

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 [X] 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 _____

[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

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

September 2, 2005

Oil Conservation Division
New Mexico State Land Office
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: McKay Oil Corp.
Non-Standard Location of the McKay B Fed. #4
Township 5 South, Range 21 East, NMPM, Sec. 33, Unit H
Chaves County, NM

2005 SEP 6 PM 1 19

Gentlemen:

McKay Oil Corp. desire to drill a location 1650' from the north line, and 400' from the east line of Unit H in Sec. 33 of Township 5 South, Range 21 East, NMPM (See Attached Survey Plat). Due to topographical concerns and in an effort to reduce the surface impact, the Bureau of Land Management has requested that McKay Oil Corp. request an unorthodox location (See Attached Location Verification Map).

The well was originally proposed to be at 660' from the east line and 1980' from the north line of Section 33. The location was on a severe slope and it was recommended by the Bureau of Land Management that the well be moved to the top of the hill to avoid excessive surface impact. There is little geology for this area, but it does appear from the attached isopach map that staying to the east would be the best economical and productive location to drill. McKay Oil Corp. owns all of the operating rights surrounding this location (See Attached Lease Map).

Therefore, McKay Oil Corporation is requesting that the OCD grant administrative approval to the unorthodox location at 1650' from the north line and 400' from the east line in unit H of Section 33, Township 5 South, Range 21 East, NMPM. This location has been approved by the Southern New Mexico Archaeological Services, Inc. and the BLM.

Page 2 of 2
Oil Conservation Division
September 2, 2005

Thank you for your cooperation and assistance in this matter.

Sincerely,


James L. Schultz, Manager and
as Agent for McKay Oil Corp.

cc: McKay Oil Corp.

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1825 N. FRENCH DR., HOBBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name McKAY B FEDERAL	Well Number 4
OGRID No.	Operator Name McKAY OIL CORPORATION	Elevation 4339'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	33	5-S	21-E		1650	NORTH	400	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

