

6.29.05
DATE IN

SUSPENSE

SDONEK
ENGINEER

6.30.05
LOGGED IN

TYPE

NSL

APP NO.

PSEM0518128518

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

*Cancelled
8-17-05*

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

100 N. Pennsylvania
Roswell, NM 88203

Phone -- (505) 622-6713
Fax -- (505) 622-9282

**SOUTHWEST
PETROLEUM LAND
SERVICES LLC**

Fax

To: David Catenach	From: Jim Schultz
Fax: (505) 476-3462	Pages: 8
Phone:	Date: 6/29/05
Re:	CC:

Urgent For Review Please Comment Please Reply Please Recycle

◆ **Comments:** Select this text and delete it or replace it with your own. To save changes to this template for future use, choose Save As from the File menu. In the Save As Type box, choose Document Template. Next time you want to use it, choose New from the File menu, and then double-click your template from the Start Working work pane.

Dear Mr. Catenach:

I received an e-mail from April McKay at McKay Oil Corporation that the OCD never received a NSL for the Samantha B Federal #1 Well. Therefore, attached is the NSL for the review and approval. Should you have any questions, please do not hesitate to contact me at (505) 626-6879.

Jim Schultz

SOUTHWEST PETROLEUM LAND SERVICES L.L.C.
100 N. PENNSYLVANIA
ROSWELL, NEW MEXICO 88203

(505) 622-6713 OFFICE
(505) 626-6879 CELLPHONE

(505) 622-9282 FAX
(505) 622-3615 HM

May 20, 2005

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

RE: McKay Oil Corporation
Nonstandard Location of the Samantha Federal B #1
Township 5 South, Range 22 East, Section 31, Unit O
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires to drill a location 660' from the south line, and 2080' from the east line of unit O in Section 31, of Township 5 South, Range 22 East. Due to geological concerns and in an effort to clear an existing pipeline, McKay Oil is requesting an unorthodox location.

The well was originally staked at 660' from the south line and 1980' from the east line of Section 31. Due to an existing pipeline in which crossed the location the BLM was unable to approve this location or any other normal location within this particular drilling space unit. (See attachment "A" & "B")

The well will be drilled to the ABO formation. The west half of the southeast quarter was chosen due to geological concerns. Further, any location farther to the east would keep the well from clearing the pipeline. The pipeline runs through the northeast quarter of the location. There is also a dry hole located to the east of the location. Any location 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" and "D"))

McKay owns the operating rights surrounding the location, with the exception of Section 2, of Township 6 South, Range 22 East, which is controlled by Yates Petroleum Corporation. Enclosed is a copy of a letter from Yates Petroleum, stating that they have no objection with the nonstandard location. (See attachment "E")

page 2 of 2
O.C.D.

