

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

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 C Federal #3
Township 6 South, Range 22 East, NMPM, Sec. 12, Unit F
Chaves County, NM

30-005-63788

Gentlemen:

McKay Oil Corp. desire to drill a location 1500' from the north line, and 2030' from the west line of Unit F in Sec. 12 of Township 6 South, Range 22 East, NMPM (See Attached Survey Plat). Due to topographical, archeological and geological concerns, McKay Oil Corp. requests an unorthodox location.

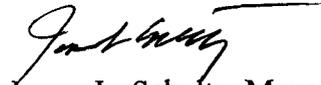
The well was originally proposed to be at 1650' from the north line and 1980' from the west line of Section 12, however, the well pad would have been on the side of a steep hill (See attached Location Verification Map). Further, archaeology in the entire region limited the well to the proposed location. (See attached archaeological report) The geology dictated that the well stay as far east 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 1500' from the north line and 2030' from the west line in Unit F 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.

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

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

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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 C	Well Number 3
OGRID No.	Operator Name McKAY OIL CORPORATION	Elevation 4153'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	6-S	22-E		1500	NORTH	2030	WEST	CHAVES

Bottom Hole Location If Different From Surface

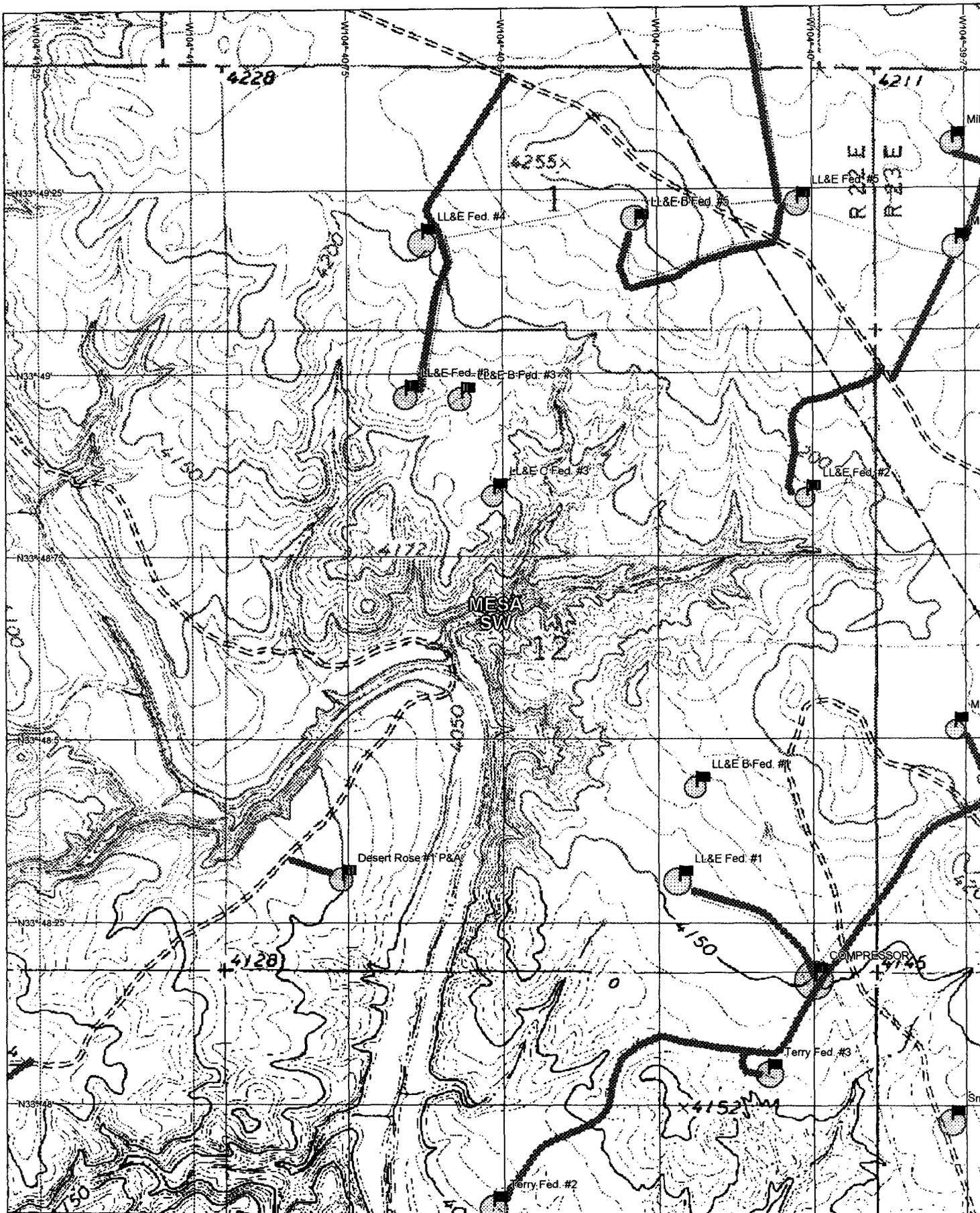
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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

