

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

Form 3100-3  
(September 2001)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0136  
Expires January 31, 2004

5. Lease Serial No.

NM-32311

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Inexco Federal #5

9. API Well No.

30-005-63601

10. Field and Pool, or Exploratory  
W. Pecos Slope ABO

11. Sec., T., R., M., or Blk. and Survey or Area

Sec 25, T5S, R21E NMPM

12. County or Parish

Chaves

13. State

NM

1a. Type of Work: ☒ DRILL

☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

☐ Single Zone ☐ Multiple Zone

2. Name of Operator

McKay Oil Corporation

3a. Address

P.O. Box 2014  
Roswell, NM 88202-2014

3b. Phone No. (include area code)

505-623-4735

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*

At surface

660' FNL & 880' FEL

At proposed prod. zone

14. Distance in miles and direction from nearest town or post office\*

30 Miles

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drig. unit line, if any)

4620'

16. No. of Acres in lease

1598.64

17. Spacing Unit dedicated to this well

160

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft.

1720'

19. Proposed Depth

4,500'

20. BLM/BIA Bond No. on file

NM-1981

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

4277'

22. Approximate date work will start\*

August 15, 2003

23. Estimated duration

20 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

*April D. McKay*

Name (Printed/Typed)

April D. McKay

Date

6/27/03

Title

Vice President

Approved by (Signature)

*(Orig. SGD.) ARMANDO A. LOPEZ*

Name (Printed/Typed)

ARMANDO A. LOPEZ

Date

AUG 21 2003

Title

Acting Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL FIELD OFFICE

Application approval does not warrant or certify the 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 reverse)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

## SUPPLEMENTAL DRILLING DATA

MCKAY OIL CORPORATION  
INEXCO FEDERAL #5  
NE/4 OF SEC 35, T5S, R21E  
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 - 800'  
Tubb - 2330'  
Abo - 3010'

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

Fresh Water - In surface formation above 600'  
Gas - In Abo Formation below 3010'

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.

When cementing surface casing, if the cement doesn't circulate to the surface, MOC will calculate the approximate height of the cement by using the lift pressure calculations. MOC will then wait 2 (two) hours after displacing cement, run the 1" tubing down the annulus to tag the top of the cement. In the event the tubing doesn't reach the top of the cement or within 100 feet of the top of the cement, MOC will run a temperature survey to determine the top of the cement. At such time as the 1" tubing reaches the top of the cement or within reasonable distance from the top, ~~commence dumping pea gravel down the annulus and pumping cement through the 1" tubing, until the cement circulates to the surface. If cement top is within 50' of the surface, pea gravel can be dumped down the annulus as a slurry (pea gravel & cement).~~

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 August 15, 2003  
Drilling should be completed within 15 days. Completion operations (perforations and stimulation) will follow drilling operations.

## MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MCKAY OIL CORPORATION  
INEXCO FEDERAL #5  
NE/4 OF SEC 35, T5S, R21E  
Chaves County, New Mexico

NM-32311

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 30 miles north of Roswell, NM.

B. Directions: Heading North out of Roswell, New Mexico on U.S. 285 for approximately 23 miles and turn left on county road just before mile marker 137 (StarGrass Road). Go approximately 2.5 miles, then turn right and go approximately 1 ½ miles, then turn left and go approximately 1 mile then turn right and go approximately ½ mile, then turn left following said road for approximately 3 ½ miles to the Inexco Federal #4 location and it extends to the northwest for approximately ½ mile to the proposed Inexco Federal #5 location.

### 2. PLANNED ACCESS ROAD:

A. Length and Width: 1/2 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, 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: 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 "F")

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 southwest in the vicinity of the access road and drill pad. Regional slope is south toward the Arroyo del Macho which is approximately 1 mile from this 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 southwest of the proposed location.