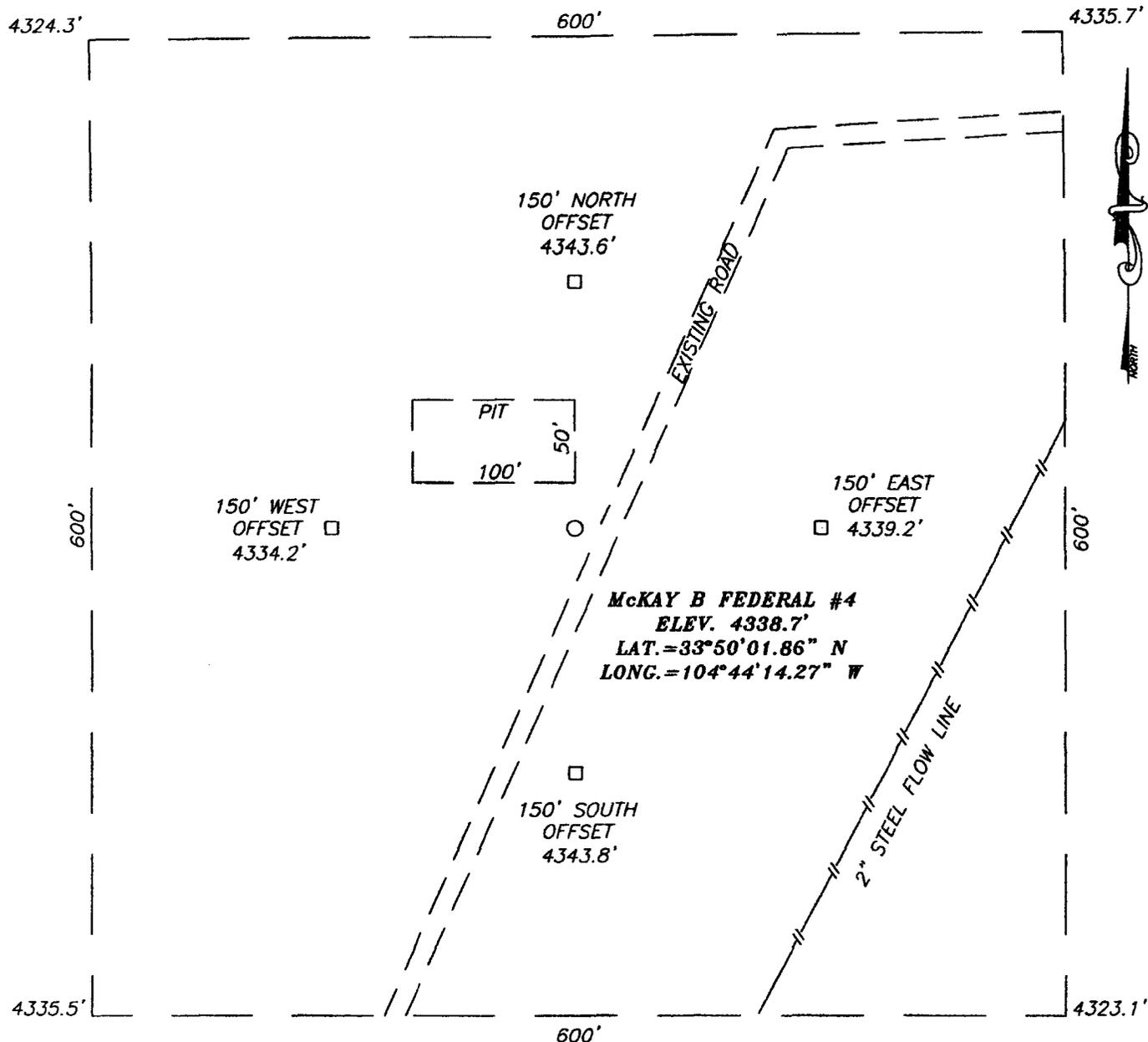
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=1031141.6 N X=377328.8 E</p> <p>LAT.=33°50'01.86" N LONG.=104°44'14.27" W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>James Schultz</i> Signature</p> <p>James Schultz Printed Name</p> <p>Agent</p> <p>Title</p> <p>05/04/05 Date</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 11, 2005</p> <p>Date Surveyed _____ GS</p> <p>Signature & Seal of Professional Surveyor <i>Gary Ribson</i></p> <p>NEW MEXICO 05.11.0288</p> <p>Certificate No. GARY RIBSON 12841</p>

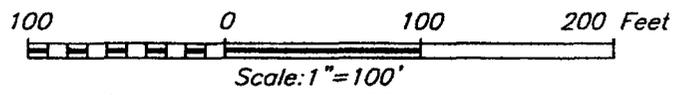
Standard 640-acre Section

SECTION 33, TOWN HIP 5 SOUTH, RANGE 21 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #285 AND CR. RD. #40 (STARGRASS RD.), GO WEST ON STARGRASS APPROX. 8.3 MILES. AT INTERSECTION OF CAMAS AND STARGRASS FOLLOW STARGRASS TO THE RIGHT AND GO N-NW APPROX. 3.1 MILES TO INTERSECTION OF STARGRASS AND SILVERWEED. TURN RIGHT ON SILVERWEED AND GO NORTH APPROX. 0.3 MILES. TURN RIGHT AND GO EAST APPROX. 0.35 MILES FOLLOWING A BEND TO THE LEFT AND GO NE APPROX. 0.25 MILES TO A "Y" INTERSECTION AND GO LEFT (N-NE) APPROX. 0.3 MILES. THIS LOCATION IS APPROX. 20' WEST.