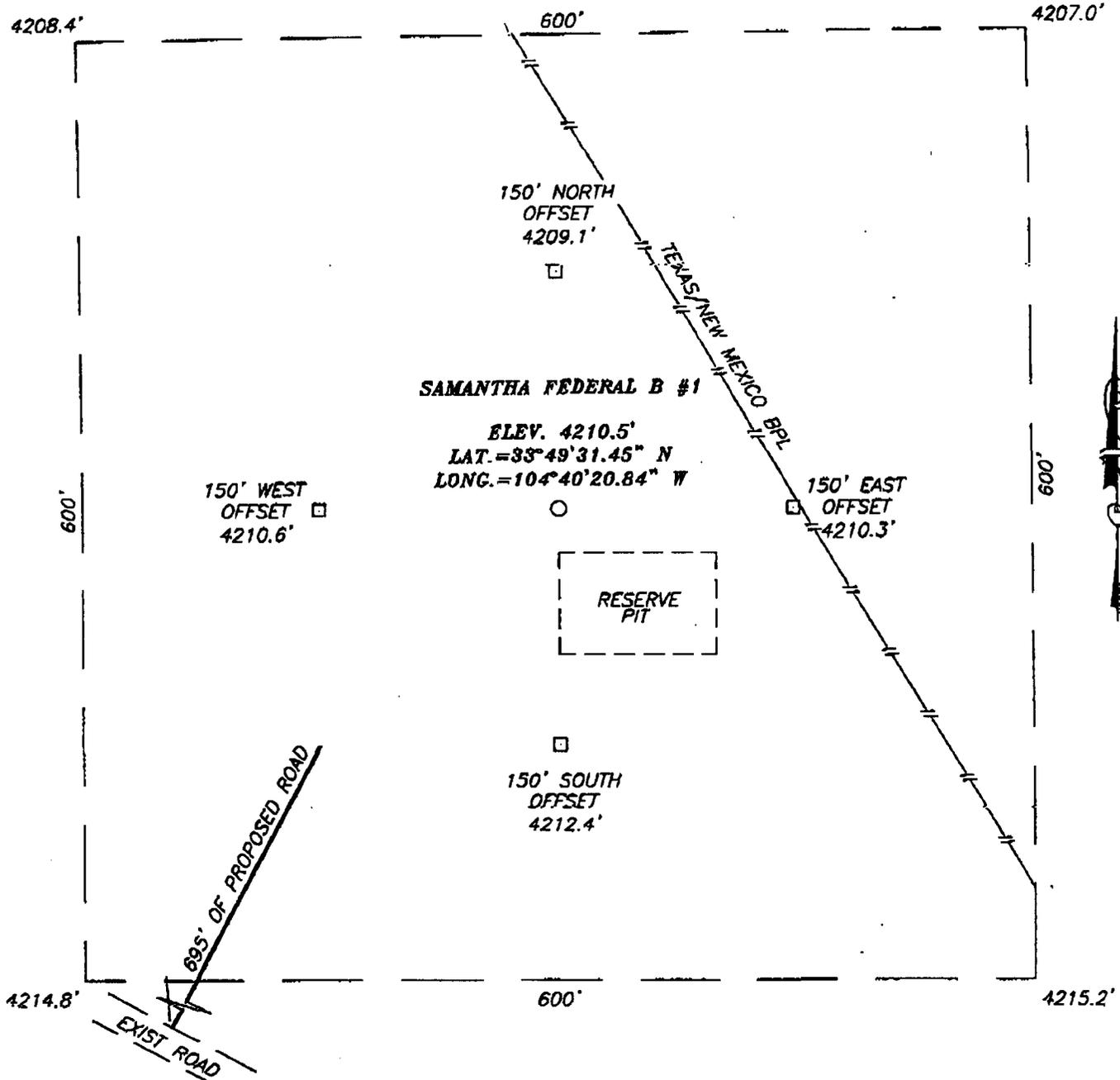
Therefore, McKay Oil Corporation is requesting that the O.C.D. grant administrative approved to the unorthodox location at 660' from the south line and 2080' from the east line in unit O in Section 31, of Township 5 South, Range 22 East. This location has been approved the E.N.M Archeological Service and the BLM.

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

Sincerely,

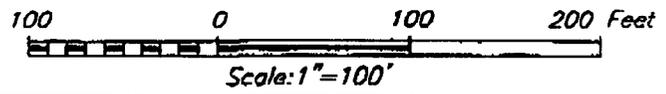

James Schultz
Agent

SECTION 31, TOWNSHIP 5 SOUTH, RANGE 22 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