E. Residences and other Structures: The old Pierce Ranch House is approximately 1 ½ miles west of the location.

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)

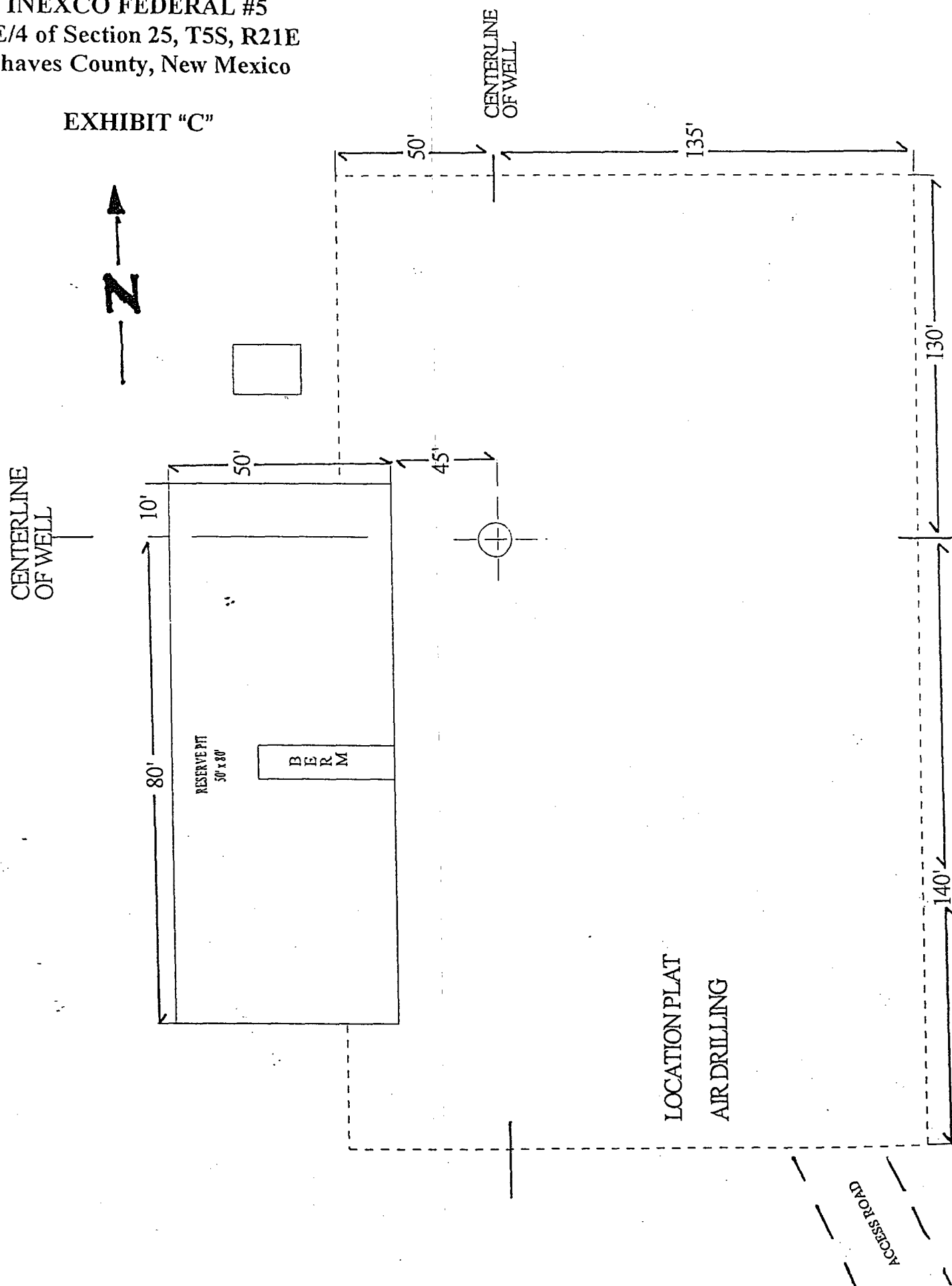
13. CERTIFICATION:

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.