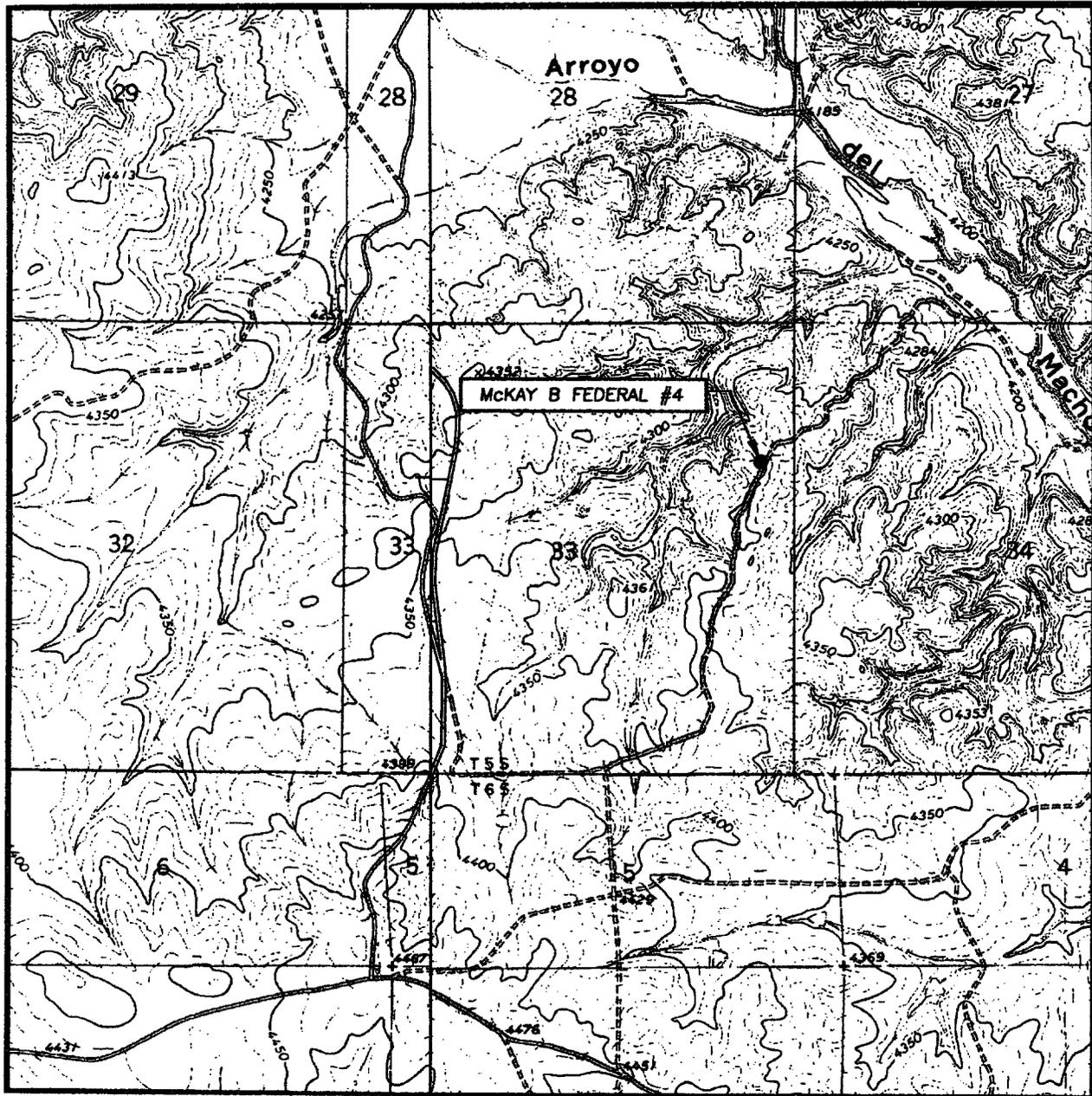
PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

McKAY OIL CORPORATION

McKAY B FEDERAL #4 WELL
 LOCATED 1650 FEET FROM THE NORTH LINE
 AND 400 FEET FROM THE EAST LINE OF SECTION 33,
 TOWNSHIP 5 SOUTH, RANGE 21 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 04/11/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.0288	Dr By: GS
Date: 04/19/05	Disk: CD#4
05110288	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. 33 TWP. 5-S RGE. 21-E

SURVEY _____ N.M.P.M.

