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ROY L. MCKAY, PRESIDENT

OIL & GAS

ESIDENT HOME OFFICE, P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735 (DFW) OFFICE FIRST CITY TOWER, SUITE 590 201 E. ABRAM, ARLINGTON, TX 76010 817-265-5515

Read approx 1-2-87

December 30, 1986

NSL-23117_ RULE- 104F(I)

Oil Conservation Division New Mexico State Land Office P.O. Box 2088 Santa Fe, New Mexico 87501

Attention: Dave Catanach

560 FALL E 1980 FEL

West Accos Slope Abo Cas Pool 160 Acre dedicatur NE14 Sec. 35

By DRC

RE: Pipeline Comm. #3 NE/4 Sec. 35-6S-22E Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires to drill a Federal lease in the NE/4 of Section 35, Township 6 South, Range 22 East, NMPM. (See Attachment "A) Due to topography and geological problems, McKay Oil is requesting an unorthodox location.

The well was originally staked at 660' feet from the North line and 1980' feet from the East line. Due to the terrain, the BLM would not approve this location or any other normal location within this particular drilling spacing unit. (See Attachment "B")

The Northwest quarter of this quarter section was chosen because of geological data on surrounding wells. Further, any location in this quarter section that would be feasible to drill would have to be a non-standard location. Therefore, it is our opinion that this location would be the best economical and productive location to drill. (See attachment "C")

All minerals surrounding this proration unit, with the exception of to the East, is leased to McKay Oil Corporation or will be communitized with another McKay Oil Corporation proposed drilling unit. (See Attachment "A") The minerals to the Southeast is leased to Sun Exploration and Production Company. However, Sun will not object to this request and will be sending us written confirmation of this within the next few days. A copy of this letter will be forwarded to you upon our receipt.

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LEASES

INVESTMENTS

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page 2 of 2 O.C.D. December 30, 1986

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Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location located at 560' feet from the North line and 1980' feet from the East line Section 35, Township 6 South, Range 22 East, NMPM.

McKay Oil Corporation would request and appreciate your immediate attention to this matter. Thank you for your cooperation and assistance.

