

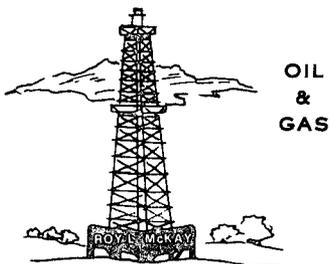
McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

HOME OFFICE, P.O. Box 2014, ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

(IDFW) OFFICE FIRST CITY TOWER, SUITE 590

JAN 12 201 E/ABRAM, ARLINGTON, TX 76010 817-265-5515



COMMUNITY WATER DIVISION
CANTON

December 31, 1986

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

Attention: Dave Catanach

RE: Pierce Federal #4
W/2 Sec. 3-6S-22E
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires to drill a Federal lease in the W/2 of Section 3, Township 6 South, Range 22 East, NMPM. (See Attachment "A") Due to variation in legal subdivision of the U.S. Public Land Surveys, McKay Oil is requesting a Non-Standard Gas Unit of 135.93 acres.

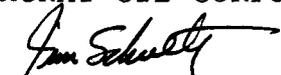
The well has been staked at 660' feet from the West line and 660' feet from the South line, which has been approved by the BLM and the Eastern New Mexico Archological Service. (See Attachment " B")

Therefore, pursuant to Rule 104 D (II) of the State of New Mexico Oil Conservation Division Rules and Regulations, McKay Oil Corporation request that this Non-Standard Gas Unit be approved.

Thank you for your cooperation and assistance in this matter.

Very truly yours,

MCKAY OIL CORPORATION


James L. Schultz
Contracts & Land

enclosures

20 U.S. Mesa MTS LG 9574 3134	21 State McKay Oil 36186 U.S.	22 U.S. "Rugged Federal" McKay Oil 5 1 91 16189	23 U.S. "Rugged Federal" McKay Oil 5 1 91 16189	24 Kellie Cutler F.A. Dumas U.S. "Inexco Federal" Inexco 3 1 89 32311	19 J.E. Goussard U.S. "Inexco Federal" Inexco 3 1 89 32311	20 U.S. Vates Fed T 1 91 16703	21 U.S. McKay Oil 32322 32323 32324 32325
29 State MTS K Mesa 4 1 91 LG 9572 2264	28 State McKay Oil 36186 U.S.	27 U.S. "McKay Federal" McKay Oil 5 1 91 16189	26 U.S. "Rugged Federal" McKay Oil 5 1 91 16189	25 U.S. "Inexco Federal" Inexco 3 1 89 32311	30 L. Morse U.S. "Inexco Federal" Inexco 3 1 89 32311	29 U.S. Inexco T 1 89 LG 9568 506	28 State Inexco T 1 89 LG 9568 506
32 State McKay Oil 36186 U.S.	33 U.S. "McKay Federal" McKay Oil 5 1 91 16189	34 U.S. "McKay Federal" McKay Oil 5 1 91 16189	35 U.S. "Eppers Federal" McKay Oil 5 1 91 16189	31 U.S. "Inexco Federal" Inexco 3 1 89 32311	31 U.S. "Inexco Federal" Inexco 3 1 89 32311	30 U.S. "Inexco Federal" Inexco 3 1 89 32311	29 U.S. "Inexco Federal" Inexco 3 1 89 32311
6 State McKay Oil 36186 U.S.	7 U.S. "McKay Federal" McKay Oil 5 1 91 16189	8 U.S. "Pierce Federal" McKay Oil 5 1 91 16189	9 U.S. "Lookout Federal" McKay Oil 5 1 91 16189	11 U.S. "Lookout Federal" McKay Oil 5 1 91 16189	12 U.S. "L & E Federal" Mesa 4 1 85 32322	11 U.S. "L & E Federal" Mesa 4 1 85 32322	10 U.S. "L & E Federal" Mesa 4 1 85 32322
18 U.S. McKay Oil 36186 U.S.	17 U.S. "Pierce Federal" McKay Oil 5 1 91 16189	16 U.S. "Lookout Federal" McKay Oil 5 1 91 16189	15 U.S. "Lookout Federal" McKay Oil 5 1 91 16189	14 U.S. "Lookout Federal" McKay Oil 5 1 91 16189	13 U.S. "Hosmer Federal" McKay Oil 5 1 91 16189	12 U.S. "Hosmer Federal" McKay Oil 5 1 91 16189	11 U.S. "Hosmer Federal" McKay Oil 5 1 91 16189
20 U.S. McKay Oil 36186 U.S.	21 U.S. "South Four 7" McKay Oil 5 1 91 16189	22 U.S. "Four Mile Draw Fed" McKay Oil 5 1 91 16189	23 U.S. "Four Mile Draw Fed" McKay Oil 5 1 91 16189	24 U.S. "Four Mile Draw Fed" McKay Oil 5 1 91 16189	25 U.S. "Four Mile Draw Fed" McKay Oil 5 1 91 16189	24 U.S. "Four Mile Draw Fed" McKay Oil 5 1 91 16189	23 U.S. "Four Mile Draw Fed" McKay Oil 5 1 91 16189

Handwritten notes:
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Attachment A

U.S.
McKay Oil
36186
U.S.

