

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 _____
- [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) 621-3615 HM

November 22, 2005

RECEIVED
NOV 28 2005
OIL CONSERVATION
DIVISION

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 LL&E B Federal #3
Township 6 South, Range 22 East, NMPM, Sec. 12, Unit C
Chaves County, NM

30-005-63793

Gentlemen:

McKay Oil Corp. desire to drill a location 610' from the north line, and 1980' from the west line of Unit C in Sec. 12 of Township 6 South, Range 22 East, NMPM (See Attached Survey Plat). Due to archeological and geological concerns, McKay Oil Corp. requests an unorthodox location.

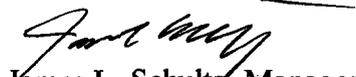
The well was originally proposed to be at 660' from the north line and 1980' from the west line of Section 12. (See attached Location Verification Map). However, archaeology in the region limited the well to be moved 50' to the north. (See attached archaeological report) The geology dictated that the well stay as far east and north as possible. (See attached maps) McKay Oil Corp. owns all of the operating rights surrounding this location that are toward the unorthodox well location encroachment. (See attached map)

Therefore, McKay Oil Corporation is requesting that the OCD grant administrative approval to the unorthodox location at 610' from the north line and 1980' from the west line in Unit C of Section 12, Township 6 South, Range 22 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
November 22, 2005

Thank you for your cooperation and assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Schultz", with a horizontal line extending from the end of the signature.

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

1625 N. FRENCH DR., HOHES, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, 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 LL & E "B" FEDERAL	Well Number 3
OGRID No.	Operator Name McKAY OIL CORPORATION	Elevation 4170'

Surface Location

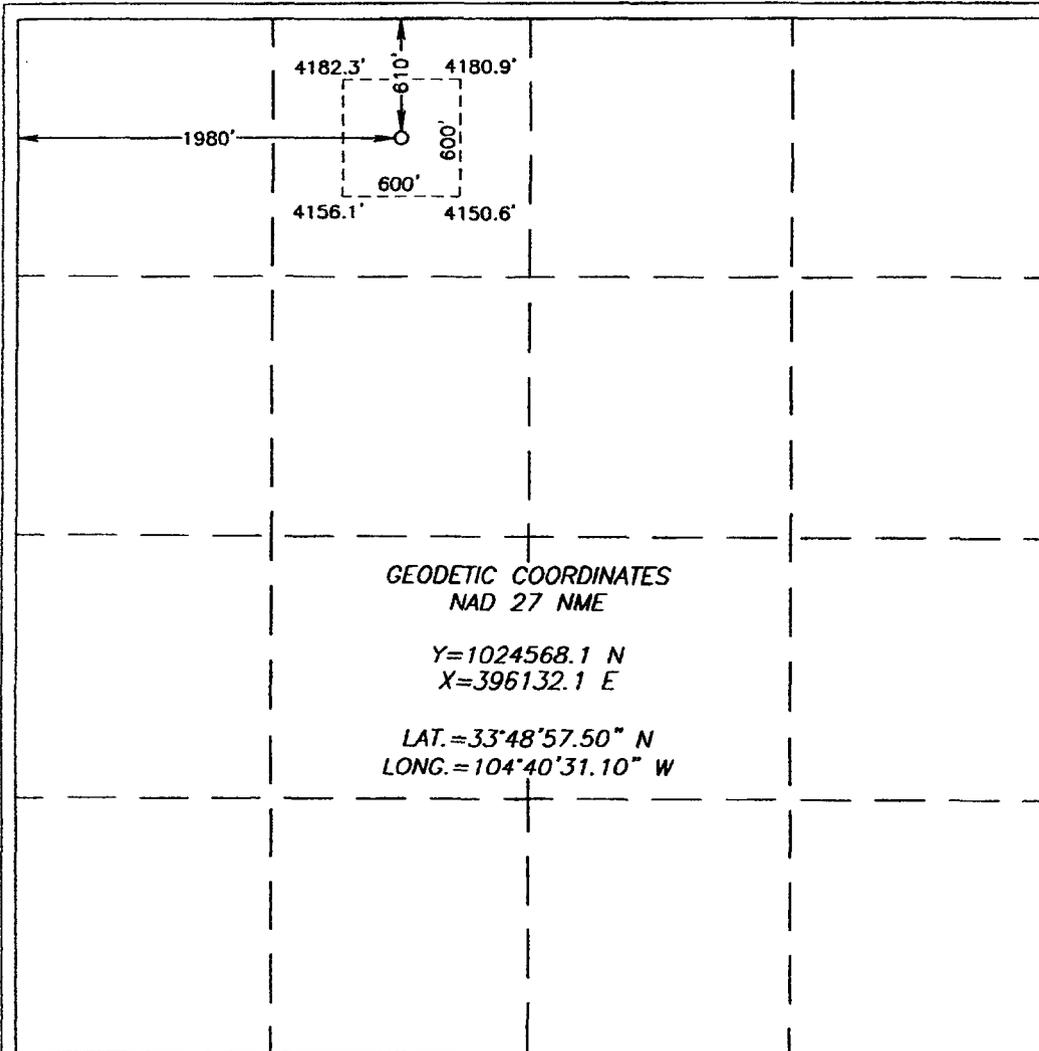
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	12	6-S	22-E		610	NORTH	1980	WEST	CHAVES

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 160	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

James L. Schultz
Signature
James L. Schultz
Printed Name
Agent
Title
11/2/2005
Date

SURVEYOR CERTIFICATION

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.

OCTOBER 29, 2005
Date Surveyed
JR
Signature & Seal of Professional Surveyor
Ronald K. Edson
Professional Surveyor
10/10/05
65.11.1664
Certificate No. GARY EDSON 12841
RONALD K. EDSON 3239

Standard 640-acre Section



Quads Copyright © 1999 DeLorme Yarmouth, ME 04096 Source Data: USGS

500 ft Scale: 1:12,800 Detail: 14-0 Datum: WGS84

ARCHAEOLOGICAL SURVEY of the McKAY OIL CORPORATION
→ LL & E B FEDERAL WELL NO. 3 & COMBINED ACCESS ROAD/PIPELINE R/W
T6S, R22E, SECTION 12 (NE $\frac{1}{4}$ NW $\frac{1}{4}$)
[610 FNL, 1980 FWL]. CHAVES COUNTY, NEW MEXICO

FEDERAL LAND SURFACE
[U.S.G.S. 7.5 minute series, MESA SW, NEW MEXICO, 1982)

ASC Report 04-066 (NMCRIS NO. 93871)

by Dorothy M. Griffiths, Project Archaeologist
and James V. Sciscenti, Principal Investigator

ARCHAEOLOGICAL SURVEY CONSULTANTS
P.O. Box 2285, Roswell, New Mexico 88202-2285
[505] 623-5012

BLM PERMIT NO.: 18-2920-03-U

August 21, 2005

Prepared for:

McKay Oil Corporation
P.O. Box 2014
Roswell, New Mexico 88202-2014

Attention: April McKay

Distribution:

→ McKay Oil Corporation (1)
Schultz (SW Petroleum Land Services, LLC)
BLM - Roswell Field Office (2)
Griffiths (1)

TITLE PAGE/ABSTRACT/NEGATIVE PROJECT REPORT FORM

Department of the Interior

BLM/Roswell Field Office

1. BLM Report #	2. Reviewer's Intials/Date: Accepted () Rejected ()	3. NMCRIS #: 93871
-----------------	--	--------------------

4. Type of Report: Negative () Positive (X)

5. Report Title: ARCHAEOLOGICAL SURVEY of the McKAY OIL CORPORATION LL & E B FEDERAL WELL NO. 3 and COMBINED ACCESS ROAD/PIPELINE R/W. T6S, R22E, SECTION 12, NE $\frac{1}{4}$ NW $\frac{1}{4}$ [610 FNL, 1980 FWL]. CHAVES COUNTY, NEW MEXICO.

6. Fieldwork Date(s): 10/20/2004; 10/28/2004; 3/20/2005; 3/27/2005; 4/04/2005; 6/01/2005; 6/27/2005; 6/28/2005; 7/01/2005; 7/20/2005; 7/24/2005; 7/26/2005; 8/04/2005; 8/16/2005; 11/07/2005.

7. Report Date: 8/21/2005

8. Consultant Name & Address:
 ARCHAEOLOGICAL SURVEY CONSULTANTS;
 P.O. Box 2285, Roswell, New Mexico 88202-2285. Phone: 505-623-5012.

 Direct Charge: D.M. Griffiths and/or J.V. Sciscenti
 Project Archaeologists: D.M. Griffiths; J.V. Sciscenti
 Field Personnel Names: J.V. Sciscenti, D.M. Griffiths; E.L. White

9. BLM Permit #: 18-2920-03-U State of New Mexico Permit #: NM-05-070

10. Consultant Report No.: ASC Report 04-066

11. Sponsor Name, Address, & Phone Number: McKay Oil Corporation Individual Responsible: April McKay P.O. Box 2014, Roswell, New Mexico 88202-2014 Phone: 505-623-4505	12. Customer Project #:
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13. LAND STATUS:	BLM	STATE	PRIVATE	OTHER	TOTAL
Acreage Surveyed:	9.36				9.36
Area of Effect:	2.17 +				2.17 +

14. Inspected Linear Area: 90 ft. long x 200 ft. wide, 0.41 acres.
 Linear Impact Area: 90 ft. long x 50 ft. wide, 0.10 acres.