Very truly yours,

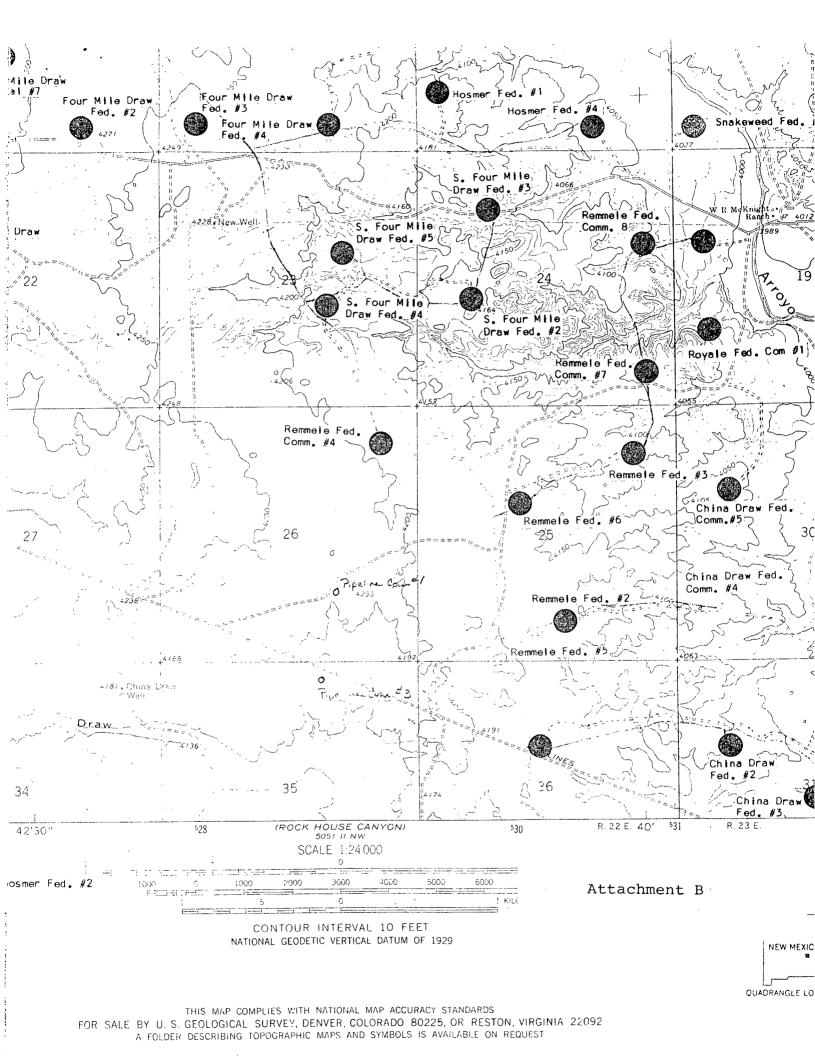
MCKAY OIL CORPORATION

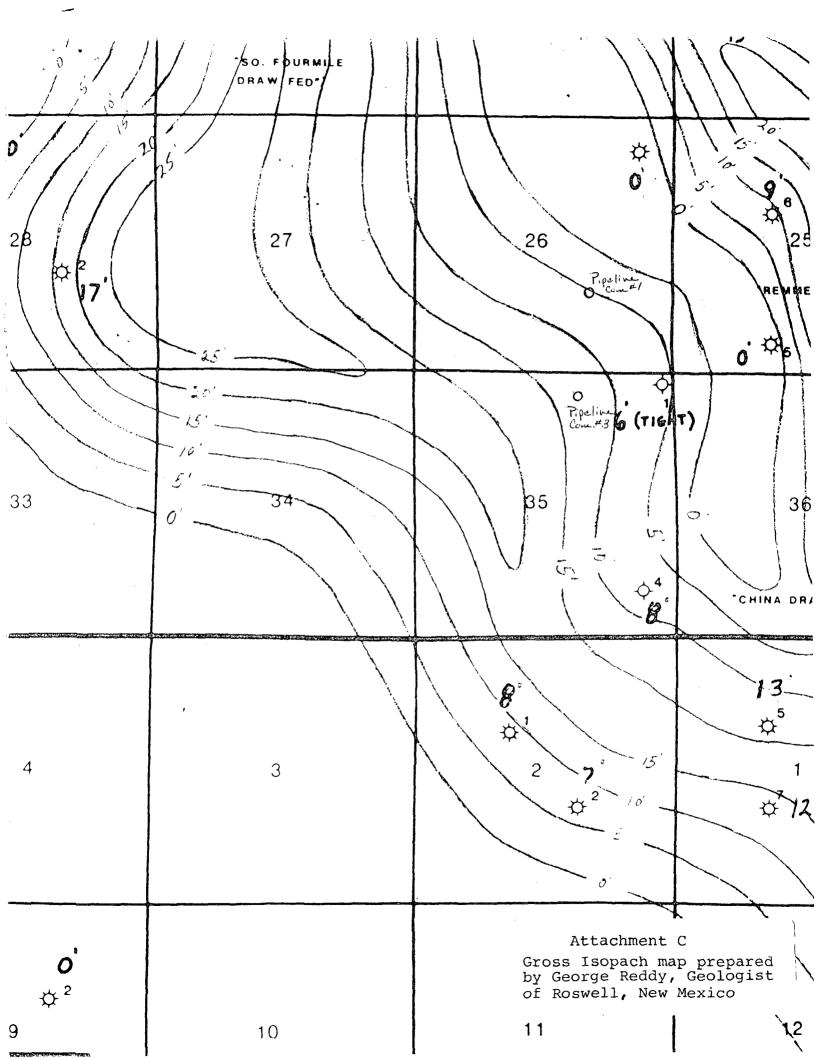
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Contracts & Land

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