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DATE

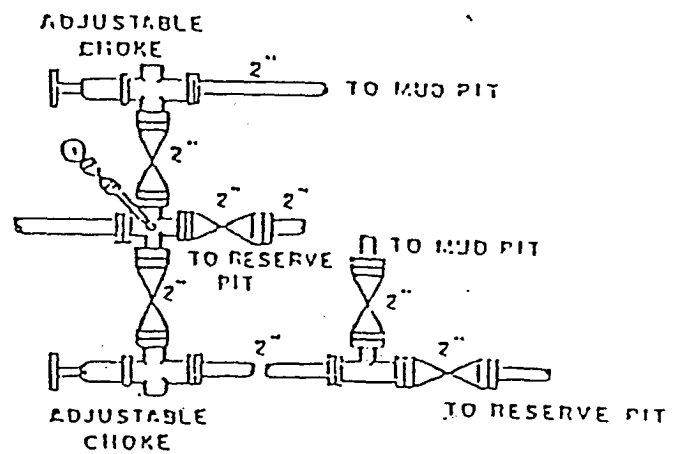
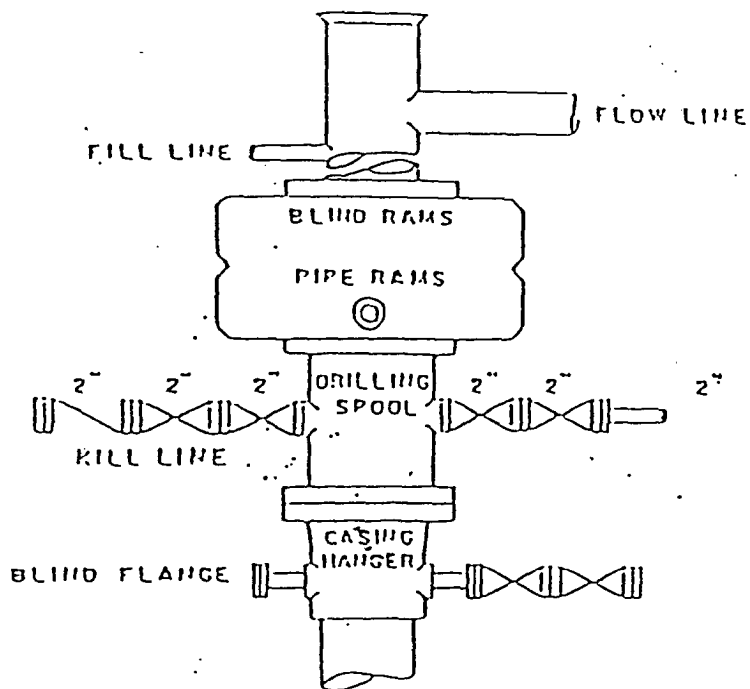
EXHIBIT "C"





MCKAY OIL CORPORATION  
INEXCO FEDERAL #5  
NE/4 of Section 25, T5S, R21E  
Chaves County, New Mexico

EXHIBIT "D"



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

DISTRICT II  
811 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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name	Well Number
INEXCO FEDERAL		5
OGRID No.	Operator Name	Elevation
	McKAY OIL CORPORATION	4277

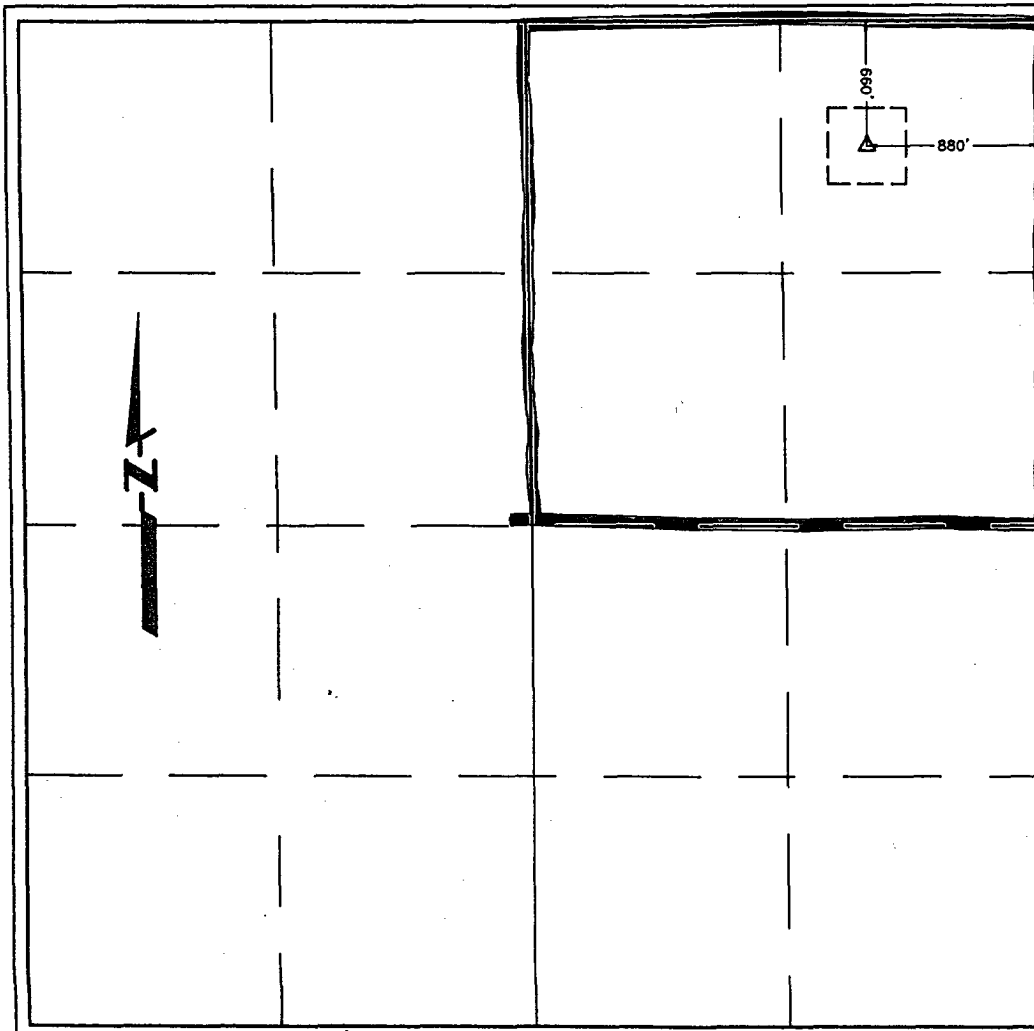
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	25	5 S	21 E		660	NORTH	880	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	Joint or Infill	Consolidation Code	Order No.						
160									