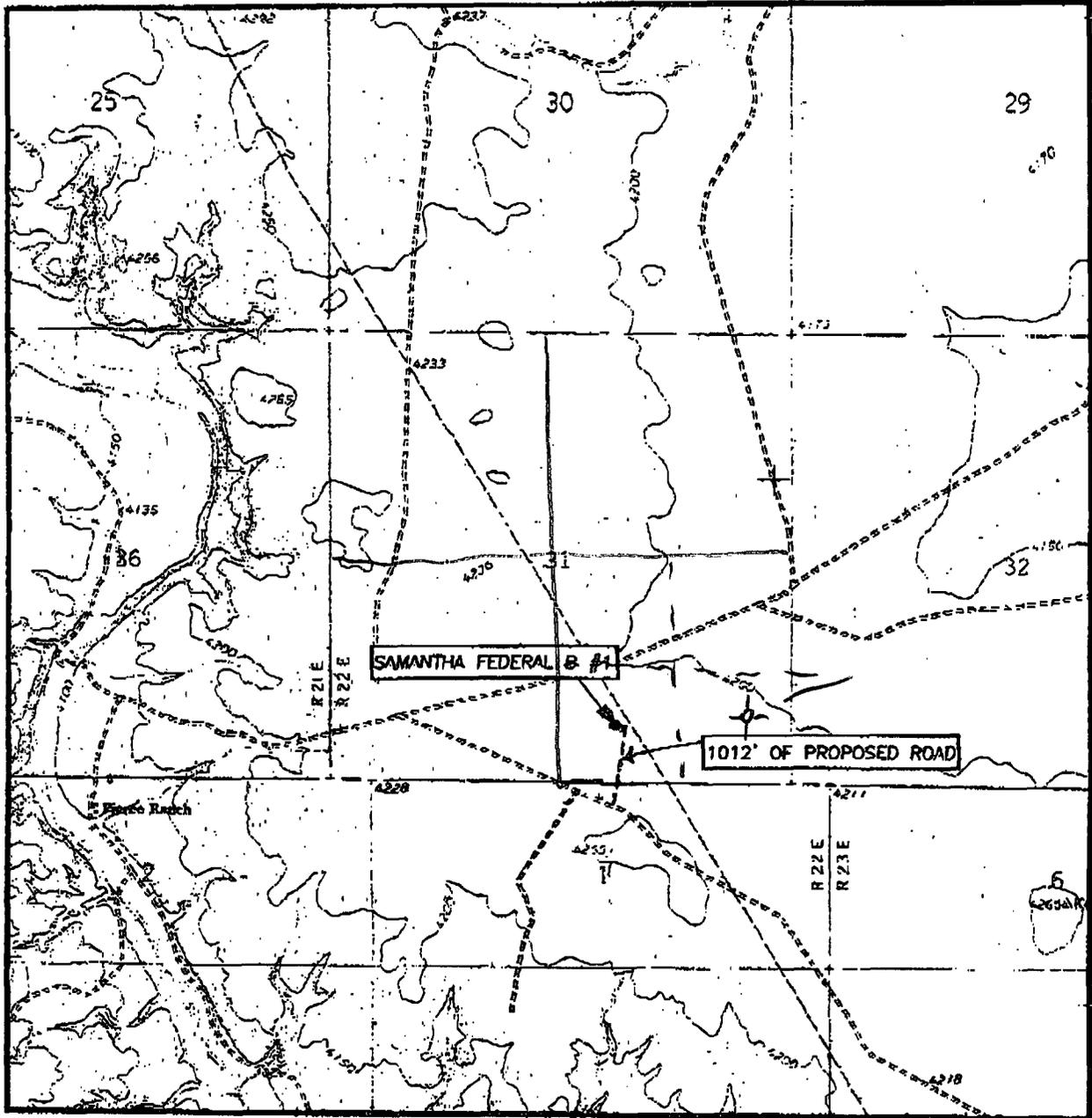
FROM THE INTERESECTION OF U.S. HWY. # 208 AND CO. RD. #40 (STARGRASS RD.) GO WEST ON CO. RD. #40 FOR APPROX. 2.5 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) AND GO APPROX. 2.0 MILES, TURN LEFT (WEST) AND GO APPROX. 1.0 MILES, TURN RIGHT (NORTH) AND GO APPROX. 0.15 MILES PAST CATTLEGUARD. TURN WEST AND GO APPROX. 2.6 MILES. PROPOSED LOCATION IS APPROX. 500' NORTH ACROSS PASTURE.



PROVIDING SURVEYING SERVICES SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

MCKAY OIL CORPORATION			
SAMANTHA FEDERAL B #1 WELL LOCATED 660 FEET FROM THE SOUTH LINE AND 1980 FEET FROM THE EAST LINE OF SECTION 31, TOWNSHIP 5 SOUTH, RANGE 22 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.			
Survey Date: 09/14/04	Sheet 1 of 1 Sheets		
W.O. Number: 04.11.1156	Dr By: J.R.	Rev 1:10/4/04	
Date: 09/24/04	Disk: CD#10	04111156	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 31 TWP. 5-S RGE. 22-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 660' FSL & 2080' FEL

ELEVATION 4211'