 Inspected Block Area: 650 ft. north/south x 600 ft. east/west, 8.95 acres.
 Impacted Block Area: 300 ft. square +, 2.07 acres (see A.P.D. on file BLM)

15. Location: a. State: New Mexico b. County: Chaves

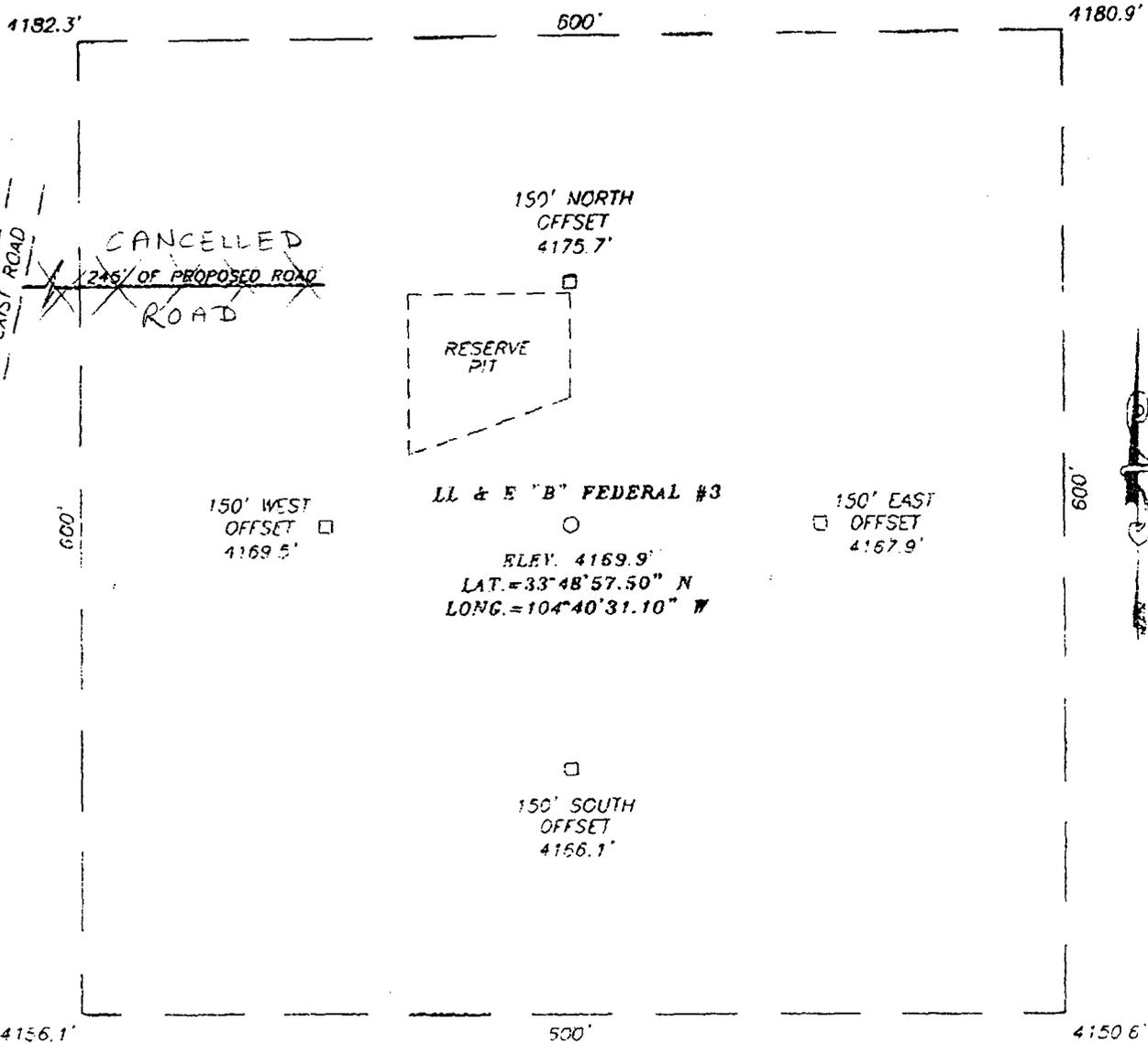
 c. BLM Field Office: Roswell d. Nearest Town: Roswell

 e. Well Pad Location: T6S, R22E, Section 12, NE $\frac{1}{4}$ NW $\frac{1}{4}$ (610 FNL, 1980 FWL), Chaves County, New Mexico.

 f. Well Pad Footages: T6S, R22E, Section 12, NE $\frac{1}{4}$ NW $\frac{1}{4}$ (610 FNL, 1980 FWL).
 Combined Access Road/Pipeline R/W Location: T6S, R22E, Section 12 (NE $\frac{1}{4}$ NW $\frac{1}{4}$), Chaves County, New Mexico.

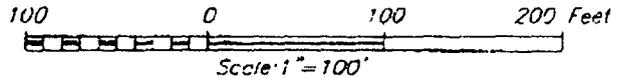
 g. Map Name(s): U.S.G.S. 7.5 minute series, MESA SW, NEW MEXICO, 1982 [33104-G6].

SECTION 12, TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. # 285 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. 2.5 MILES TO A ROAD ON THE LEFT. TURN LEFT (S/W) AND GO APPROX. 0.6 MILES TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY APPROX. 245' EAST TO THIS LOCATION.



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 328-2117

MCKAY OIL CORPORATION			
LL & E "B" FEDERAL #3 WELL LOCATED 610 FEET FROM THE NORTH LINE AND 1980 FEET FROM THE WEST LINE OF SECTION 12, TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.			
Survey Date: 10/29/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.1664	Dr By: J.R.	Rev 1:	
Date: 11/01/05	Disk: CD#5	05111664	Scale: 1"=100'

McKAY OIL CORPORATION
 L.L. & E. "B" FEDERAL WELL NO. 3 and COMBINED ACCESS ROAD / PIPELINE R/W

Site: LA 149142 (ASC 04-066-S1)
 T6S, R22E, Section 12, NW¼NE¼NW¼, Chaves County, New Mexico.

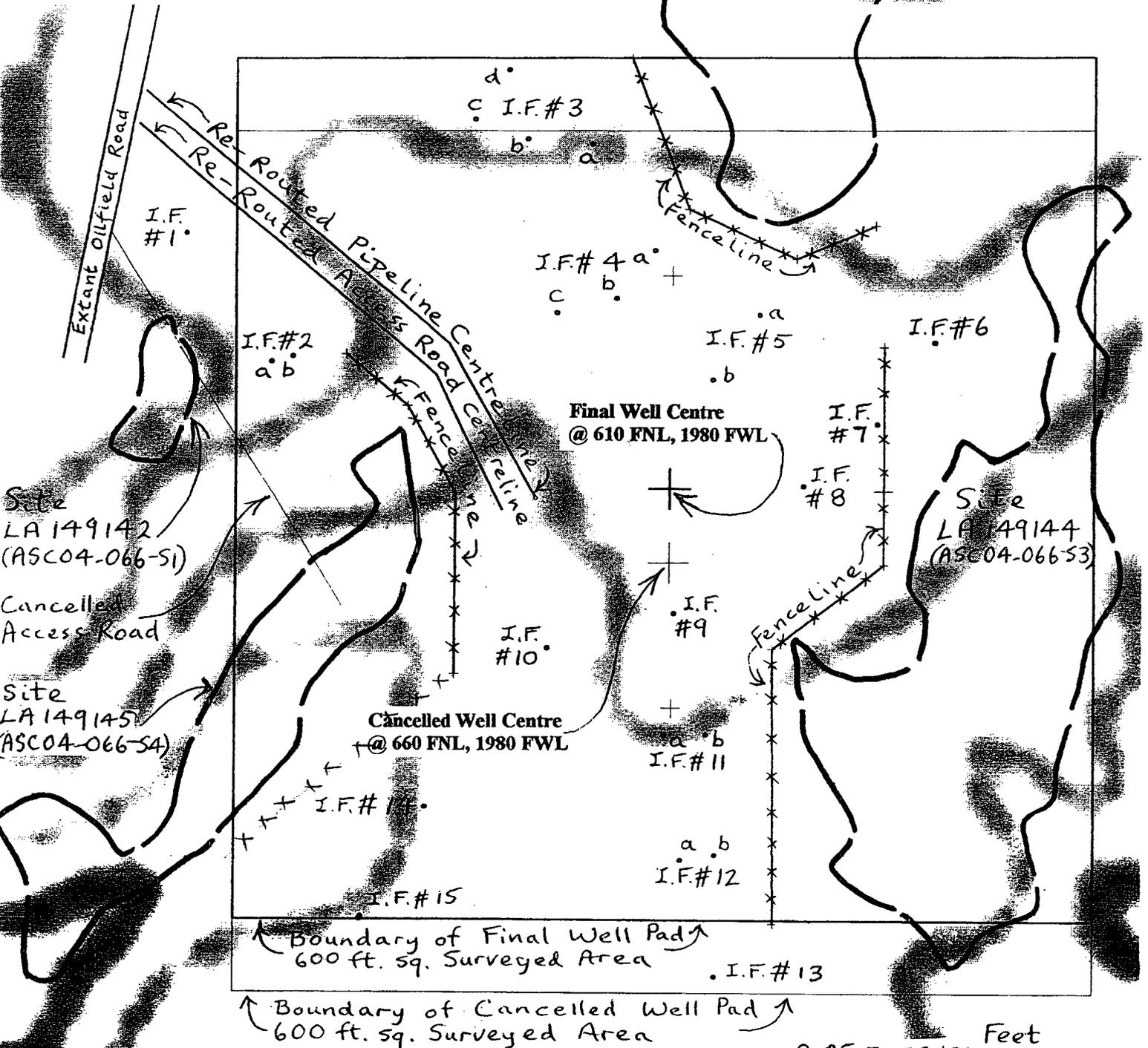
Site: LA 149143 (ASC 04-066-S2)
 T6S, R22E, Section 12, NE¼NE¼NW¼, NW¼NE¼NW¼, Chaves County, New Mexico.

Site: LA 149144 (ASC 04-066-S3)
 T6S, R22E, Section 12, SE¼NE¼NW¼, NE¼NE¼NW¼, Chaves County, New Mexico.