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



OPERATOR CERTIFICATION

I hereby certify that the information  
contained herein is true and complete to the  
best of my knowledge and belief.

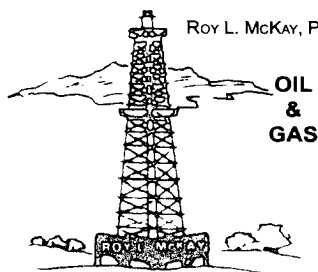
April D. McKay  
Signature  
April D. McKay  
Printed Name  
V.P.  
Title  
6/27/03  
Date

SURVEYOR CERTIFICATION

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.

5-27-03  
Date Surveyed  
Todd P. Wagener  
Signature  
Professional Surveyor  
Certificate No. TODD P. WAGENER NMPS # 9242  
WAGENER ENGINEERING  
1410 N. MISSOURI AVE.  
ROSWELL, NM 88201  
505-823-8382

# McKay Oil Corporation



ROY L. MCKAY, PRESIDENT

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

September 2, 2003

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

Re: Contingency Plan

Bryan,

Please see attached Contingency Plan-H2S for the Cactus B Federal #6, Inexco Federal #5 and the Eppers B Federal #1 all located in the same vicinity in Chaves County. Should you need any further information, please contact me at 505-623-4735.

Sincerely,

A handwritten signature in cursive script, appearing to read "April McKay".

April McKay  
Vice President



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

**HYDROGEN SULFIDE (H<sub>2</sub>S) CONTINGENCY PLAN FOR**

**INEXCO FEDERAL #5, EPPERS B FEDERAL #1, AND THE CACTUS B  
FEDERAL #6 ALL LOCATED IN SAME VICINITY IN  
CHAVES COUNTY, NEW MEXICO**