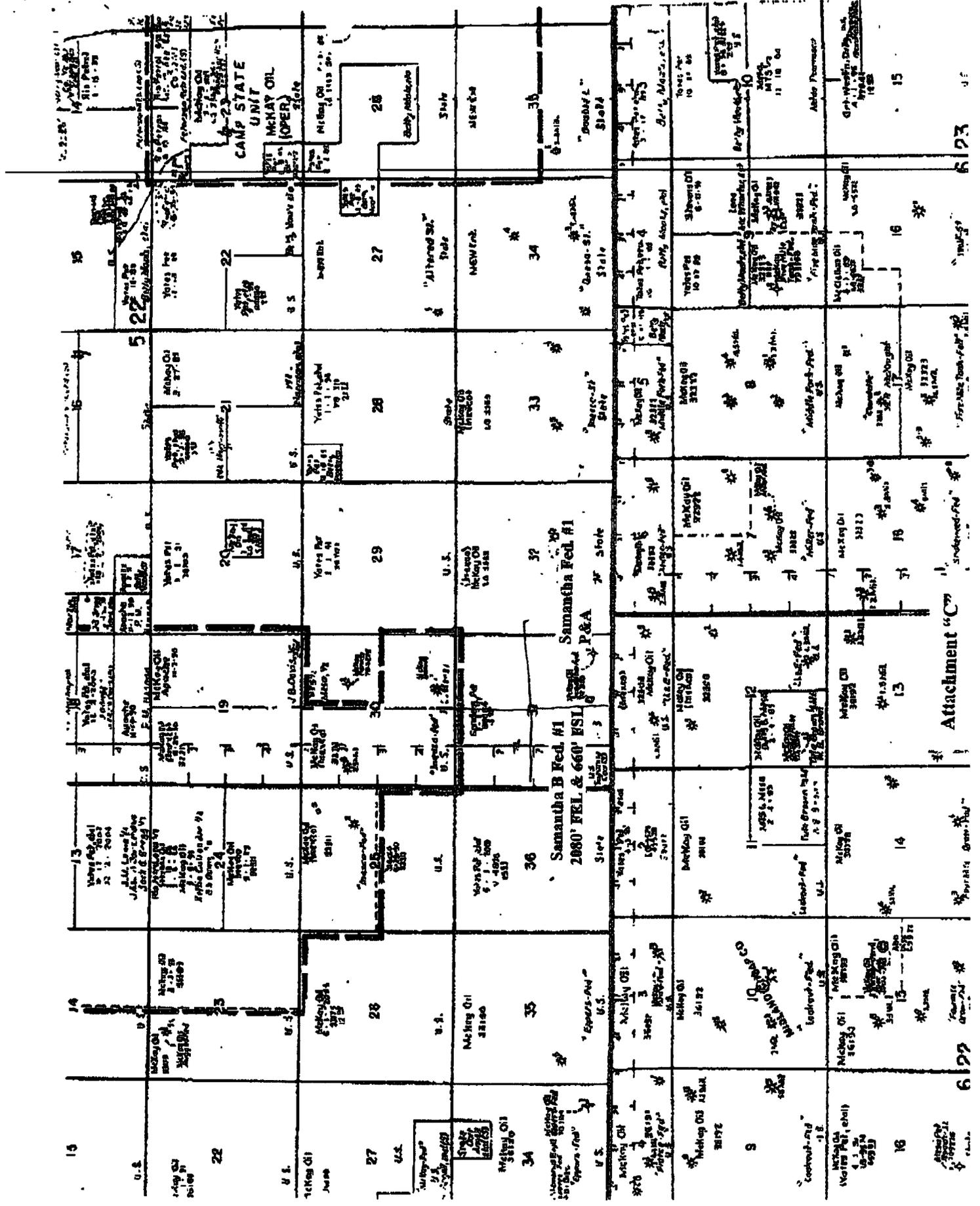
OPERATOR McKAY OIL CORPORATION

LEASE SAMANTHA FEDERAL B



PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
 472 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 398-3117

