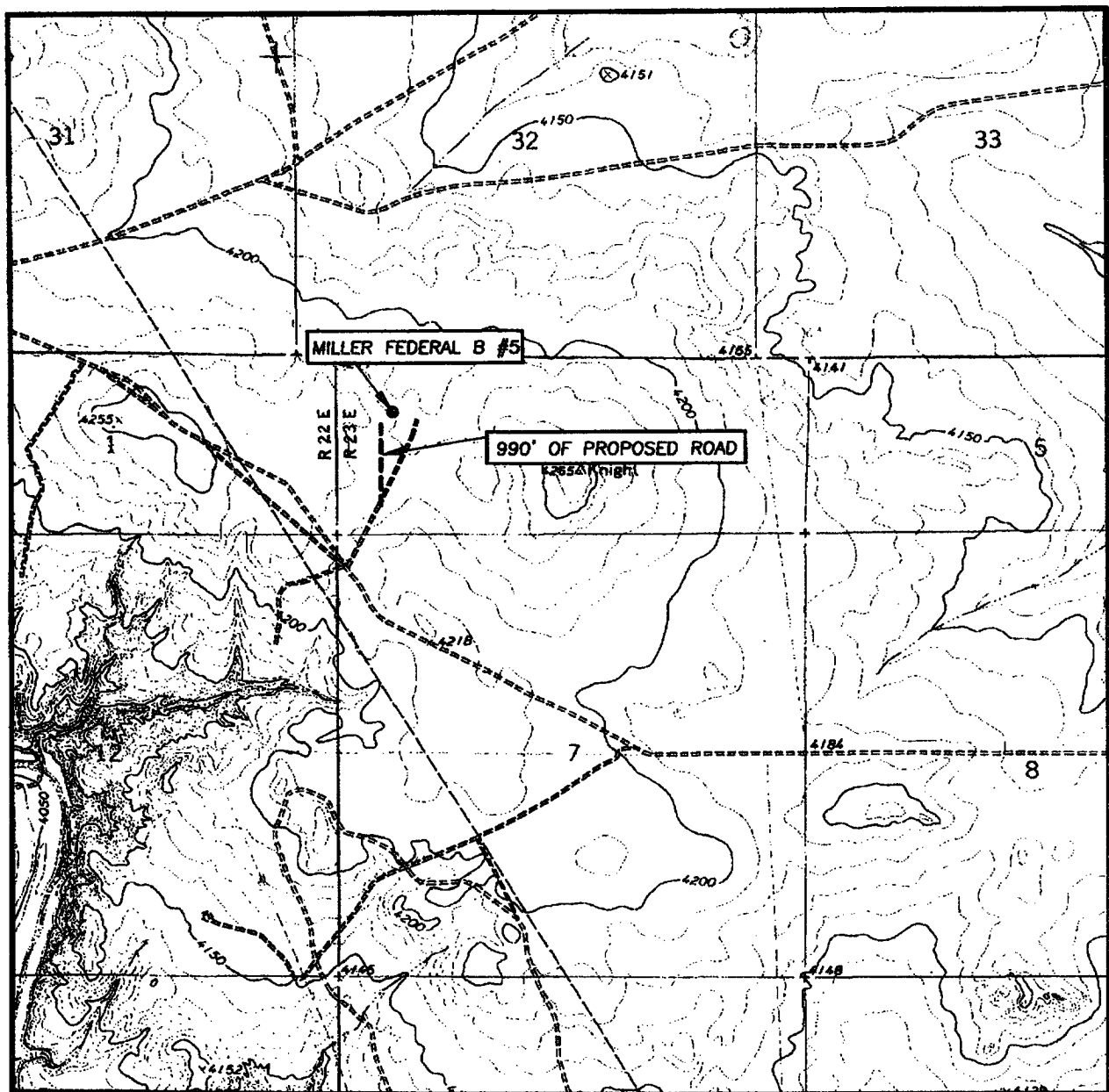
NO HYDROGEN SULFIDE OR OTHER HAZARDOUS GASES OR FLUIDS HAVE
BEEN ENCOUNTERED, REPORTED OR KNOWN TO EXIST AT THIS DEPTH IN
THIS AREA.