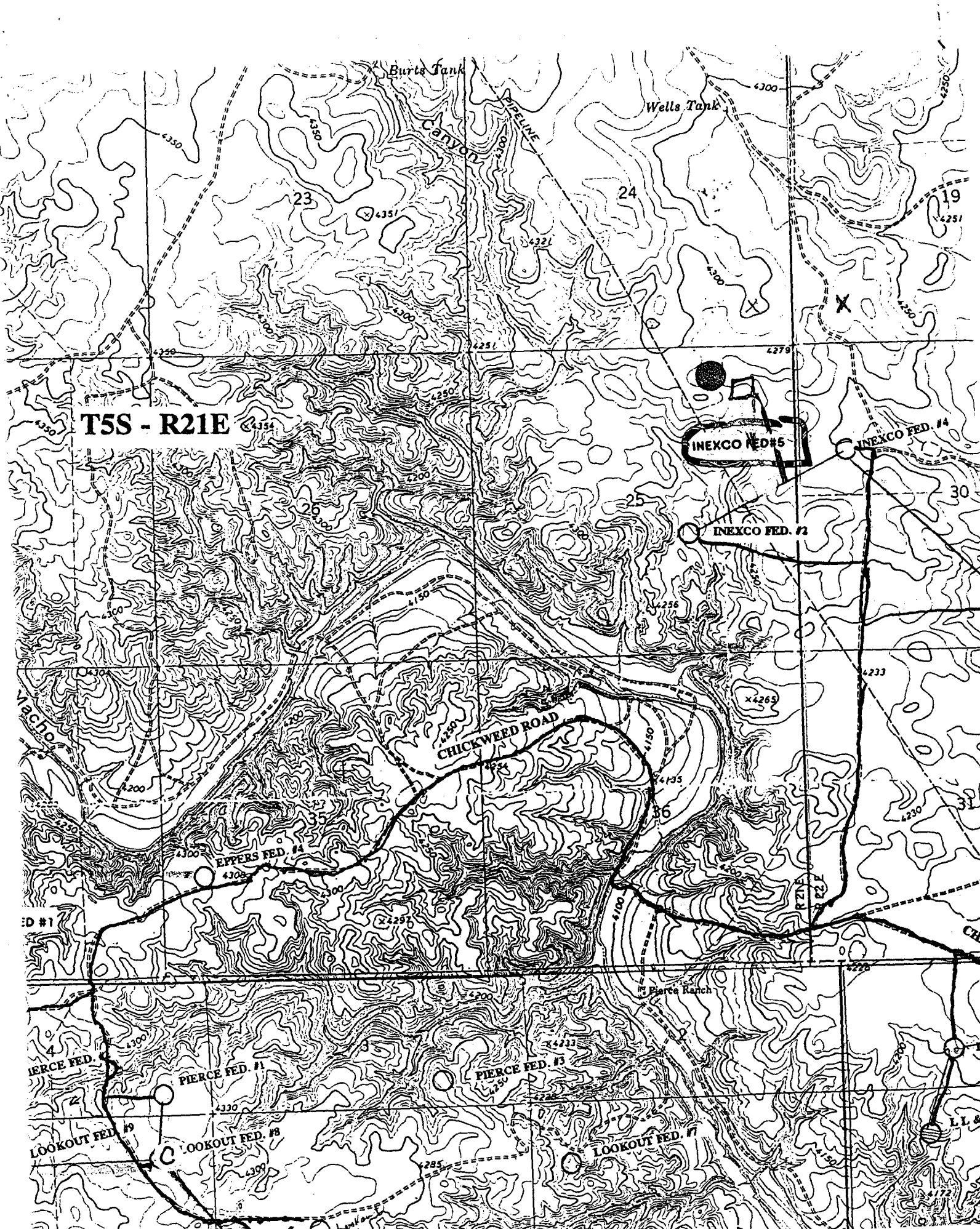
**NO HYDROGEN SULFIDE OR OTHER HAZARDOUS GASES OR FLUIDS  
HAVE BEEN ENCOUNTERED, REPORTED OR KNOWN TO EXIST AT THIS  
DEPTH IN THIS AREA.**