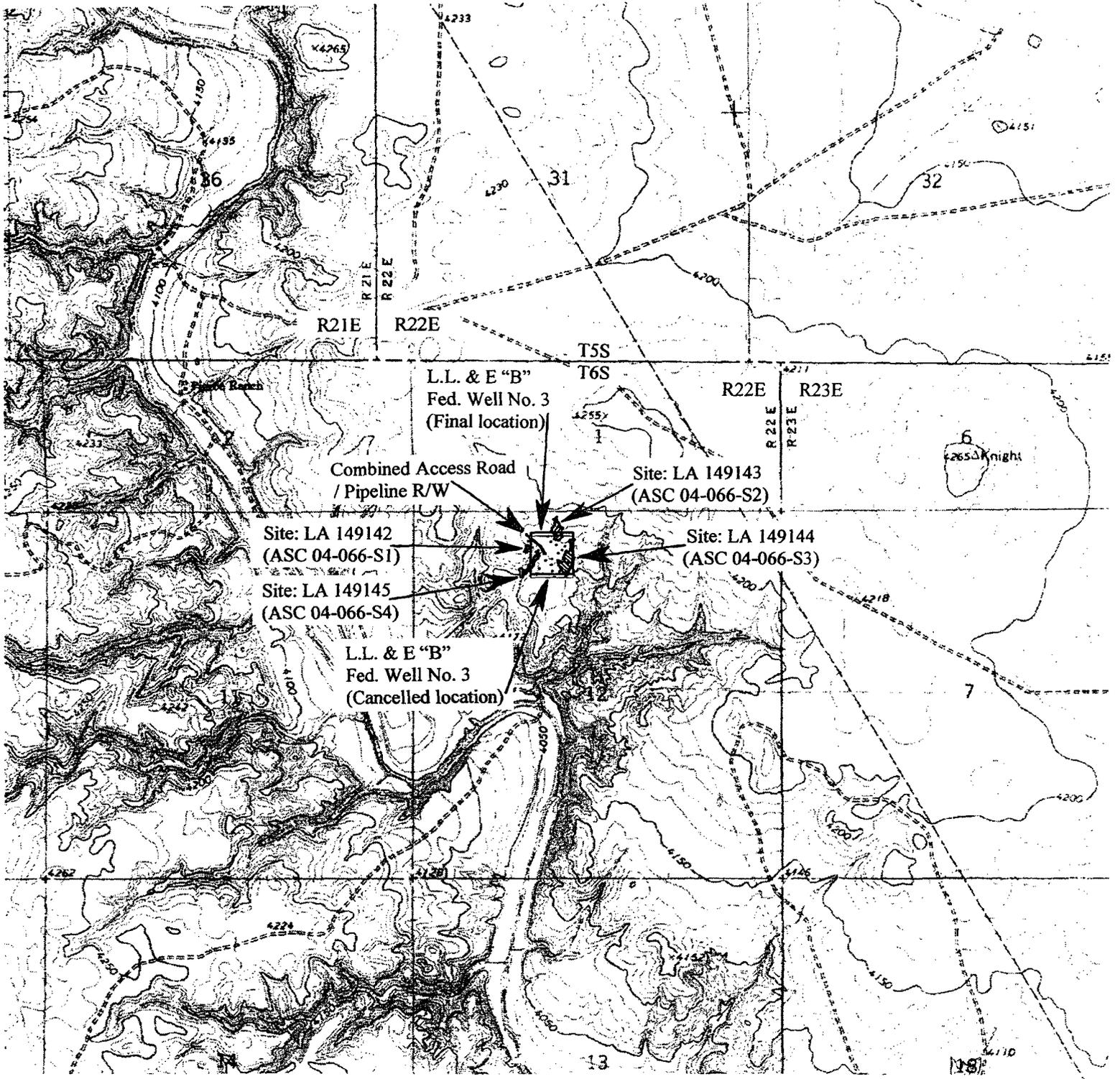
Site: LA 149145 (ASC 04-066-S4)
 T6S, R22E, Section 12, SW¼NE¼NW¼, NW¼NE¼NW¼, Chaves County, New Mexico.

ASC Project 04-066.

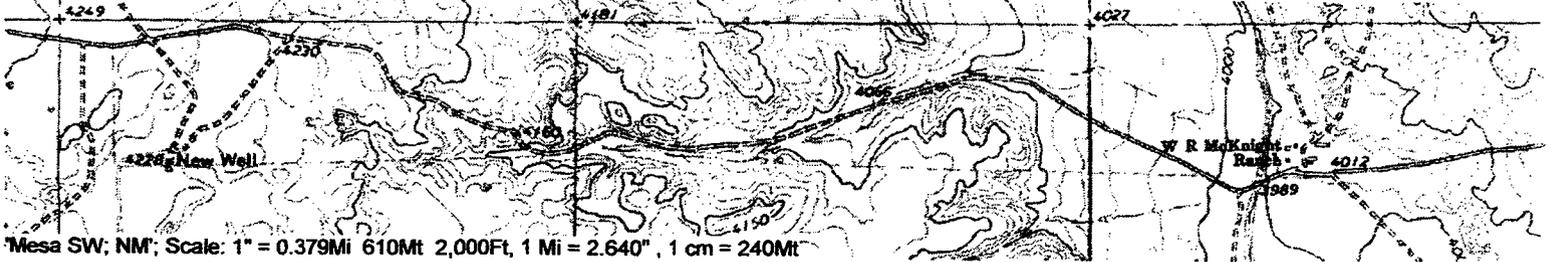
Mapped by means of a Garmin 12 G.P.S. unit utilizing U.T.M. Grid, Zone 13, 1927 North American Datum. 9 to 12 satellites were employed, with accuracy between +/- 2.8 to +/- 3.8 metres.
 IVS/DMG/ELW: June 28th, 2005; July 24th, 2005; July 26th, 2005 & August 16th, 2005.



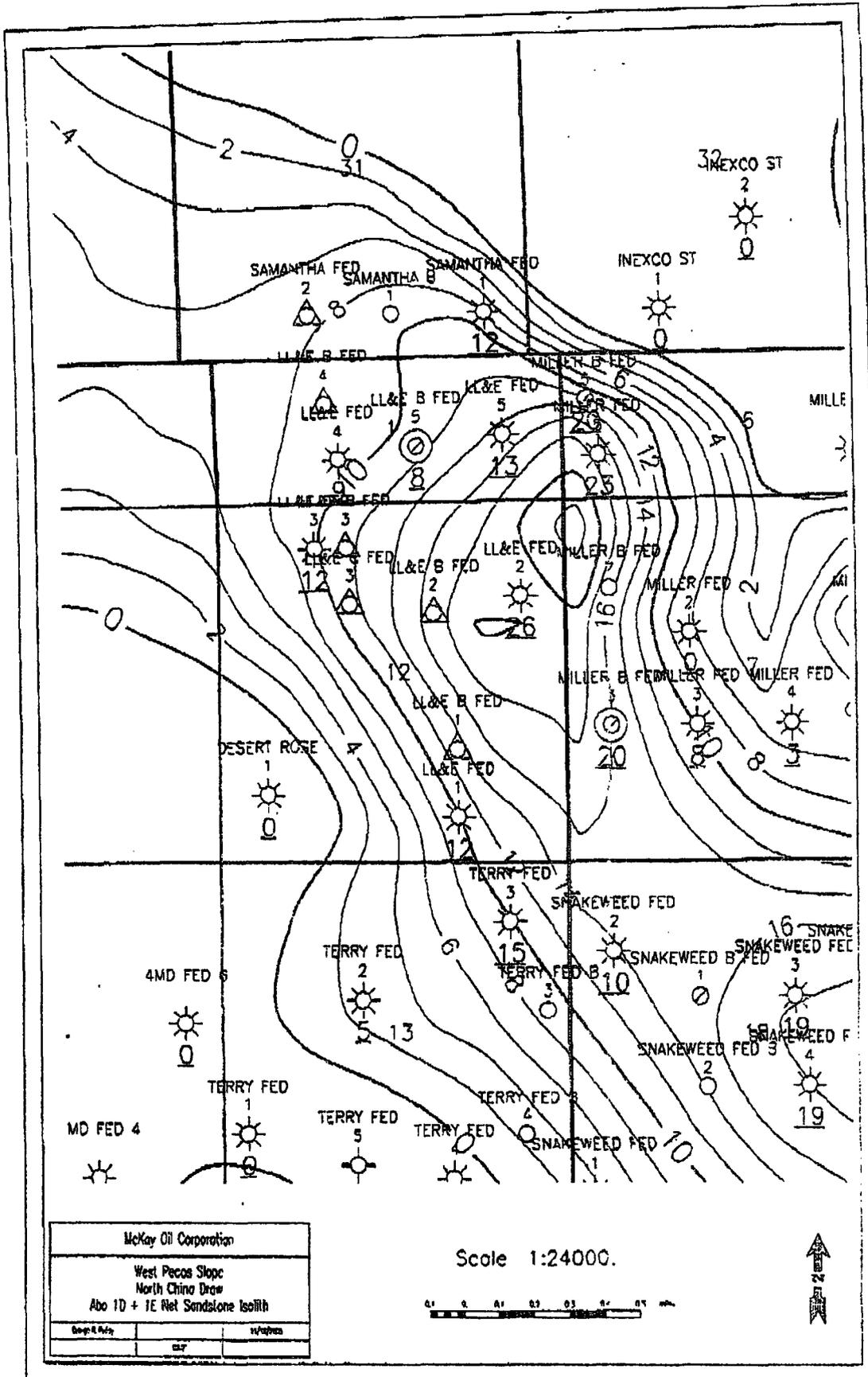
"Mesa SW; NM"; Scale: 1" = 0.019Mi 30Mt 100Ft, 1 Mi = 52.800", 1 cm = 12Mt