	<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>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>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>SEPTEMBER 16, 2004</p> <p>Date Surveyed _____ JR</p> <p>Signature & Seal of Professional Surveyor </p> <p>Certificate No. GARY EIDSON 12641</p>

GEODETIC COORDINATES
NAD 27 NME
Y=1023678.2 N
X=396175.6 E
LAT.=33°48'48.70" N
LONG.=104°40'30.55" W

Standard 640-acre Section



OCT 17 2005

File

Page 1
BLM Ref. 8-20 10/26/02

1. (For BLM Use) BLM Report No.		2. (For BLM Use) Reviewers Initials/Date Accepted () Rejected ()		3. NMCRIS Number: 94913	
4. Type of Report:		Negative ()		Positive (Yes)	
5. Title of Report: A Class III Cultural Resource Inventory Report for the LL & E Federal C Number 3 Proposed Original and Alternate Well Locations and Access Roads, and Site LA 150,008 Section 12, T.6S, R.22E Chaves County, New Mexico					
Author: Doralene Sanders and Gail Wimberly					
6. Fieldwork Date(s) June 15, July 10, and August 2-3, 2005			7. Report Date: September 29, 2005		
8. Consultant Name/Address: Southern New Mexico Archaeological Services, Inc. Post Office Box 1, Bent, New Mexico 88314 Direct Charge: Joe Ben Sanders Field Personnel Name(s): Joe Ben Sanders, R.D. Bonnell, R. Hall, and J. Barnett Phone Number: (505) 671-4797					
9. Cultural Resource Permit Number: 145-2920-04-O			10. Consultant Report Number: SNMAS-05NM-1823		
11. Clients Name: McKay Oil Corporation Responsible Individual: Jim Schultz Address: P.O. Box 2014 Roswell, New Mexico 88202-2014 Phone Number: 505-623-4735			12. Client Project Number:		
13. Land Status	BLM	State	Private	Other	Total
a. Area Surveyed (acres)	12.17	-	-	-	12.17
b. Area of Effect (acres)	2.46	-	-	-	2.46
14. Linear:		Length 800 ft		Width 100 ft	
15. Location (Map[s] Attached)					
a. State: New Mexico					
b. County: Chaves					
c. BLM Office: Roswell Field Office					
d. Nearest Town: Roswell, NM					
e. Legal Description: T.6S, R.22E, Section 12 Well Pad 1/4s: (Original) SE/4 SW/4 NE/4 NW/4; SW/4 SE/4 NE/4 NW/4; W/2 NE/4 SE/4 NW/4; E/2 NW/4 SE/4 NW/4 (Alternate) SE/4 SW/4 NE/4 NW/4; S/2 SE/4 NE/4 NW/4; NE/4 SE/4 NW/4; NE/4 NW/4 SE/4 NW/4 Access Road 1/4s: (Original) SE/4 NE/4 NW/4 (Alternate) W/2 SE/4 NE/4 NW/4; E/2 SW/4 NE/4 NW/4					
f. Well Pad Footages: (Original) 1,500 ft FNL and 2,030 ft FWL (Alternate) 1,500 ft FNL and 2,180 ft FWL					
g. USGS 7.5' Map Name(s), Date(s), and Code(s): Mesa SW, NM (Photorevised 1982), 33104-G6					

