

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 32308
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.
3a. Address PO Box 2014 Roswell, NM 88202-2014		8. Lease Name and Well No. LL & E B Federal #1-Y
3b. Phone No. (include area code) 505-623-4735		9. API Well No. 30-005-63826
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1510' FEL 1480' FSL At proposed prod. zone		10. Field and Pool, or Exploratory W. Pecos ABO Slope
11. Sec., T. R. M. or Blk. and Survey or Area Unit J, Sec. 12, T6S, R22E		
12. Distance in miles and direction from nearest town or post office* Approximately 25 miles		13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1650'	16. No. of acres in lease 741.20	17. Spacing Unit dedicated to this well 160'
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 840'	19. Proposed Depth 4300'	20. BLM/BIA Bond No. on file —
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4176'	22. Approximate date work will start* 09/01/2005	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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
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 5-04-06
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Approved by Signature (ORIG. SGD.) ALEXIS C. SWOBODA	Name (Printed/Typed)	Date MAY 05 2006
Title PETROLEUM ENGINEER	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)

DISTRICT I

1625 N. FRENCH DR., BOBBS, NM 86240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

State of New Mexico

Energy, Minerals and Natural Resources Department

MAY 04 2006

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LL & E B FEDERAL	Well Number 1Y
OGRID No.	Operator Name McKAY OIL CORPORATION	Elevation 4176'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	12	6-S	22-E		1480	SOUTH	1510	EAST	CHAVES

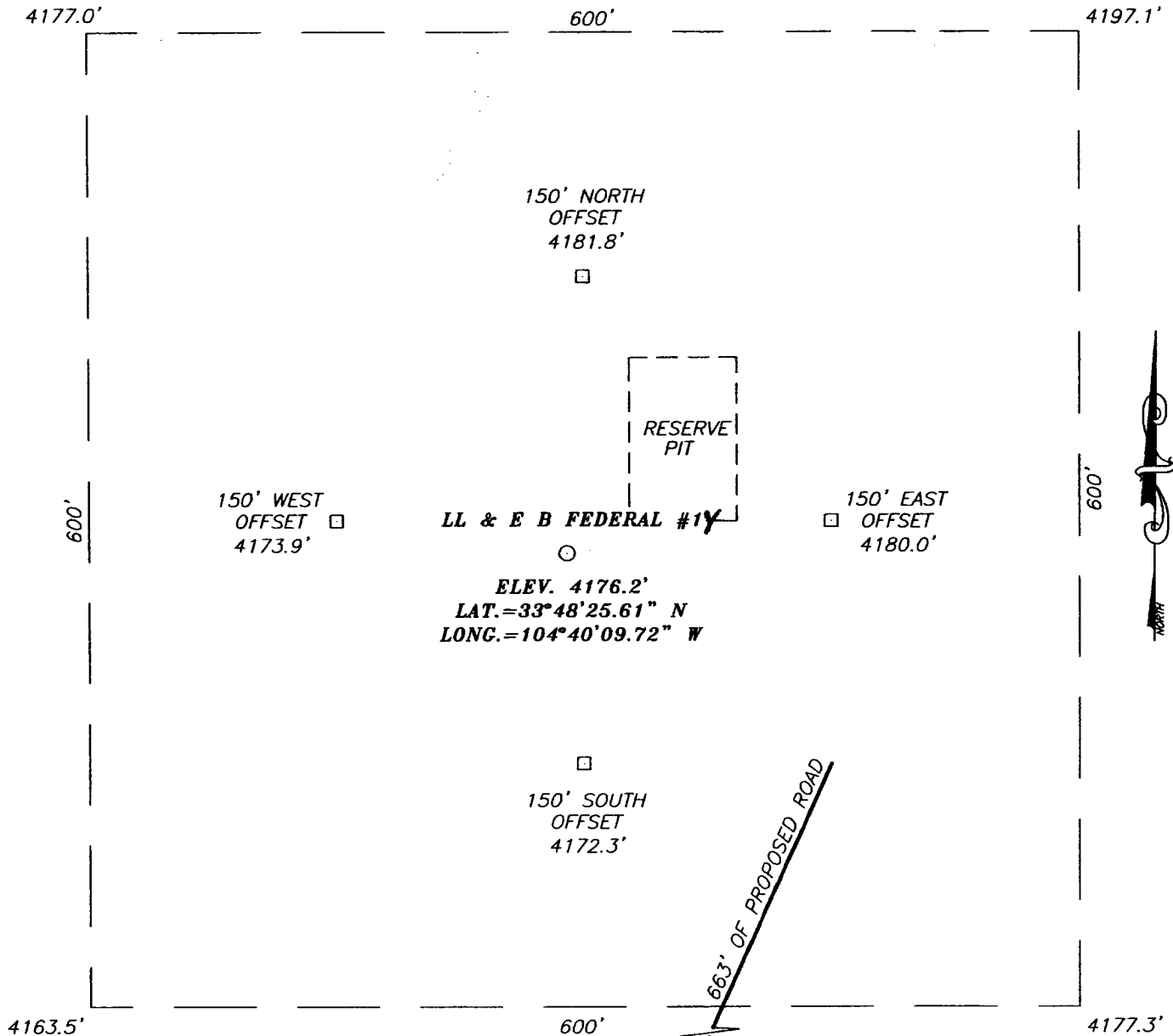
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 16c	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