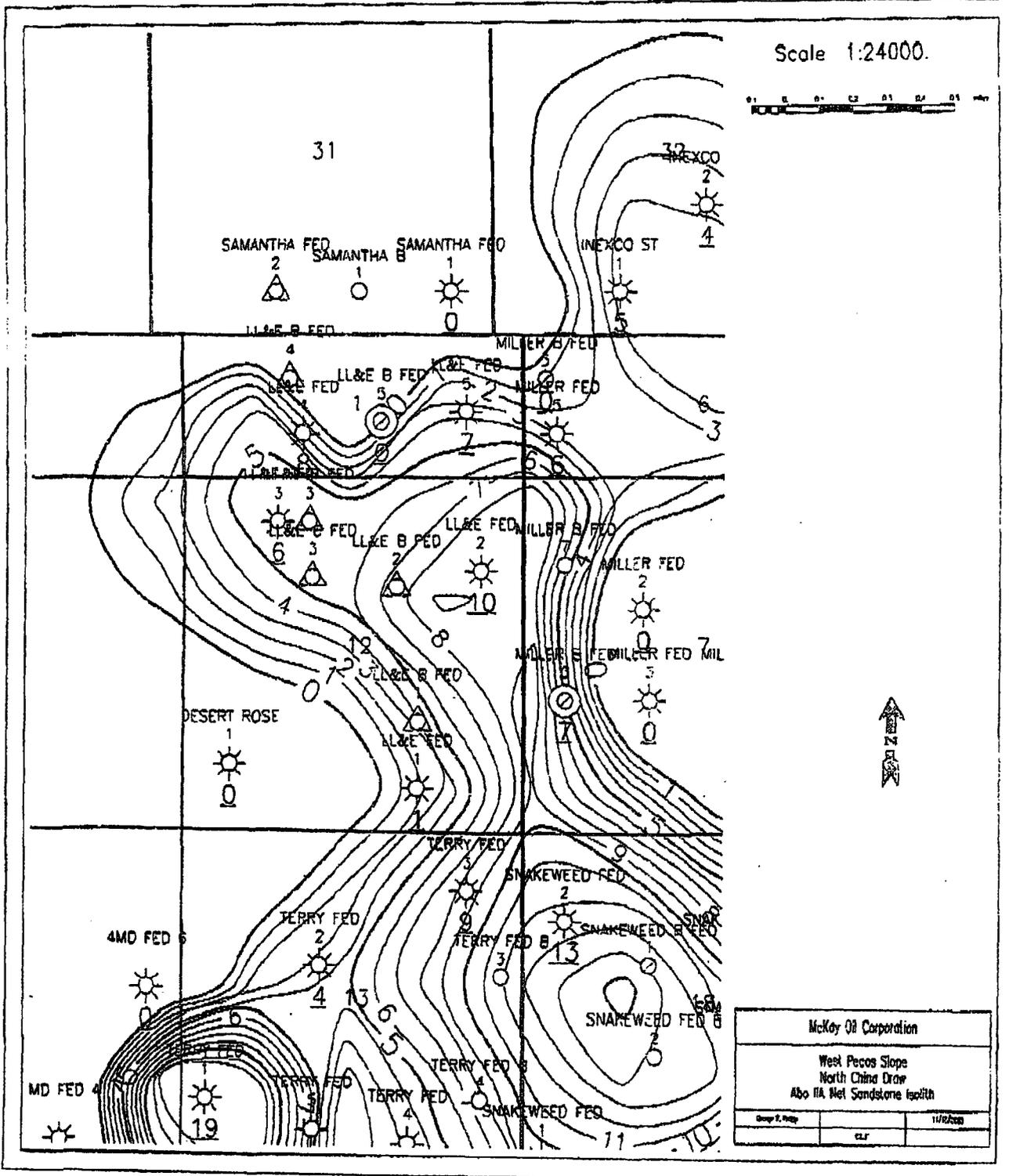


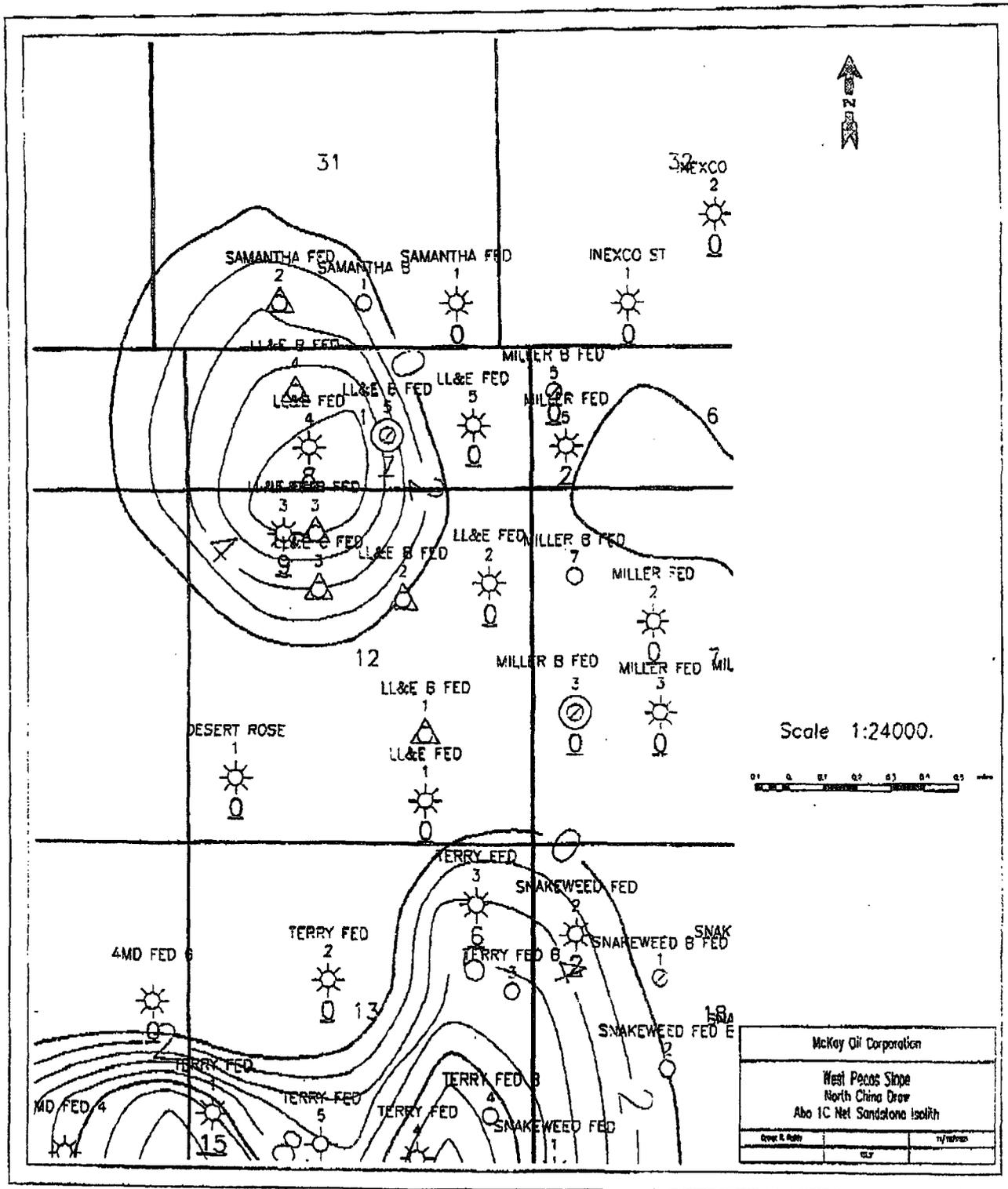
Map showing the location of the McKay Oil Corporation, L.L. & E. "B" Federal Well No. 3 and Combined Access Road/Pipeline R/W. T6S, R22E, Section 12, Chaves County, New Mexico [BLM, Roswell Field Office, New Mexico]. Overlapping squares show locations of final & cancelled well pads; solid line shows location of combined access road/pipeline centreline; dots show locations of Isolated Finds (not labelled, see project drawing for location numbers); hatchured areas and blackened areas show locations of Sites. U.S.G.S. 7.5 minute series, MESA SW, NEW MEXICO, 1982. Scale: 1:24,000; North is up; contour interval is 10 ft. ASC Project 04-066.



Mesa SW, NM; Scale: 1" = 0.379Mi 610Mt 2,000Ft, 1 Mi = 2.640", 1 cm = 240Mt







McKay Oil 36190 35 "Eppers-Fed" U.S.	Yates Pet etal 6-1-2001 V 4876 1582 36 State	Springs Pet 8808 31 U.S.	(Index) McKay Oil LG 5865 32 "Inexco-St." State	McKay Oil (INEXCO) LG 5865 33 "Inexco-St." State	MEWEnt 34 "Queso-St" State
McKay Oil 36191 3 "Miller-Fed" U.S.	Yates Pet etal 4-1-91 LG 4574 45538 State	(Index) 32808 McKay Oil 1.7 Mil U.S. "LLE-E-Fed"	Yates Pet etal 32322 "Miller-Fed" U.S.	Yates Pet etal 32322 "Miller-Fed" U.S.	Yates Pet etal 32322 "Miller-Fed" U.S.
McKay Oil 36192 10 MIDLAND MAP CO "Lookout-Fed" U.S.	McKay Oil 36192 11 MTS & Mesa 2 4 85 "Lookout-Fed" U.S.	McKay Oil 36192 12 MTS & Mesa 2 4 85 "LLE-E-Fed" U.S.	McKay Oil 32322 13 "Miller-Fed" U.S.	McKay Oil 32322 14 "Miller-Fed" U.S.	Yates Pet 10 17 89 15 "Five Mile Tank-Fed" U.S.
McKay Oil 36193 15 "Four Mile Draw-Fed" U.S.	McKay Oil 36193 14 "Four Mile Draw-Fed" U.S.	McKay Oil 36192 13 "Four Mile Draw-Fed" U.S.	McKay Oil 32323 18 "Snakeweed-Fed" U.S.	McKay Oil 32323 17 "Five Mile Tank-Fed" U.S.	McClellan Oil 6-1-89 16 "War-St" State
McKay Oil 36194 22 "So Four Mile Draw-Fed" U.S.	McKay Oil 36194 23 "So Four Mile Draw-Fed" U.S.	McKay Oil 36194 24 "So Four Mile Draw-Fed" U.S.	McKay Oil 32324 19 "Rovale-Fed" U.S.	McKay Oil 32324 20 "Mercury Exp. M.F. Fed." U.S.	Fred Pool 21 "Anna" U.S.
McKay Oil 36195 27 "Remmele-Fed" U.S.	McKay Oil 36195 26 "Remmele-Fed" U.S.	McKay Oil 36195 25 "Remmele-Fed" U.S.	McKay Oil 32325 30 "China Draw-Fed" U.S.	McKay Oil 32325 29 "China Draw-Fed" U.S.	McKay Oil 32325 28 "China Draw-Fed" U.S.
McKay Oil 36196 34 "Cactus Fed." U.S.	McKay Oil 36196 35 "Cactus Fed." U.S.	McKay Oil 36196 36 "Cactus Fed." U.S.	McKay Oil 32325 31 "China Draw-Fed" U.S.	McKay Oil 32325 32 "China Draw-Fed" U.S.	McKay Oil 32325 33 "China Draw-Fed" U.S.
Yates Pet etal 36197 3	Yates Pet etal 36197 2	Yates Pet etal 36197 1	Yates Pet etal 36197 6	Yates Pet etal 36197 5	Yates Pet etal 36197 4
Yates Pet etal 36197 3	Yates Pet etal 36197 2	Yates Pet etal 36197 1	Yates Pet etal 36197 6	Yates Pet etal 36197 5	Yates Pet etal 36197 4
Yates Pet etal 36197 3	Yates Pet etal 36197 2	Yates Pet etal 36197 1	Yates Pet etal 36197 6	Yates Pet etal 36197 5	Yates Pet etal 36197 4