MILLER B #3

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 have an H2S indicator that puts off light and alarm on any indication of H2S being present.

MAPS – SEE ATTACHED


LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MESA SW, N.M. - 10'

SEC. 6 TWP. 6-S RGE. 23-E
SURVEY N.M.P.M.
COUNTY CHAVES
DESCRIPTION 660' FNL & 660' FWL
ELEVATION 4217'
McKAY
OPERATOR OIL CORPORATION
LEASE MILLER FEDERAL B
U.S.G.S. TOPOGRAPHIC MAP
MESA SW, N.M.



PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBBS, N.M. 88240
(505) 263-3117

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 this 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 in 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	THRESHOLD LIMIT	HAZARDOUS LIMIT	LETHAL CONCENTRATION
HYDROGEN SULFIDE	H ₂ S	1.189 AIR=1	10 PPM ⁴	100 PPM/HR	600 PPM
SULFUR DIOXIDE	SO ₂	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

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

Artesia, NM 88210

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well ☐ Oil Well ☒ Gas Well ☐ Other **RECEIVED**

2. Name of Operator **McKay Oil Corporation**

NOV 19 2004

3a. Address
PO Box 2014, Roswell, NM 88202-2014

3b. Phone No. (include area code)
505.623.4735

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FNL & 660' FWL, Lot 4, Sec 6, T6S, R23E

5. Lease Serial No.

NM 32322

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Miller B Federal 5

9. API Well No.

10. Field and Pool, or Exploratory Area

W. Pecos ABO Slope

11. County or Parish, State

Chaves, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Change directions to get to well - see attached EXHIBIT "A", EXHIBIT "B", and Directions. Move reserve pit to Southwest side and move access road to northeast corner - see attached EXHIBIT "C".

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
James L. Schultz

Title **Agent**

Signature

James L. Schultz

Date **October 27, 2004**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **/s/LARRY D. BRAY**