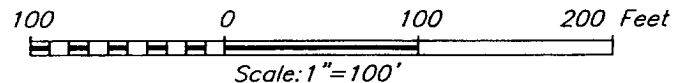
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=1021338.9 N X=397925.7 E</p> <p>LAT.=33°48'25.61" N LONG.=104°40'09.72" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> <i>[Date]</i> Signature Date</p> <p><i>[Printed Name]</i> Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <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>APRIL 26, 2006</p> <p>Date Surveyed JR</p> <p><i>[Signature]</i> <i>[Seal]</i> Signature & Seal of Professional Surveyor</p> <p><i>[Signature]</i> <i>[Date]</i> Professional Surveyor</p> <p>Certificate No. GARY EIDSON 12641</p>

SECTION 12, TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



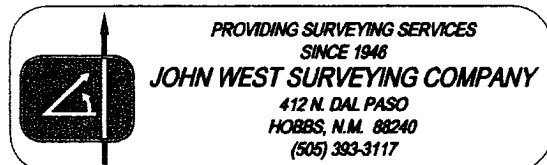
4163.5'
 DIRECTIONS TO LOCATION

FROM THE INTERESECTION OF U.S. HWY. # 208
 AND CO. RD. #40 (STARGRASS RD.) GO WEST ON
 CO. RD. #40 FOR APPROX. 2.0 MILES TO A
 CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH)
 AND GO APPROX. 2.1 MILES. TURN LEFT (WEST)
 AND GO APPROX. 1.0 MILES. TURN RIGHT (NORTH)
 AND GO APPROX. 0.15 MILES. TURN LEFT (WEST)
 AND GO APPROX. 1.5 MILES. TURN LEFT (NORTH)
 AND GO APPROX. 100'. TURN RIGHT (SW) AND GO
 APPROX. 0.9 MILES. TURN RIGHT (NW) AND GO
 APPROX. 0.15 MILES. ROAD BENDS LEFT (WEST/NW)
 AND CONTINUES APPROX. 0.1 MILES TO THE LL &
 E FED. #1 WELL. THIS LOCATION IS APPROX. 800'
 NORTH.



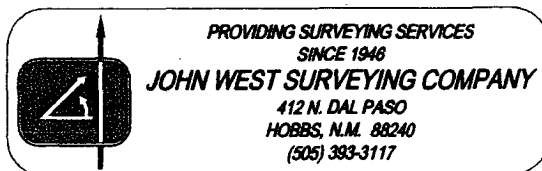
McKAY OIL CORPORATION

LL & E B FEDERAL #1Y WELL
 LOCATED 1480 FEET FROM THE SOUTH LINE
 AND 1510 FEET FROM THE EAST LINE OF SECTION 12,
 TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.



Survey Date: 4/26/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0730	Dr By: J.R.
Date: 5/02/06	Rev 1:
Disk: CD#6	06110730
	Scale: 1"=100'

LEASE LL & E B FEDERAL 1Y





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

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