Form 3160-3
(April 2004)

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 32308	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator McKay Oil Corporation 14424		7. If Unit or CA Agreement, Name and No.	
3a. Address PO Box 2014 Roswell, NM 88202-2014		8. Lease Name and Well No. LL & E B Federal #3 34857	
3b. Phone No. (include area code) 505-623-4735		9. API Well No. 30 - 005 - 63793	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 660' FNL & 1980' FWL At proposed prod. zone 610'		10. Field and Pool, or Exploratory W. Pecos ABO Slope 82740	
14. Distance in miles and direction from nearest town or post office* Approximately 25 miles		11. Sec., T. R. M. or Blk. and Survey or Area Unit C, Sec. 12, T6S, R22E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		12. County or Parish Chaves	
16. No. of acres in lease 741.20		13. State NM	
17. Spacing Unit dedicated to this well 160'		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	
19. Proposed Depth 4300'		20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4168'		22. Approximate date work will start* 11/01/2004	
		23. Estimated duration 7-10 days	

RECEIVED
NOV 21 2005
BLM-ARTEZIA

24. Attachments
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature	Name (Printed/Typed) James L. Schultz	Date 10/11/2004
---------------	--	--------------------

Title Agent		
----------------	--	--

Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed) /S/LARRY D. BRAY	Date NOV 18 2005
--	---------------------------------------	---------------------

Title Assistant District Manager, Roswell Field Office	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR
--	--------------------------------	---------------------

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., BOBBS, NM 86240

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 82740	Pool Name Pecos Slope; Abo, West
Property Code	Property Name LL & E FEDERAL B	Well Number 3
OGRID No.	Operator Name McKAY OIL CORPORATION	Elevation 4168'

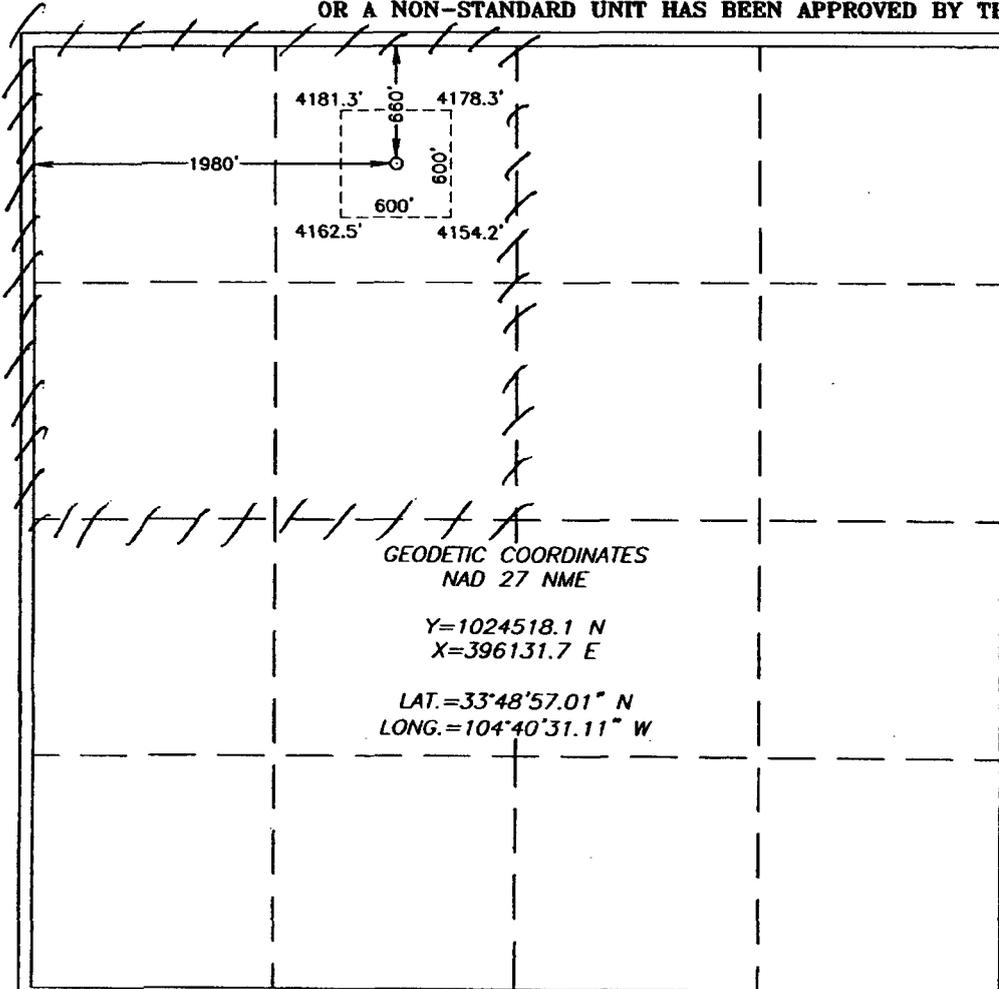
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	12	6-S	22-E		660	NORTH	1980	WEST	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 160	Joint or Infill	Consolidation Code	Order No.						

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



GEODETTIC COORDINATES
NAD 27 NME

Y=1024518.1 N
X=396131.7 E

LAT.=33°48'57.01" N
LONG.=104°40'31.11" W

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

James Schultz
Signature
James Schultz
Printed Name
Agent
Title
10/11/2004
Date

SURVEYOR CERTIFICATION

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.

SEPTEMBER 16, 2004

Date Surveyed 10/8/04 JR

Signature & Seal of
Professional Surveyor

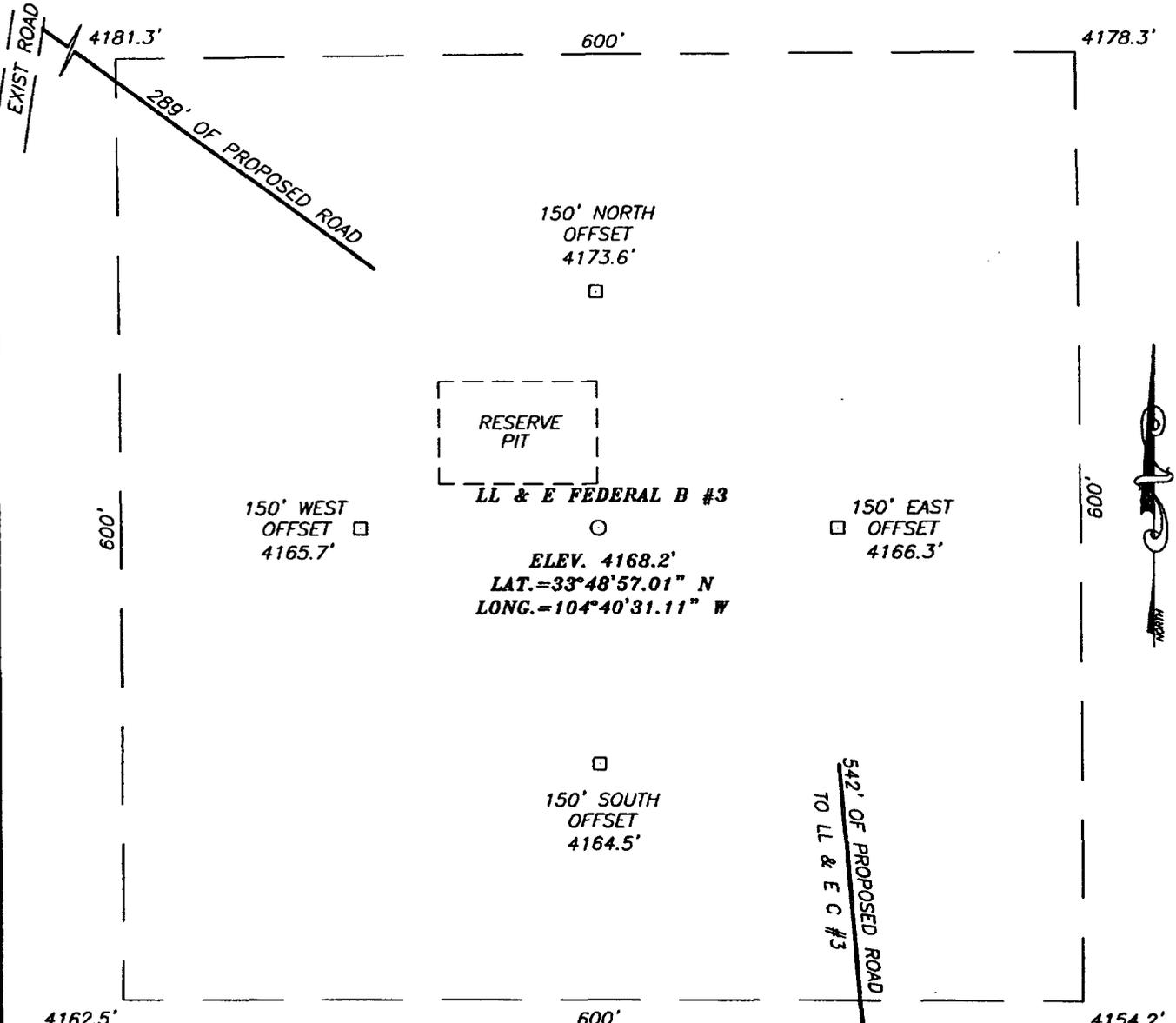
Gary Edson
NEW MEXICO
04.11.1145
10/8/04