All distances must be from the outer boundaries of the Section.

Operator McKay Oil Corporation		Lease Pierce Federal		Well No. #4
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Unit Letter M	Section 3	Township 6 South	Range 22 East	County Chaves
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Actual Footage Location of Well:
660 feet from the South line and 660 feet from the West line

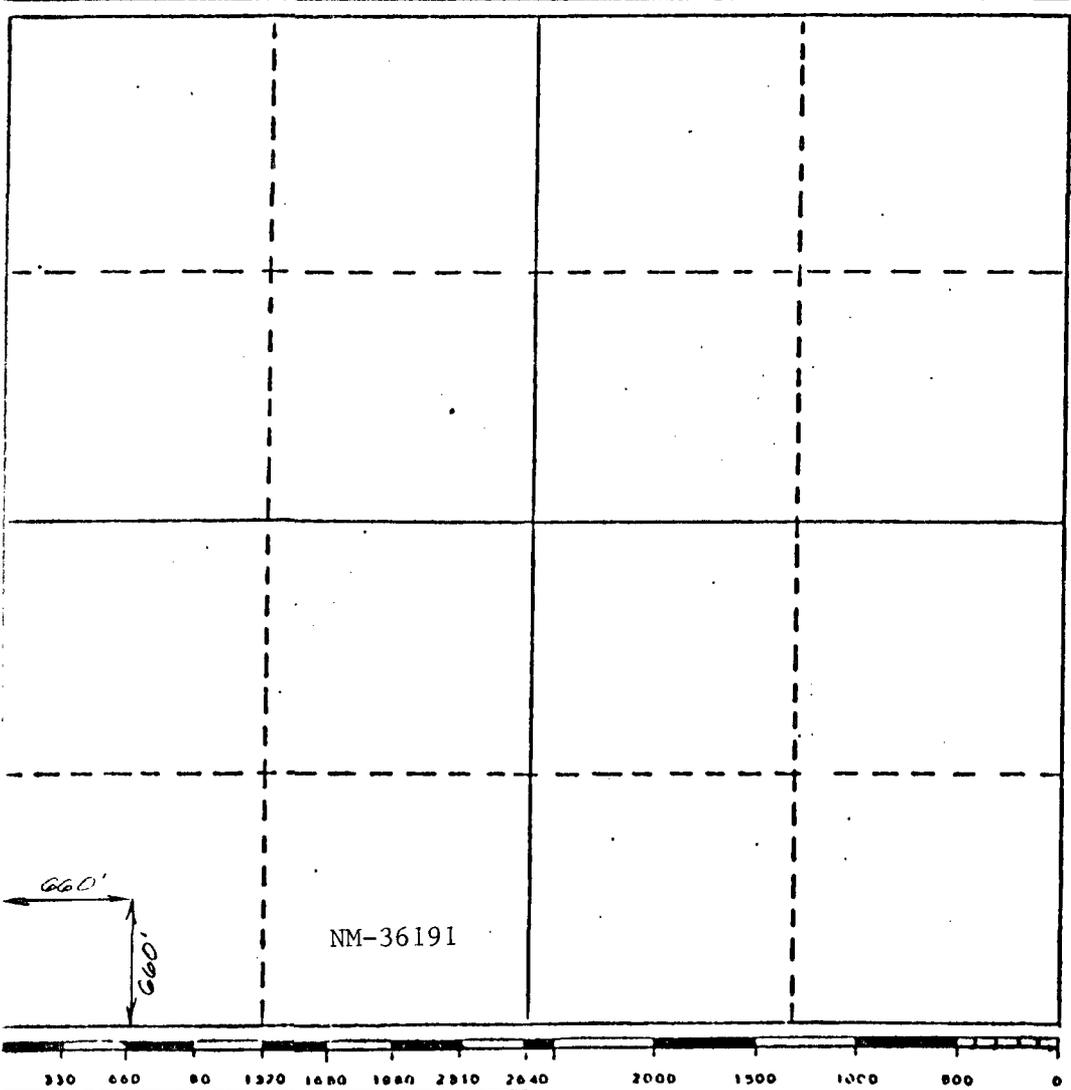
Ground Level Elev. 4323	Producing Formation ABO	Pool W. Pecos Slope Abo	Dedicated Acreage 135.93	Acres
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1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION	
<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>	
Name	Sam L. Shackelford
Position	Agent
Company	McKay Oil Corp.
Date	12-18-86
<i>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 knowledge and belief.</i>	
Date Surveyed	December 15, 1986
Registered Professional Engineer and/or Land Surveyor	John D. Jaques, P.E. & L.S.
Certificate No.	#6298