Page 2

16. Project Data:

a. Records Search: Date(s) of BLM field Review: June 15, 2005
 Name of Reviewer(s): Joe Ben Sanders and R.D. Bonnell with Pat Flannery
 Date of ARMS Data Review: June 1, 2005
 Name of Reviewer(s): Gail Wimberly

Findings (see Field Office requirements to determine area to be reviewed during records search):

The records search revealed one previously recorded site (LA 115,805) located within a quarter-mile radius of the proposed project. There are three previously recorded sites located within a mile radius. Note: One previously unrecorded site (discovered by ASC in November 2004 during a recon survey for the proposed well location) was recorded during the current work as new site LA 150,008.

b. Description of Undertaking: McKay Oil Corporation requested a Class III cultural resource inventory for the proposed LL & E Federal C Number 3 original and alternate well locations and access roads, staked in Section 12, T.6S, R.22E, Chaves County, New Mexico. An area 600 ft by 600 ft was inventoried for the original proposed well location, and an area 100 ft by 400 ft was inventoried for the proposed original access road. One new site (LA 150,008) was encountered on the west side of the original well location (1,500 ft FNL and 2,030 ft FWL); therefore, it was recommended that the well location and access road be relocated 150 ft to the east for site avoidance. The well location was then restaked at 1,500 ft FNL and 2,180 ft FWL, the access road was moved, and a new inventory was conducted. An area 150 ft by 600 ft was inventoried for the alternate well location, and an area 100 ft by 400 ft was inventoried for the alternate access road. The impact area for the proposed alternate well location is 300 ft by 300 ft. The impact area for the proposed alternate access road is 30 ft by 579 ft. The proposed alternate access road begins on the south side of the LL & E Federal C Number 3 well pad and trends 579 ft southeast, ending on the northeast corner of the proposed alternate well pad. Additionally, Site LA 150,008 was recorded on a LA Site Record, mapped, and photographed.

c. Environmental Setting (NCRS soil designation: vegetative community; elevation; etc.):

The project is located on open, rolling plain and hill slopes east of Fifteen Mile Arroyo del Macho. Soils are mainly gypsum, with limestone and siltstone outcrops, and limestone gravels. The area vegetation consists of various grasses, with lesser amounts of snakeweed, Mormon tea, and prickly pear, and various species of cacti and other forbs. The elevation is 4,153 ft above msl.

d. Field Methods (transect intervals; crew size; time in field, etc.): The field crews consisted of four persons. The proposed well locations were inventoried by walking 16 zigzag transects (spaced at 15-m intervals) across the staked locations. The proposed access roads were inventoried by walking 15-m-interval transects parallel to and 50 ft on both sides of the right-of-way centerlines. Site LA 150,008 was recorded on a LA Site Record, a site map was completed, and overview photographs were taken. Total time spent in the field was 20 hours.

e. Artifacts Collected? No

17. Cultural Resource Findings: One previously unrecorded site (LA 150,008) and five isolated occurrences were encountered. See main report for site specifics.

a. Location/Identification of Each Resource:

Isolate one consists of a tobacco tin, one core, and one flake. The tobacco tin (pre-1948) has a five-pin hinge and slipover lid, and is crushed. The core is multidirectional, made of black fine-grained basalt, with 60% cortex, no use/wear, and measures 5 x 4 x 2 cm. The flake is whole, of beige chert, with a single-facet platform, no cortex/use/wear, and measures 4 x 2 x 1 cm. Isolate one is located at UTM coordinates (NAD 1927, Zone 13) 530062 E and 3741323 N.

Isolate two is a single tobacco tin of the same style as IO-1, but is not crushed. Isolate two is located at UTM coordinates 530032 E and 3741353 N.