Certificate No. GARY EDSON 12641

SECTION 12, TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,

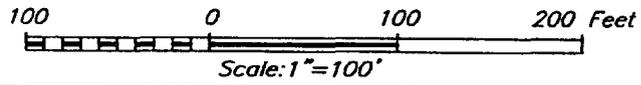
CHAVES COUNTY,

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. 2.5 MILES TO A ROAD ON THE LEFT. TURN LEFT (S/W) AND GO APPROX. 0.6 MILES. GO SOUTH APPROX. 0.25 MILES. PROPOSED LOCATION IS APPROX. 300' S/E ACROSS PASTURE.



PROVIDING SURVEYING SERVICES
SINCE 1948

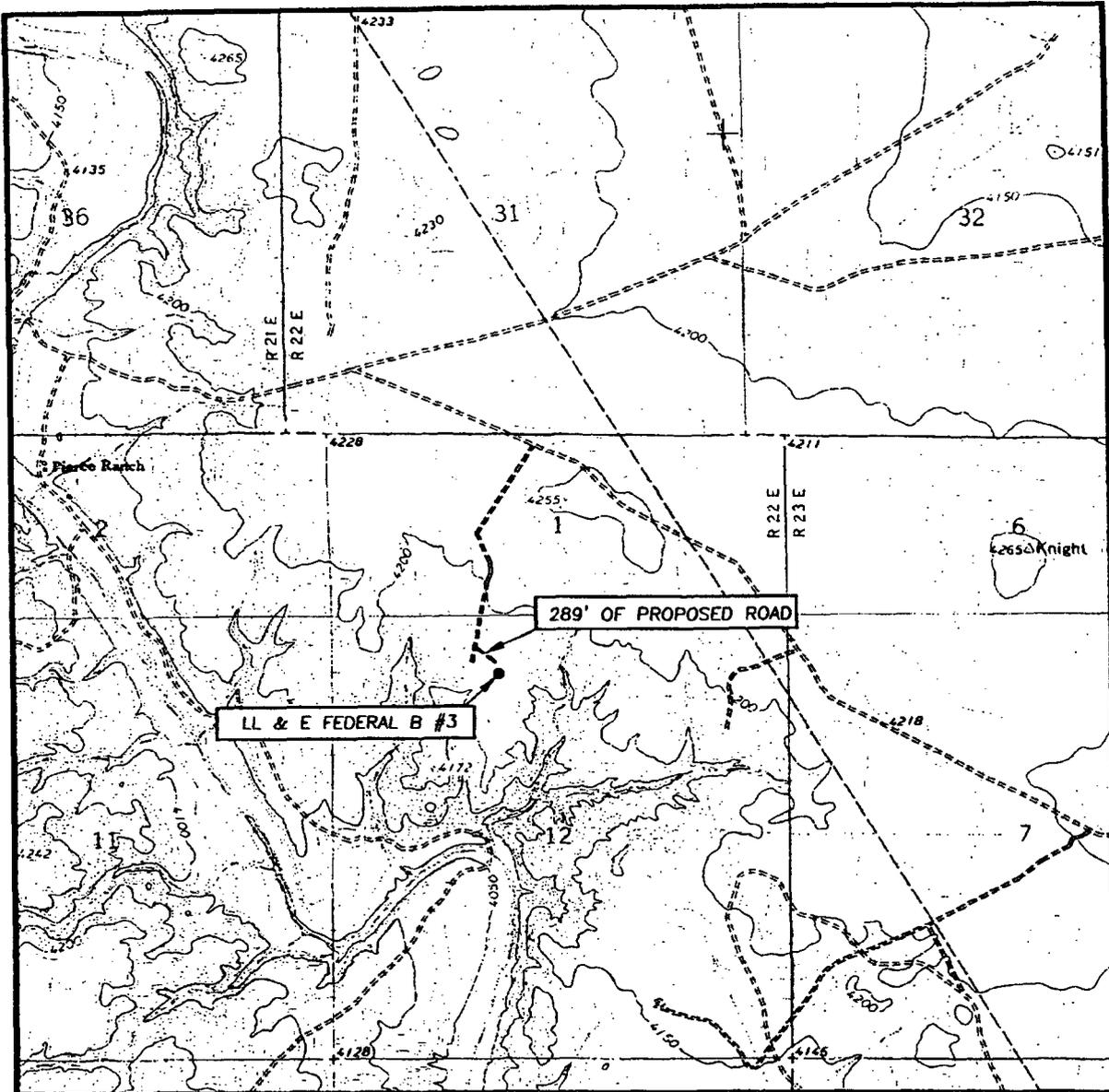
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 383-3117

McKAY OIL CORPORATION

LL & E B FEDERAL #3 WELL
LOCATED 660 FEET FROM THE NORTH LINE
AND 1980 FEET FROM THE WEST LINE OF SECTION 12,
TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.

Survey Date: 09/16/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1145	Dr By: J.R.
Date: 09/23/04	Disk: CD#10
04111145	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 12 TWP. 6-S RGE. 22-E

SURVEY N.M.P.M.

COUNTY CHAVES

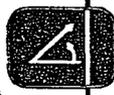
DESCRIPTION 660' FNL & 1980' FWL

ELEVATION 4168'

OPERATOR McKAY OIL CORPORATION

LEASE LL & E FEDERAL B

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



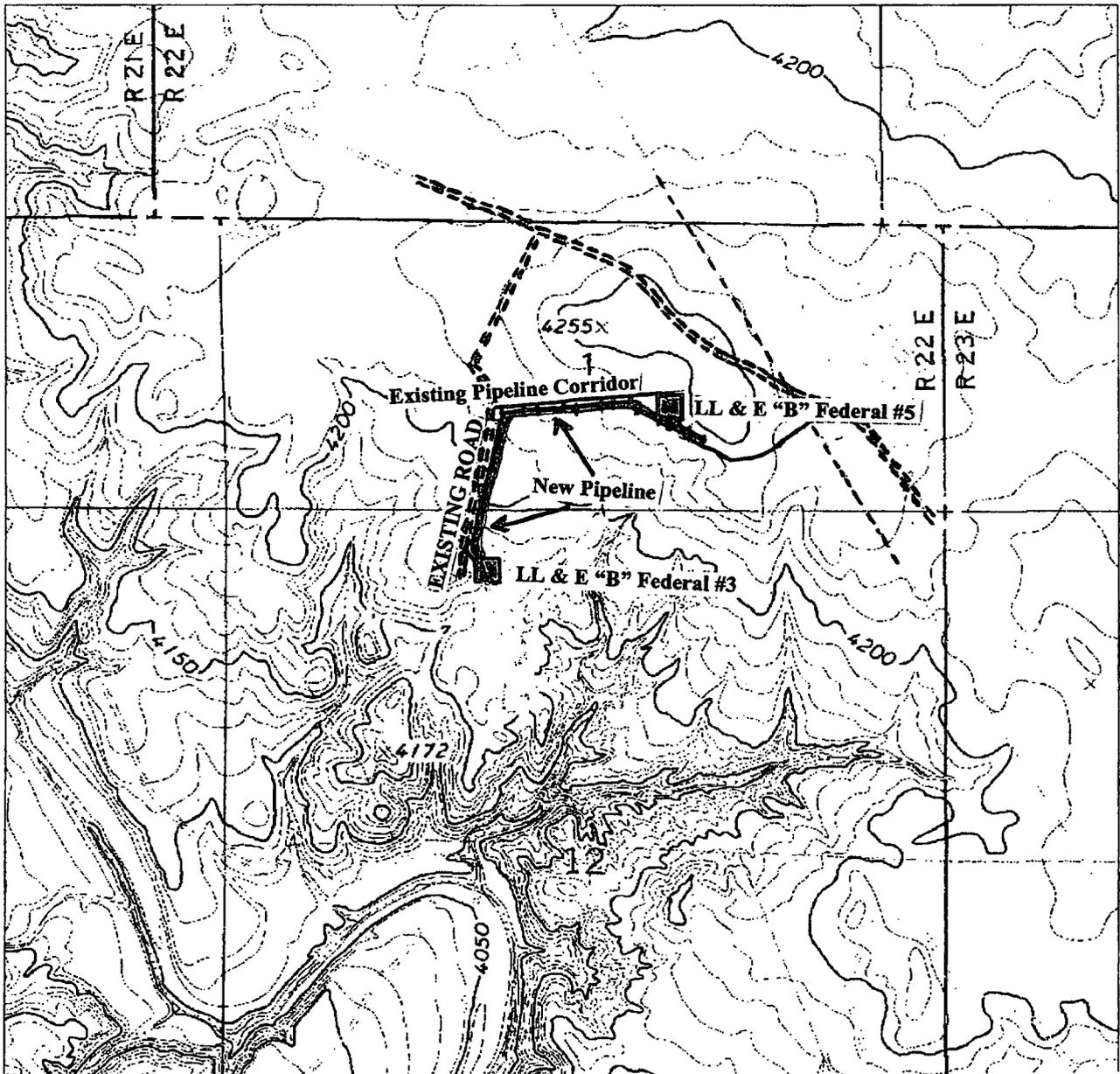
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117