## **INEXCO FED #5, EPPERS B FEDERAL #1, CACTUS B 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



T5S - R21E

CHICKWEED ROAD

INEXCO FED. #5

INEXCO FED. #4

INEXCO FED. #2

EPPERS FED. #4

PIERCE FED. #1

PIERCE FED. #3

PIERCE FED. #4

LOOKOUT FED. #9

LOOKOUT FED. #8

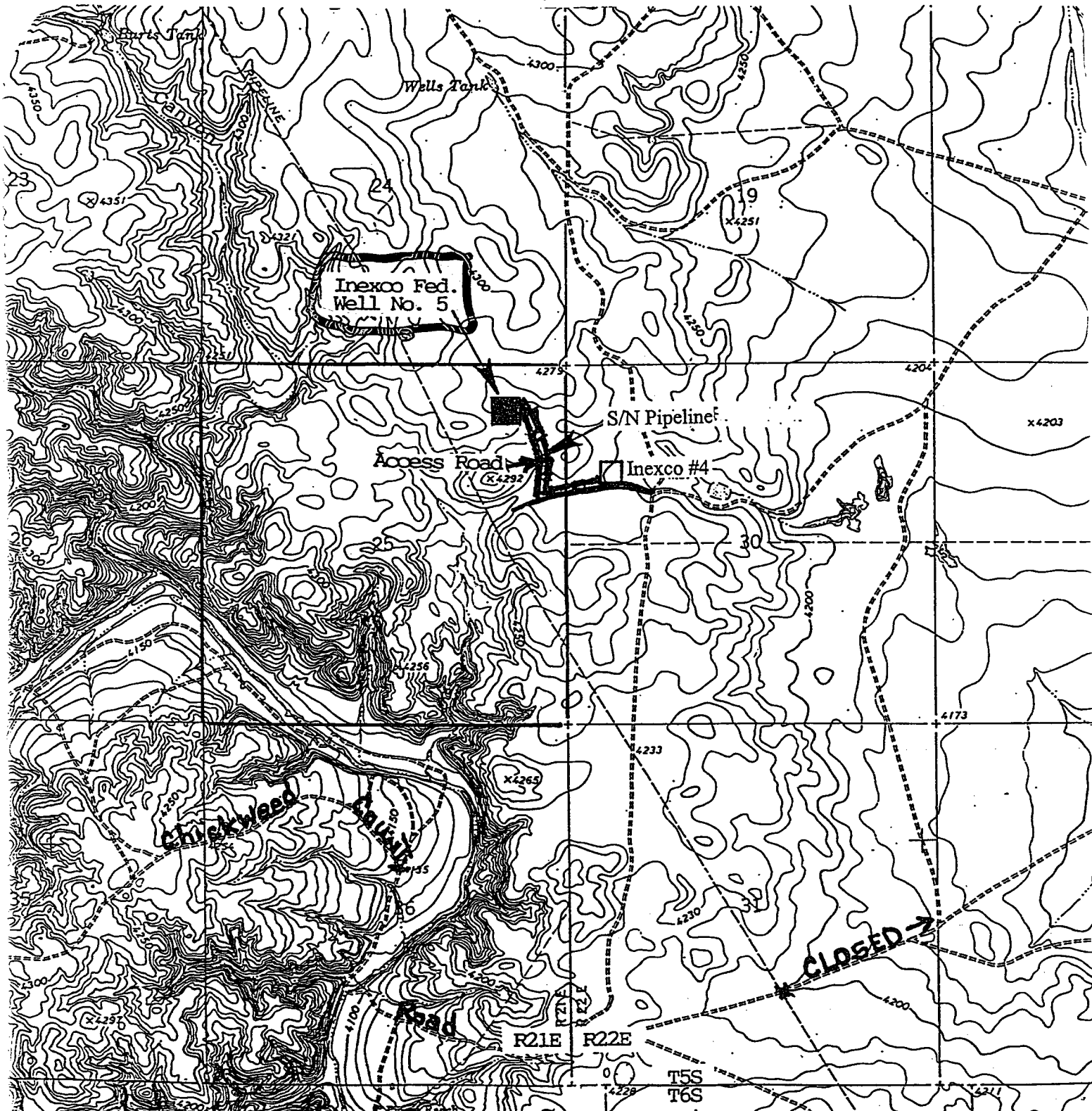
LOOKOUT FED. #7

LL & E

# EXHIBIT A

Page 6 of 6

Operator: McKay Oil Corporation  
BLM Serial Number: NM-32311  
Well Name & NO.: Inexco Federal #5  
Location: Section 25, T. 5 S., R. 21 E.  
660' FNL & 880' FEL, Chaves County, N.M.



## EMERGENCY PROCEDURES

In the case of a release of gas containing H<sub>2</sub>S, 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 H<sub>2</sub>S measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H<sub>2</sub>S 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 (SO<sub>2</sub>). 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 H<sub>2</sub>S & SO<sub>2</sub>

COMMON NAME	CHEMICAL FORMULA	SPECIFIC GRAVITY	THRESHOLD LIMIT	HAZARDOUS LIMIT	LETHAL CONCENTRATION
HYDROGEN SULFIDE	H <sub>2</sub> S	1.189 AIR =1	10 PPM <sup>4</sup>	100 PPM/HR	600 PPM
SULFUR DIOXIDE	SO <sub>2</sub>	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).