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



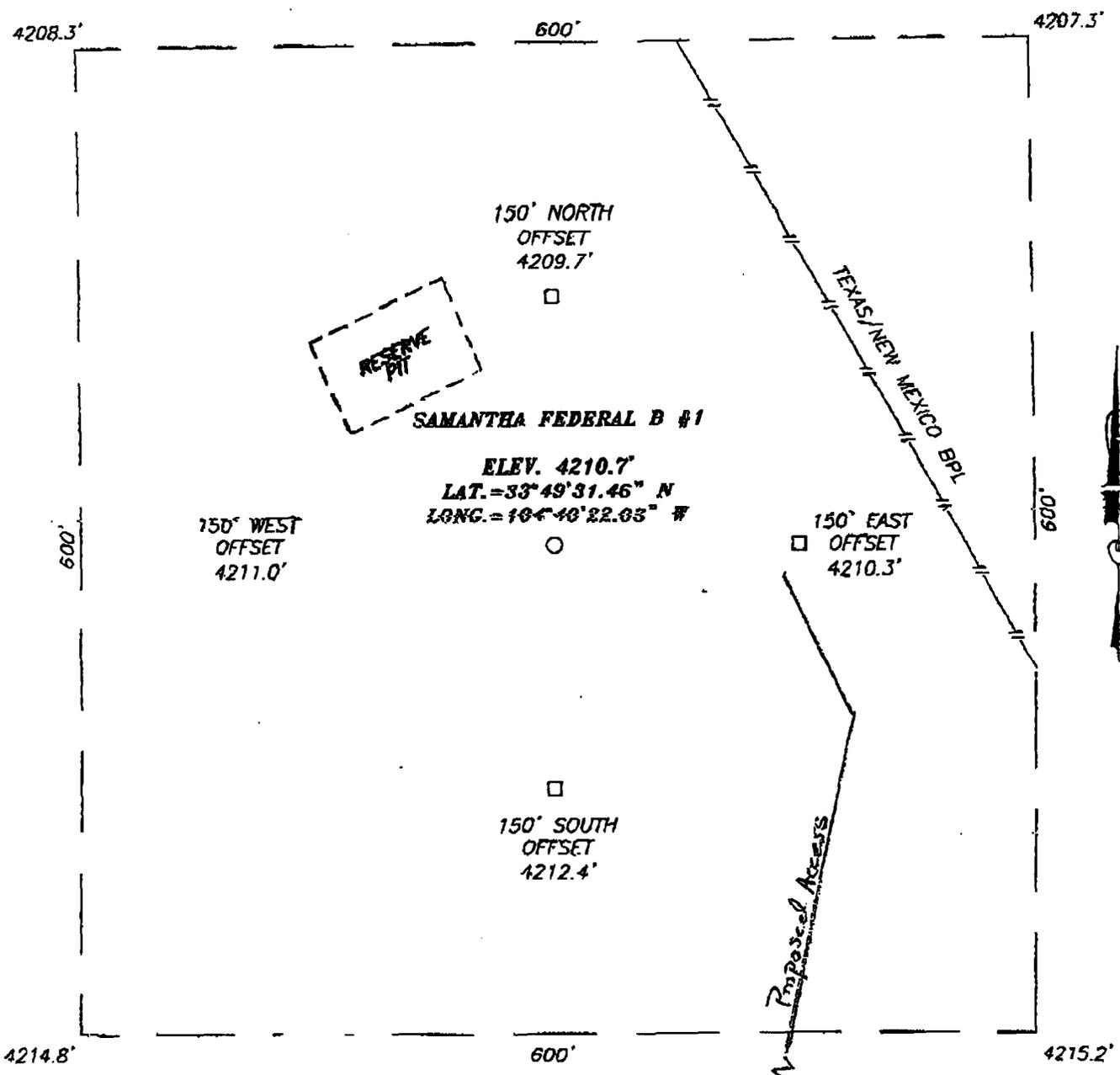
Attachment "C"

6123

6122

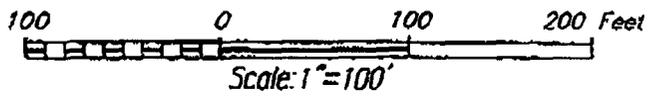
6121

SECTION 31, TOWNSHIP 5 SOUTH, RANGE 22 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



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. 2.5 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. 2.6 MILES. PROPOSED LOCATION IS APPROX. 500' NORTH ACROSS PASTURE.



PROMISING SURVEYING SERVICES
 SINCE 1986
JOHN WEST SURVEYING COMPANY
 412 N. DAL. PASEO
 FORTS, N.M. 88240
 (505) 383-3117

MCKAY OIL CORPORATION			
SAMANTHA FEDERAL B #1 WELL LOCATED 660 FEET FROM THE SOUTH LINE AND 2080 FEET FROM THE EAST LINE OF SECTION 31, TOWNSHIP 5 SOUTH, RANGE 22 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.			
Survey Date: 10/26/04	Sheet 1 of 1 Sheets		
W.O. Number: 04.11.1444	Dr By: J.R.	Rev 1:	
Date: 11/1/04	Disk: CD#10	04111444	Scale: 1" = 100'

MARTIN YATES, III
1912 - 1989
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (305) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

March 18, 2005

April McKay
McKay Oil Corporation
P. O. Box 2014
Roswell, NM 88202-2014

Re: Samantha B Federal #1
Sec 31, T5S, R22E
660' FSL & 2080' FEL
Chaves County, New Mexico

Dear April:

Please find enclosed your original letter executed by Yates Petroleum Corporation showing no objection to the non-standard location on the above captioned well. If we can be of any further assistance please let us know.

Very truly yours,

YATES PETROLEUM CORPORATION

Tamala J. Verdugo
Tamala J. Verdugo
Land Assistant

/tv
Enclosure

TRANSACTION REPORT

P. 01

JUN-29-2005 WED 09:55 AM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
JUN-29	09:52 AM		2' 20"	8	RECEIVE	OK		