United States Department of the Interior
BUREAU OF LAND MANAGEMENT
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201

EXHIBIT A

OPERATORS NAME: McKay Oil Corporation LEASE NO.: NM-32308
WELL NAME & NO: LL & E "B" Federal #3
QUARTER/QUARTER & FOOTAGE: NE $\frac{1}{4}$ NW $\frac{1}{4}$ - 610' FNL & 1980' FWL
LOCATION: Section 12, T. 6 S., R. 22 E., NMPM
COUNTY: Chaves County, New Mexico



N.M. Oil Cons. DIV-Dist. 2

Form 3160-5
(April 2004)

1301 W. Grand Avenue
Alamosa, NM 88210
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well Oil Well Gas Well Other **RECEIVED**

2. Name of Operator **McKay Oil Corporation** **NOV 21 2005**

3a. Address **PO Box 2014, Roswell, NM 88202-2014** 3b. Phone **505.623.4735**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980'FWL & 600' FNL, Sec. 12, T6S, R22E
610

5. Lease Serial No.
NM 32308

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
LL&E B Federal #3

9. API Well No.
30-005-63793

10. Field and Pool, or Exploratory Area
W. Pecos ABO Slope

11. County or Parish, State
Chaves, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well was originally staked at 1980'FWL & 660'FNL. Due to archaeological concerns, the location has been moved to 1980'FWL & 600' FNL and the access road moved from a due west route out of the northwest corner of the location to a northwest direction out of the northwest corner of the location and being approximately 245' long to an existing road that goes north approximately 2500' to the old Chickweed County Road (See attached map). The pipeline will parallel the access road, along the north side approximately 200', and turn north, paralleling on the east side, an existing pipeline approximately 1,000' to where the existing pipeline turns east. The new pipeline will also turn east and parallel the existing pipeline, along the south side a distance of approximately 1,000' and turn southeast approximately 600' to the southwest corner of the LL&E B Federal #5 location, cross underneath the LL&E B Federal #5 access road and connect to an existing 4" pipeline. (See attached map) The pipeline will be a 2-7/8" steel pipeline and buried approximately 12" were possible. It will be buried approximately 4' and protected where it crosses the LL&E B Federal #5 access road. Archaeological reports have been filed under separate covers for the new road and pipeline access routes. Archaeological reports for existing road and pipelines where previously submitted when those routes were originally approved. *Total length of pipeline is approx. 2800'.*

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed) **James L. Schultz** Title Agent
Signature *[Signature]* Date **11/15/2005**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **/s/LARRY D. BRAY** Title Date **NOV 18 2005**
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office **ROSWELL FIELD OFFICE**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1625 N. FRENCH DR., BOGGS, NM 88240

DISTRICT II
1301 V. 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 LL & E "B" FEDERAL	Well Number 3
OGRID No.	Operator Name McKAY OIL CORPORATION	Elevation 4170'

Surface Location

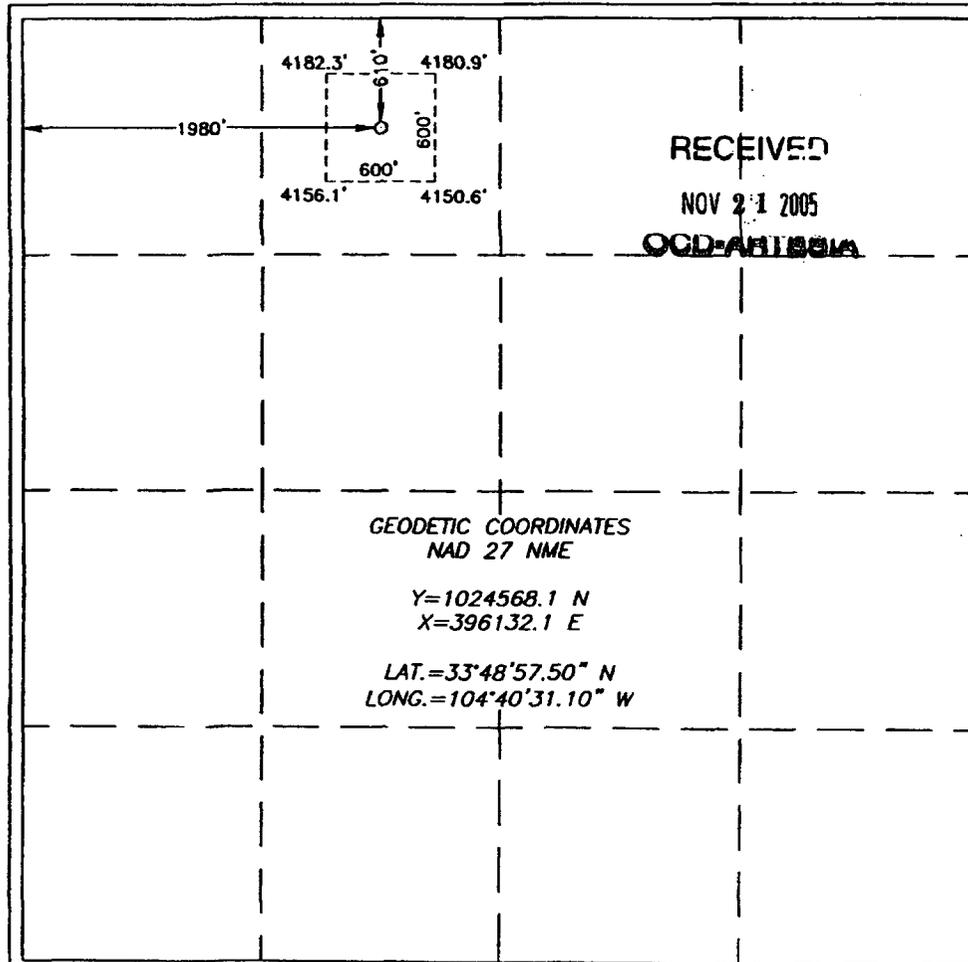
UL or lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
C	12	6-S	22-E		610	NORTH	1980	WEST	CHAVES

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 160	Joint or Infill	Consolidation Code	Order No.
-------------------------------	-----------------	--------------------	-----------

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *James L. Schultz*
Printed Name: **James L. Schultz**
Title: **Agent**
Date: **11/2/2005**

SURVEYOR CERTIFICATION

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.

OCTOBER 29, 2005

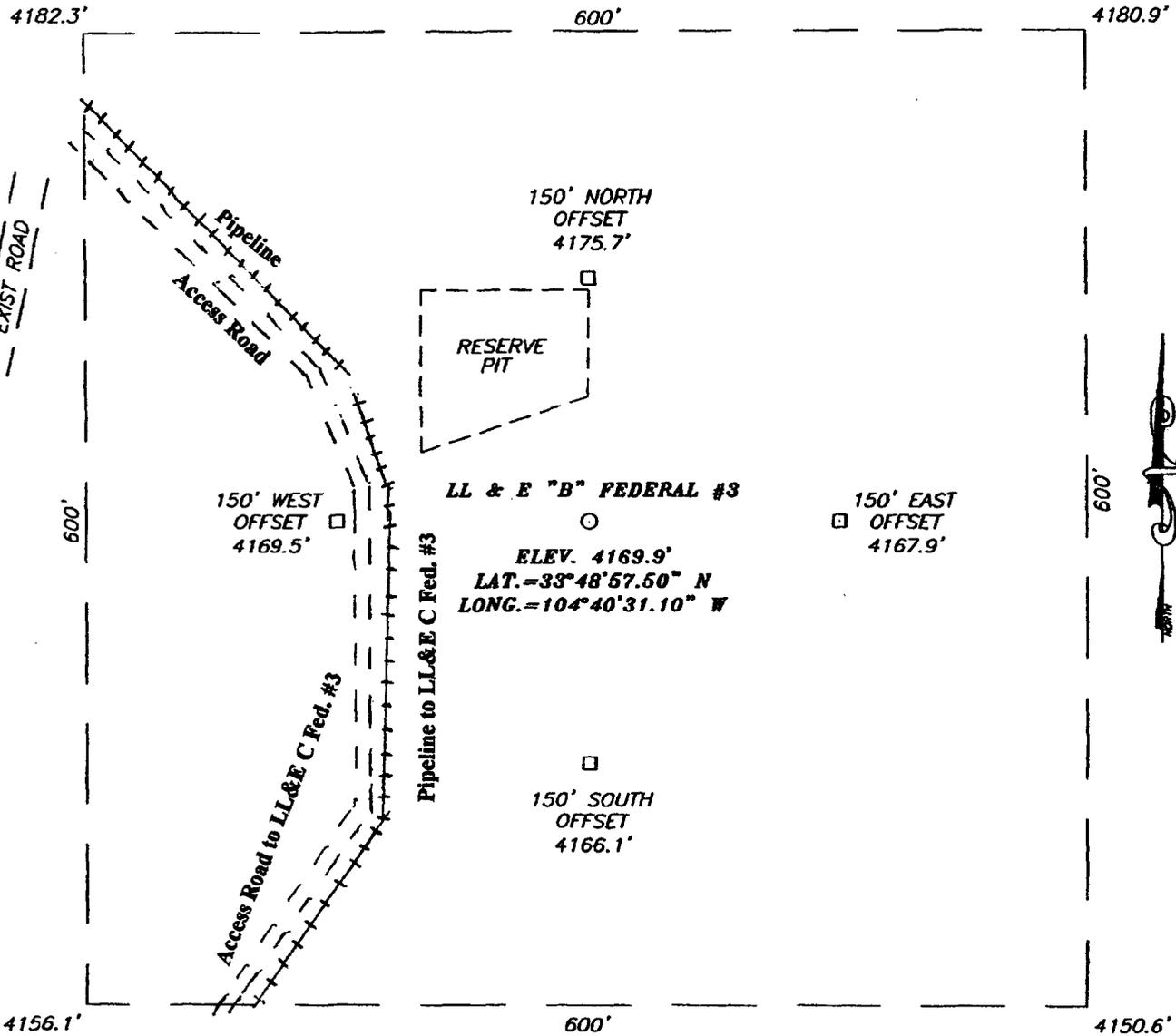
Date Surveyed: _____ JR

Signature: *Ronald J. Edson*
Professional Surveyor

Professional Seal: RONALD J. EDSON, 7053911664, 11/01/05

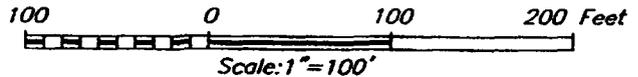
Certificate No. **GARY EDSON 12641**
RONALD J. EDSON 3239

SECTION 12, TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERESECTION OF U.S. HWY. # 285 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. 2.5 MILES TO A ROAD ON THE LEFT. TURN LEFT (S/W) AND GO APPROX. 0.6 MILES TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY APPROX. 245' EAST TO THIS LOCATION.