COUNTY CHAVES

DESCRIPTION 1650' FNL & 400' FEL

ELEVATION 4339'

OPERATOR McKAY OIL CORPORATION

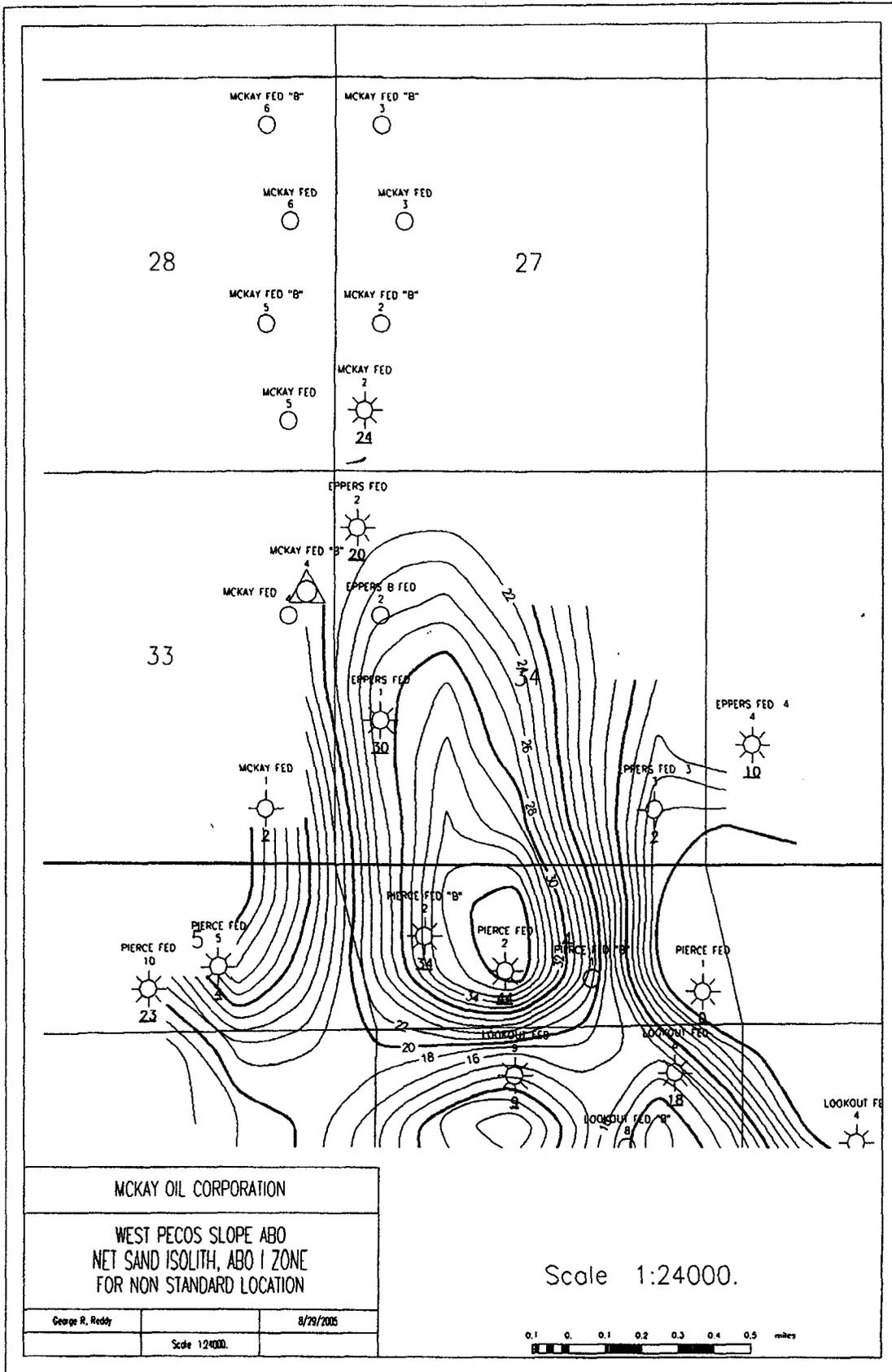
LEASE McKAY B FEDERAL

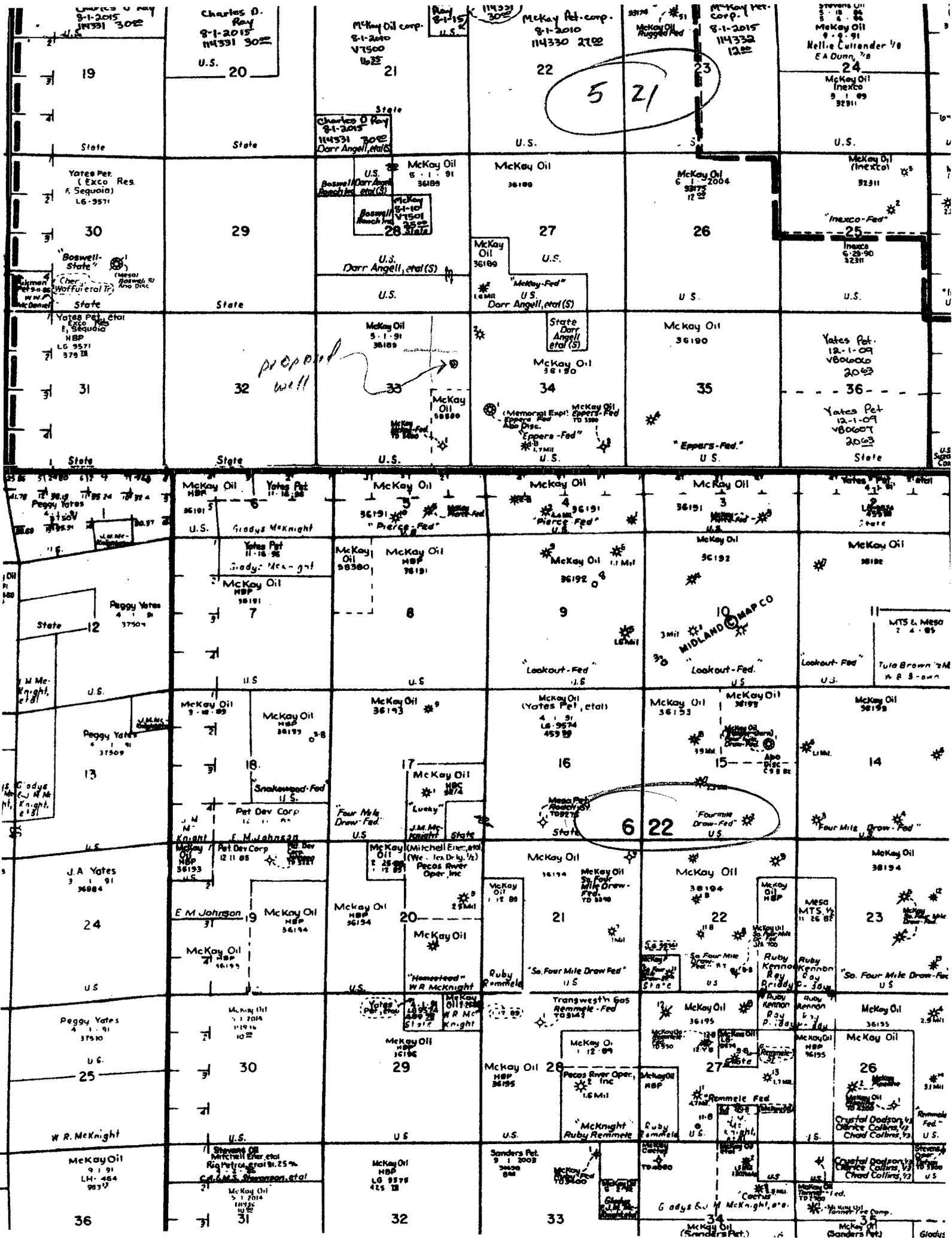
U.S.G.S. TOPOGRAPHIC MAP
MESA SW, N.M. AND ROUND MOUNTAIN SE

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



PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117





Charles D. Ray
8-1-2015
114331 3022
U.S. 20

McKay Oil Corp.
8-1-2010
V7500
1625
U.S. 21

McKay Pet. Corp.
8-1-2010
114330 2122
U.S. 22

McKay Pet. Corp.
8-1-2015
114332 1222
U.S. 23

McKay Oil
8-1-91
Nelle C. Linder 1/8
EA Dunn 7/8
U.S. 24

5 21

Charles D. Ray
8-1-2015
114331 3022
Darr Angell, et al (S)
State

McKay Oil
8-1-91
36189
U.S. 28

U.S. Darr Angell, et al (S)
U.S. 29

McKay Oil
36189
U.S. 27

McKay Oil
36189
U.S. 34

McKay Oil
6-1-2004
58775 1222
U.S. 26

McKay Oil
36190
U.S. 35

McKay Oil (Mexico)
32311
U.S. 25

Yates Pet.
12-1-09
V806000
2003
U.S. 36

Proposed well

State Darr Angell, et al (S)
U.S. 33

McKay Oil
36190
U.S. 34

McKay Oil
36190
U.S. 34

McKay Oil
36190
U.S. 35

McKay Oil
36190
U.S. 35