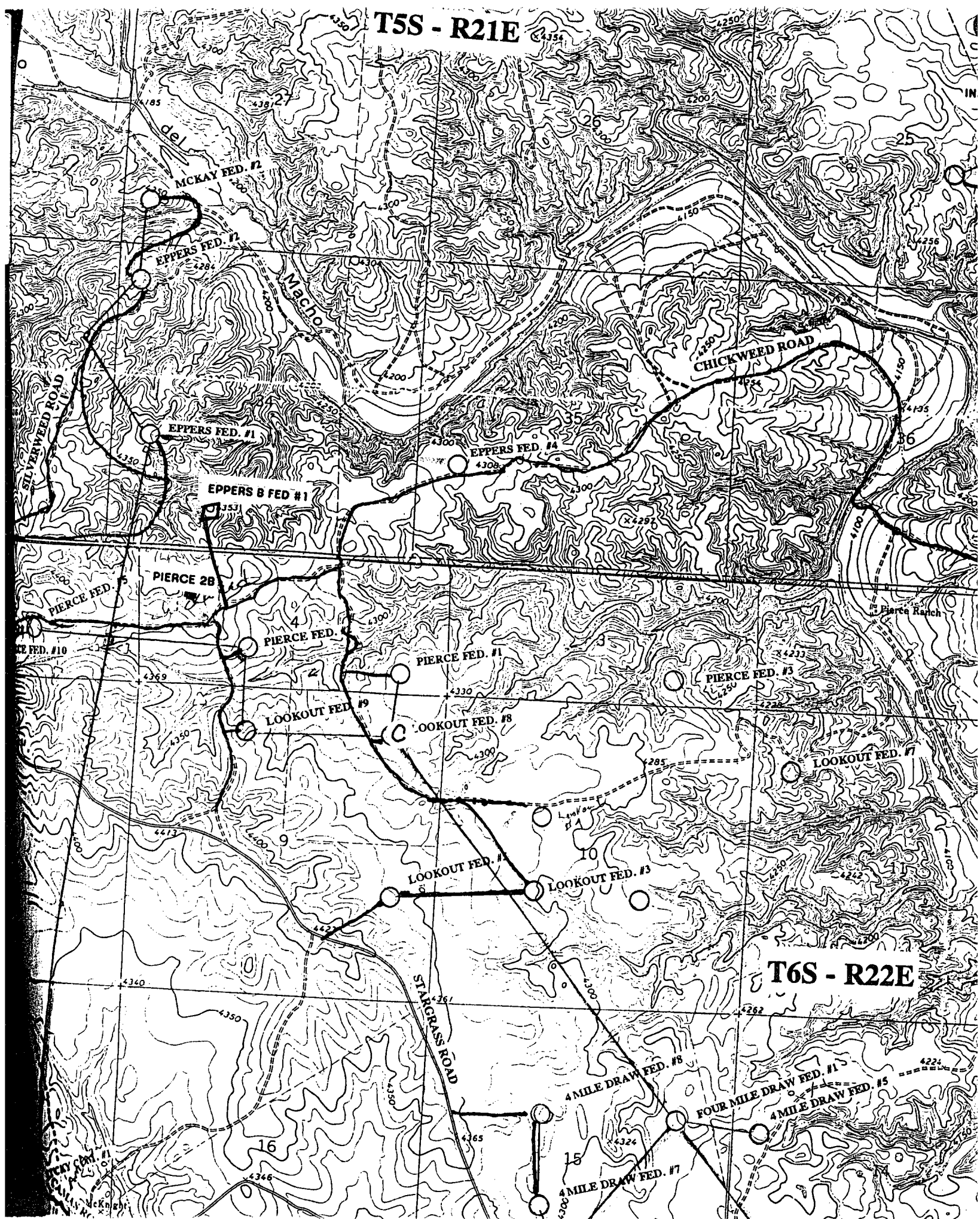
## **MCKAY OIL CORPORATION CALL LIST**

<b>CHAVES COUNTY (505)</b>	<b>OFFICE</b>	<b>CELL PHONE</b>	<b>HOME PHONE</b>
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