Assistant Field Manager,
Land Title and Minerals

NOV 17 2004

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

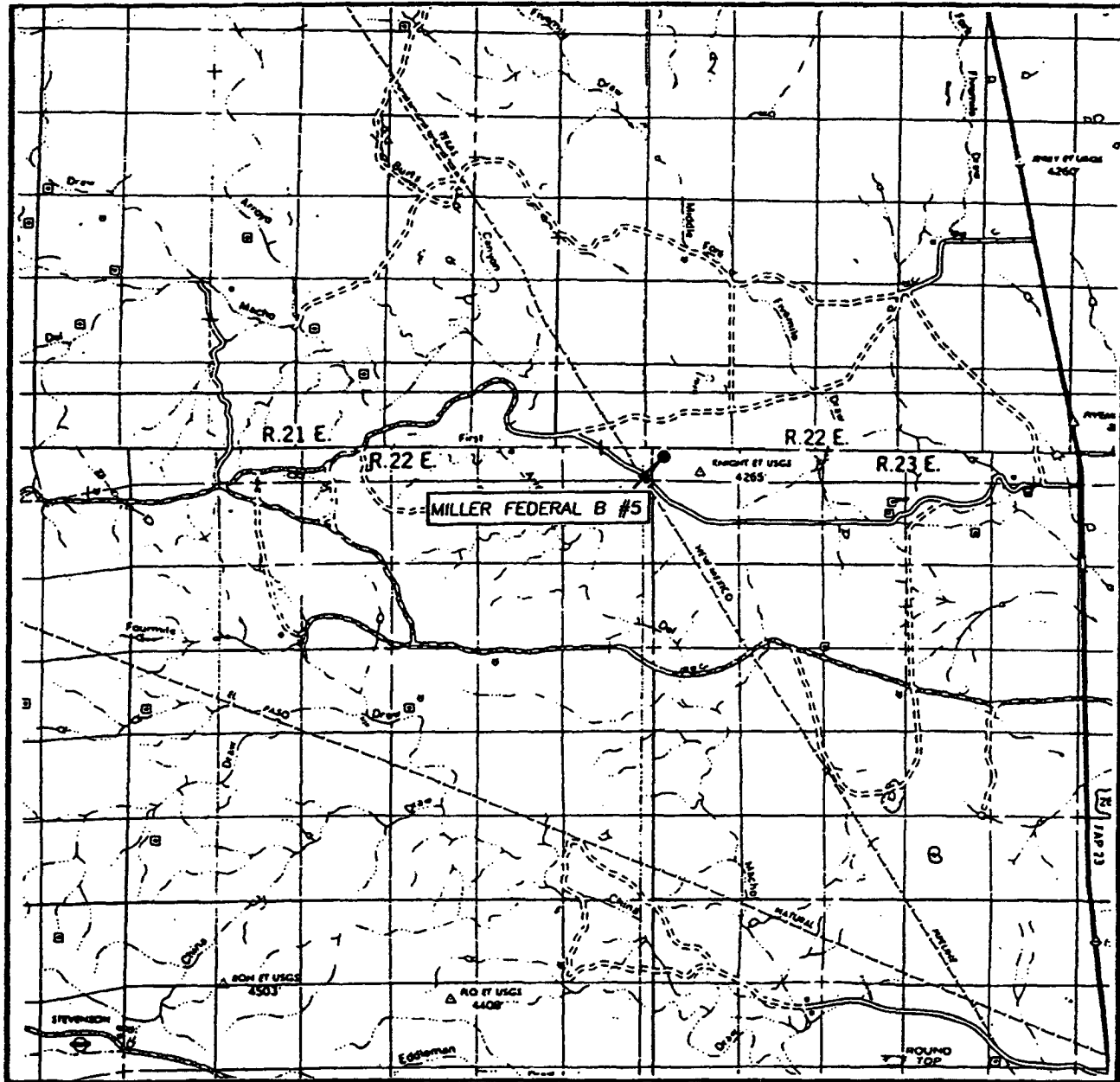
Office **ROSWELL FIELD OFFICE**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

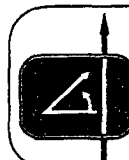
EXHIBIT "A"