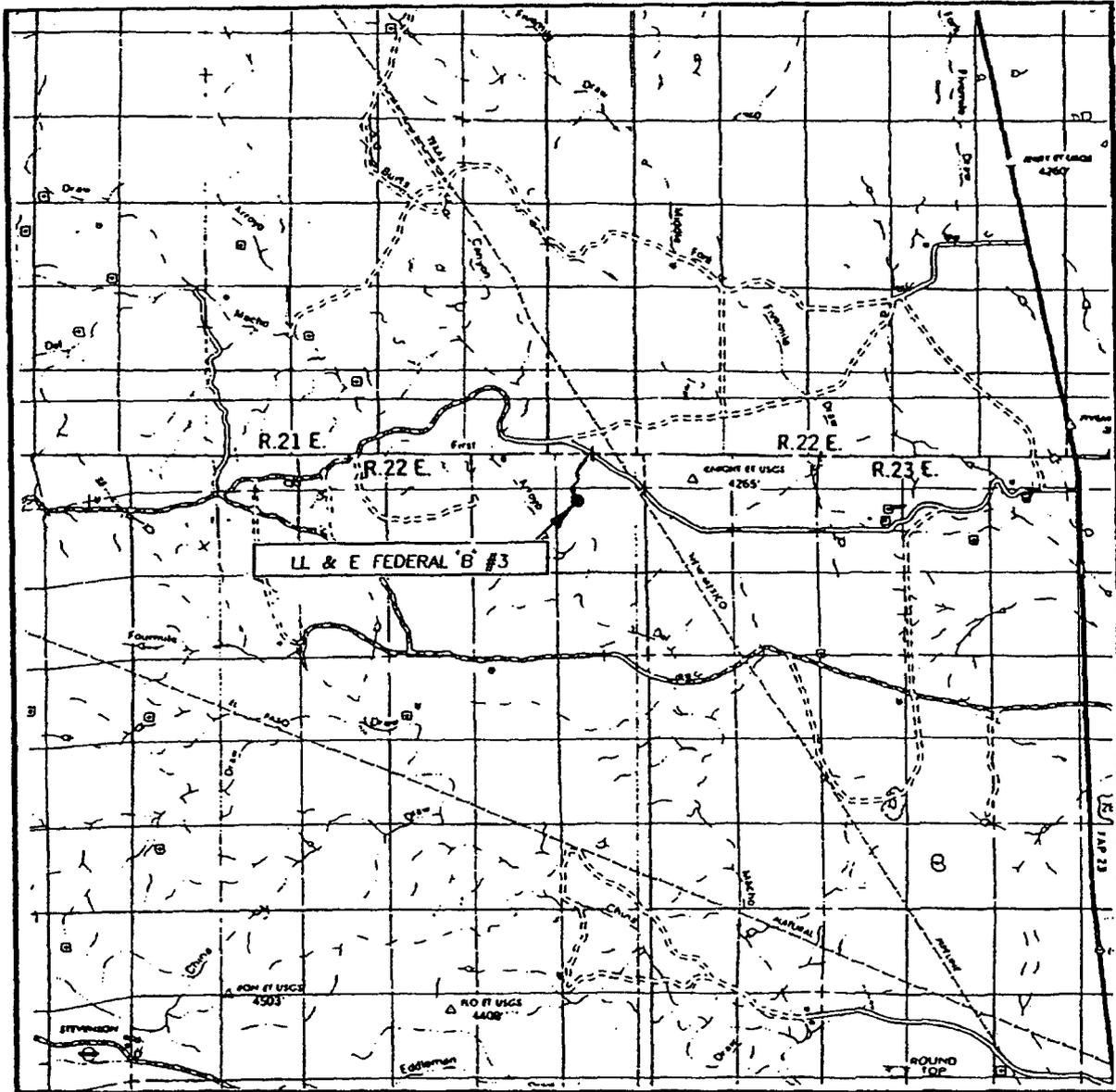
MCKAY OIL CORPORATION

LL & E "B" FEDERAL #3 WELL
 LOCATED 610 FEET FROM THE NORTH LINE
 AND 1980 FEET FROM THE WEST LINE OF SECTION 12,
 TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

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

Survey Date: 10/29/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.1664	Dr By: J.R. Rev 1:
Date: 11/01/05	Disk: CD#5 05111664 Scale: 1"=100'

VICINITY MAP



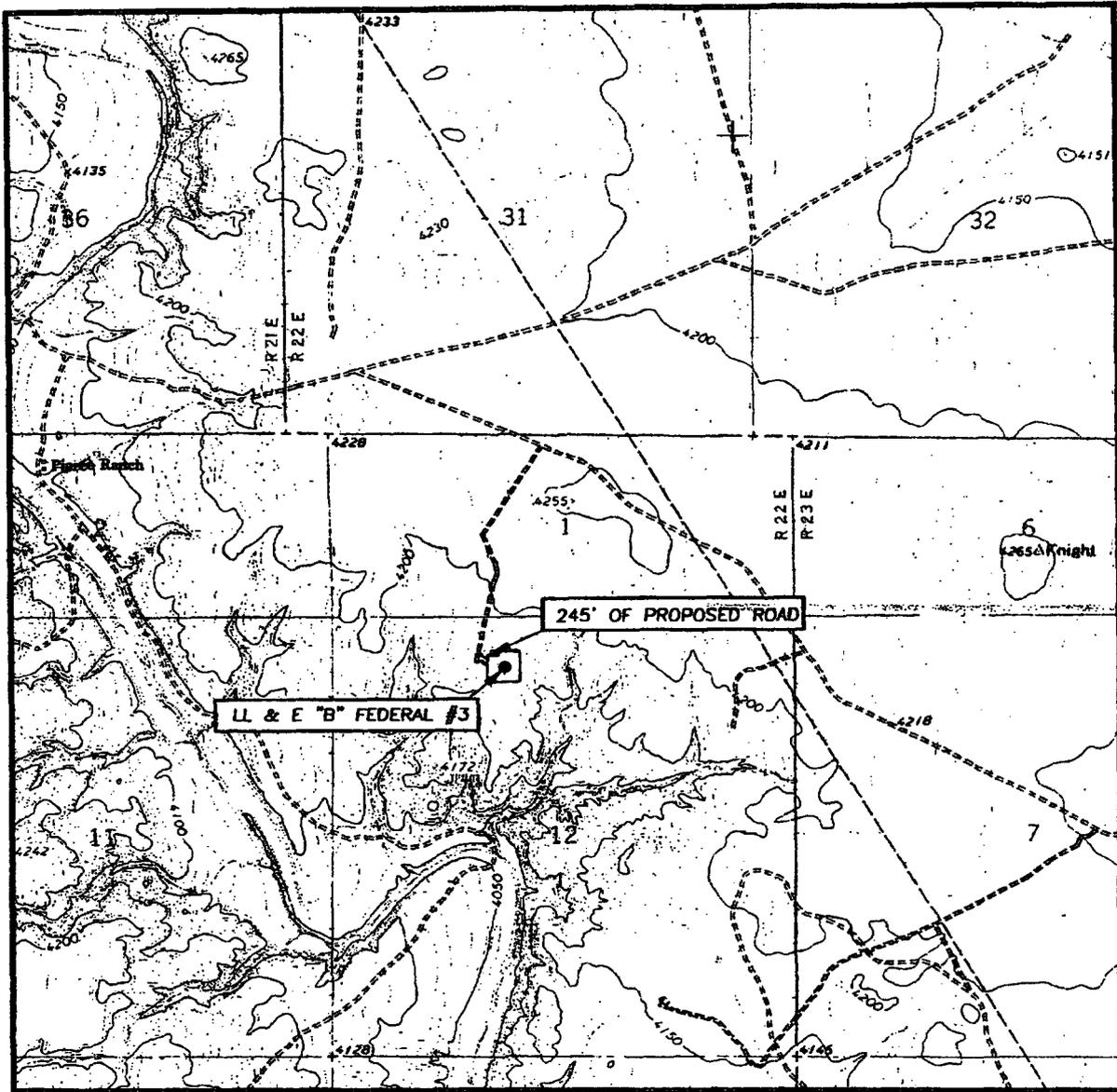
SCALE: 1" = 2 MILES

SEC. 12 TWP. 6-S RGE. 22-E
 SURVEY N.M.P.M.
 COUNTY CHAVES
 DESCRIPTION 610' FNL & 1980' FWL
 ELEVATION 4170'
McKAY
 OPERATOR OIL CORPORATION
 LEASE LL & E "B" FEDERAL



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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 12 TWP. 6-S RGE. 22-E

SURVEY _____ N.M.P.M. _____

COUNTY _____ CHAVES _____

DESCRIPTION 610' FNL & 1980' FWL

ELEVATION _____ 4170' _____

OPERATOR _____ McKAY _____
OIL CORPORATION _____

LEASE LL & E "B" FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

MESA SW, N.M. _____

PROVIDING SURVEYING SERVICES
SINCE 1948
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