"Eppers-Fed."
U.S. 35

Yates Pet.
12-1-09
V806000
2003
U.S. 36

Yates Pet.
12-1-09
V806007
2003
U.S. 36

McKay Oil
HBP
36191
U.S. 5

Yates Pet.
11-18-96
Gladys McKnight
U.S. 6

McKay Oil
36191
U.S. 8

McKay Oil
36191
U.S. 9

McKay Oil
36191
U.S. 9

McKay Oil
36191
U.S. 9

Yates Pet.
11-18-96
Gladys McKnight
U.S. 10

Peggy Yates
4-1-91
37504
U.S. 12

McKay Oil
HBP
36191
U.S. 7

McKay Oil
HBP
36191
U.S. 8

McKay Oil
HBP
36191
U.S. 9

McKay Oil
HBP
36192
U.S. 9

McKay Oil
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36192
U.S. 9

McKay Oil
HBP
36192
U.S. 9

Peggy Yates
4-1-91
37504
U.S. 12

McKay Oil
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McKay Oil
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McKay Oil
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McKay Oil
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McKay Oil
HBP
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Peggy Yates
4-1-91
37504
U.S. 13

McKay Oil
HBP
36193
U.S. 18

McKay Oil
HBP
36193
U.S. 17

McKay Oil
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36193
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McKay Oil
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McKay Oil
HBP
36193
U.S. 15

McKay Oil
HBP
36193
U.S. 14

Gladys McKnight
4-1-91
37504
U.S. 13

McKay Oil
HBP
36193
U.S. 18

McKay Oil
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McKay Oil
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McKay Oil
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36193
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McKay Oil
HBP
36193
U.S. 14

J.A. Yates
3-1-91
36884
U.S. 24

McKay Oil
HBP
36193
U.S. 19

McKay Oil
HBP
36193
U.S. 20

McKay Oil
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Peggy Yates
4-1-91
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McKay Oil
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36193
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Peggy Yates
4-1-91
37504
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McKay Oil
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U.S. 23

W.R. McKnight
U.S. 25

McKay Oil
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McKay Oil
HBP
36193
U.S. 35

Gladys McKnight
U.S. 36