VICINITY MAP



SCALE: 1" = 2 MILES

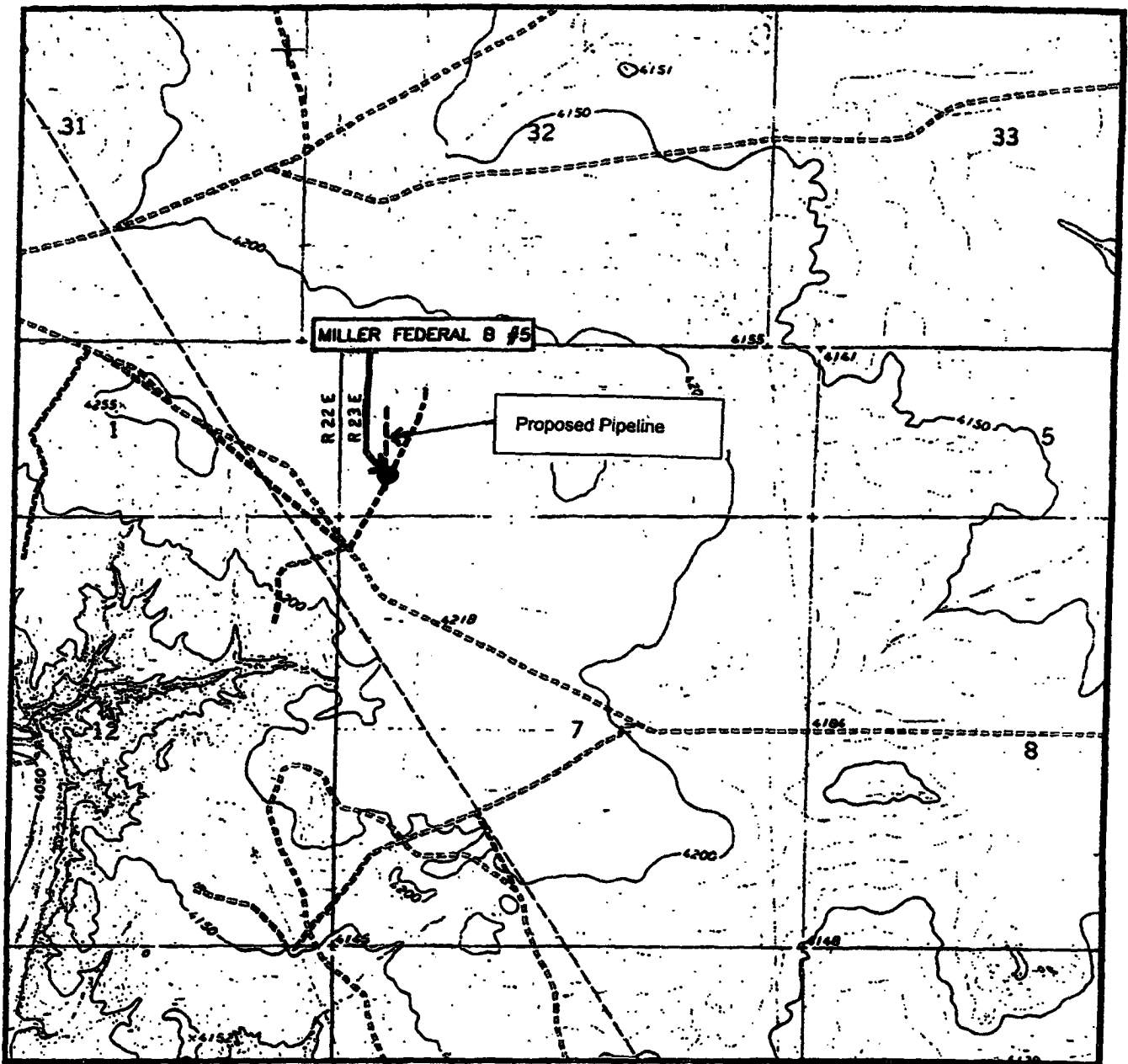
SEC. 6 TWP. 6-S RGE. 23-E
SURVEY N.M.P.M.
COUNTY CHAVES
DESCRIPTION 660' FNL & 660' FWL
ELEVATION 4217'
OPERATOR McKAY OIL CORPORATION
LEASE MILLER FEDERAL B



PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBBS, N.M. 86900
(505) 383-3117

EXHIBIT "B"

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MESA SW, N.M. - 10'

SEC. 6 TWP. 6-S RGE. 23-E

SURVEY N.M.P.M.

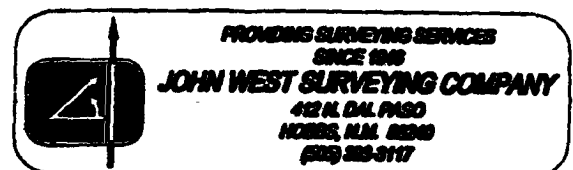
COUNTY CHAVES

DESCRIPTION 660' FNL & 660' FWL

ELEVATION 4217'

OPERATOR McKAY OIL CORPORATION

LEASE MILLER FEDERAL B



Directions: 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 2 miles, turn west for approximately 3 1/2 miles, then turn northeast 1/4 mile, and then southwest 1/32 mile to the location.

EXHIBIT "C"

