



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 13, 2005

Mark Fesmire

Director

Oil Conservation Division

McKay Oil Corporation
c/o Southwest Petroleum Land Services, LLC
100 N. Pennsylvania
Roswell, New Mexico 88203

Attention: **Jim Schultz**
Manager and as Agent for McKay Oil Corporation

Administrative Order NSL-5285

Dear Mr. Schultz:

Reference is made to the following: (i) your application dated September 2, 2005 and filed with the New Mexico Oil Conservation Division's ("Division") office in Santa Fe, New Mexico on behalf of the operator, McKay Oil Corporation (*administrative application reference No. pSEM0-525033283*); and (ii) the Division's records in Artesia and Santa Fe: all concerning McKay Oil Corporation's request for an exception to the well location requirements (**Rule 4**) provided within the "*Special Rules and Regulations for the West Pecos-Slope Abo Gas Pool*," as promulgated by Division Order No. R-9976-C, dated March 19, 1996, as amended by Division Order No. R-9976-D, issued in Case No. 13057 on February 4, 2004, for an unorthodox gas well location within a proposed standard 160-acre gas spacing unit for the West Pecos Slope-Abo Gas Pool (**82740**) comprising the NE/4 of Section 33, Township 5 South, Range 21 East, NMPM, Chaves County, New Mexico.

Your application has been duly filed under the provisions of: (i) **Rule 5** of the special West Pecos Slope-Abo Gas Pool rules and (ii) Division Rules 104.F and 1207.A (2) [formerly Rule 1207.A (2)].

This location exception is being sought for both topographical and geological reasons.

By the authority granted me under the applicable provisions of the special pool rules governing the West Pecos Slope-Abo Gas Pool and Division Rule 104.F (2), the following described unorthodox gas well location within the above-described 160-acre gas spacing unit is hereby approved:

**McKay "B" Federal Well No. 4
1650' FNL & 400' FEL (Unit H).**

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P.-E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Roswell
Ms. April McKay, Vice President - McKay Oil Corporation, Roswell