T5S - R21E



T6S - R22E

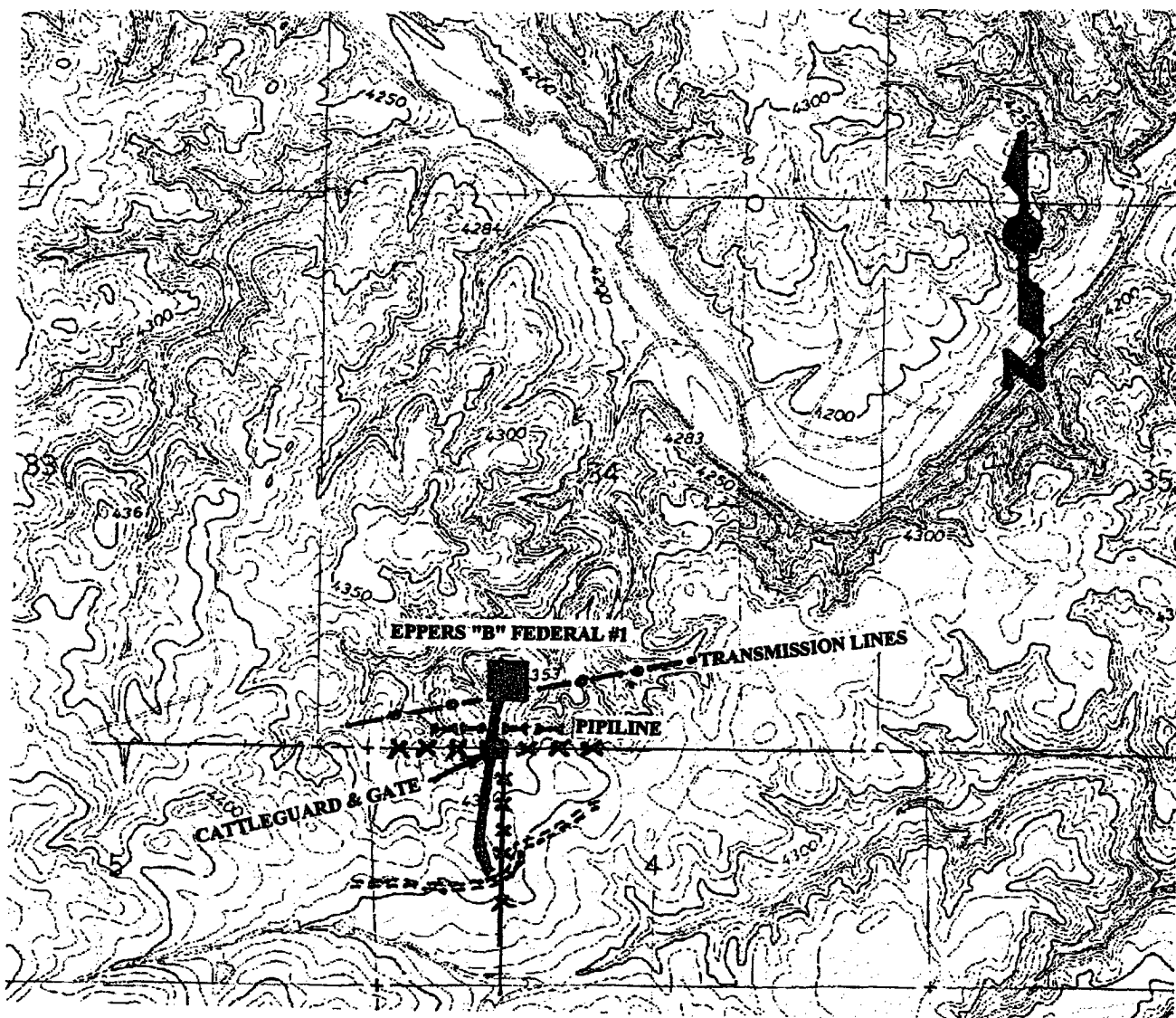


**United States Department of the Interior**  
**BUREAU OF LAND MANAGEMENT**

Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201

## EXHIBIT A

Operator: McKay Oil Corporation  
BLM Serial Number: NM-36190  
Well Name & NO.: Eppers "B" Federal #1  
Location: Section 34, T. 5 S., R. 21 E.  
640' FSL & 1824' FWL, Chaves County, N.M.



# EXHIBIT A

**OPERATOR:** McKay Oil Corporation

**LEASE NO:** NM-91498

**WELL NAME & NO.:** Cactus "B" Federal #6

**LOCATION:** Section 35 T. 6 S., R. 22 E., N.M.P.M.

**QUARTER/QUARTER & FOOTAGE:** SE $\frac{1}{4}$ SW $\frac{1}{4}$  - 330' FSL & 2430' FWL

**COUNTY:** Chaves County, New Mexico