Isolate three consists of one core and one whole flake. The core is multidirectional, made of beige chert, with 10% cortex, no use/wear, and measures 6 x 4 x 2 cm. The flake is of maroon quartzite, with a collapsed platform, 80% cortex, and measures 4 x 4 x 2 cm. Isolate three is located at UTM coordinates 530070 E and 3741358 N.

Page 3

Isolate four is one core-reduction flake of maroon quartzite, with no cortex/use/wear, measuring 4 x 2 x 2 cm. Isolate four is located at UTM coordinates 530167 E and 3741388 N.

Isolate five is a bi-directional core of beige chert, with 30% cortex, no use exhibited, measuring 4 x 2 x 2 cm. Isolate five is located at UTM coordinates 530140 E and 3741407 N.

b. Evaluation of Significance of Each Resource: The research potential of the isolated occurrences is considered exhausted by field recordation. See main report for site specifics.

18. Management Summary (Recommendations):

During the current inventories, five isolated occurrences and one previously unrecorded site (LA 150,008) were encountered. This previously unrecorded site was recorded as new Site LA 150,008, a site datum was placed, and the site was mapped and photographed.

Archaeological clearance is not recommended for the original proposed well location and access road. The original well location and access road are to be abandoned. Archaeological clearance is recommended for the proposed alternate well location and access road. The Bureau of Land Management archaeologist will review and make the final decision for clearance and/or any stipulations.

19.

I certify that the information provided above is correct and accurate, and meets all applicable BLM Standards.

Responsible Archaeologist(s)

September 29, 2005

Signature for
Joe Ben Sanders
Principal Investigator

Date

THE ABOVE COMPLETES A NEGATIVE REPORT. IF ELIGIBLE OR POTENTIALLY ELIGIBLE PROPERTIES ARE INVOLVED,
THE ABOVE WILL BE THE TITLE PAGE AND ABSTRACT FOR A COMPLETE REPORT

**A Class III Cultural Resource Inventory Report for the
LL & E Federal C Number 3 Proposed Original and Alternate
Well Locations and Access Roads,
and Site LA 150,008
Section 12, T.6S, R.22E
Chaves County, New Mexico**

Written by:
Doralene Sanders
and
Gail Wimberly

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

Prepared by:
Southern New Mexico Archaeological Services, Inc.
Post Office Box 1
Bent, New Mexico 88314

Date
September 29, 2005

Report Number: SNMAS-05NM-1823
NMCRIS Project Activity Number 94913

BLM Cultural Resources Permit Number: 145-2920-04-O

2. Description of Project, Undertaking, or Proposed Action:

McKay Oil Corporation requested a Class III cultural resource inventory for the proposed LL & E Federal C Number 3 original and alternate well locations and access roads, staked in Section 12, T.6S, R.22E, Chaves County, New Mexico. An area 600 ft by 600 ft was inventoried for the original proposed well location, and an area 100 ft by 400 ft was inventoried for the proposed original access road. One new site (LA 150,008) was encountered on the west side of the original well location (1,500 ft FNL and 2,030 ft FWL); therefore, it was recommended that the well location and access road be relocated 150 ft to the east for site avoidance. The well location was then restaked at 1,500 ft FNL and 2,180 ft FWL, the access road was moved, and a new inventory was conducted. An area 150 ft by 600 ft was inventoried for the alternate well location, and an area 100 ft by 400 ft was inventoried for the alternate access road. The impact area for the proposed alternate well location is 300 ft by 300 ft. The impact area for the proposed alternate access road is 30 ft by 579 ft. The proposed alternate access road begins on the south side of the LL & E Federal C Number 3 well pad and trends 579 ft southeast, ending on the northeast corner of the proposed alternate well pad. Additionally, Site LA 150,008 was recorded on a LA Site Record, mapped, and photographed.

3. Project Location:

The project is located in southeastern New Mexico, on lands administered by the Roswell District BLM Field Office located in Roswell, New Mexico. The survey area for the proposed project is located east of Fifteen Mile Arroyo del Macho, in Section 12, T.6S, R.22E, Chaves County. This area is depicted on the USGS Mesa SW, NM (Photorevised 1982) 7.5-minute topographic map (USGS Code 33104-G6).

4. Environmental Setting:

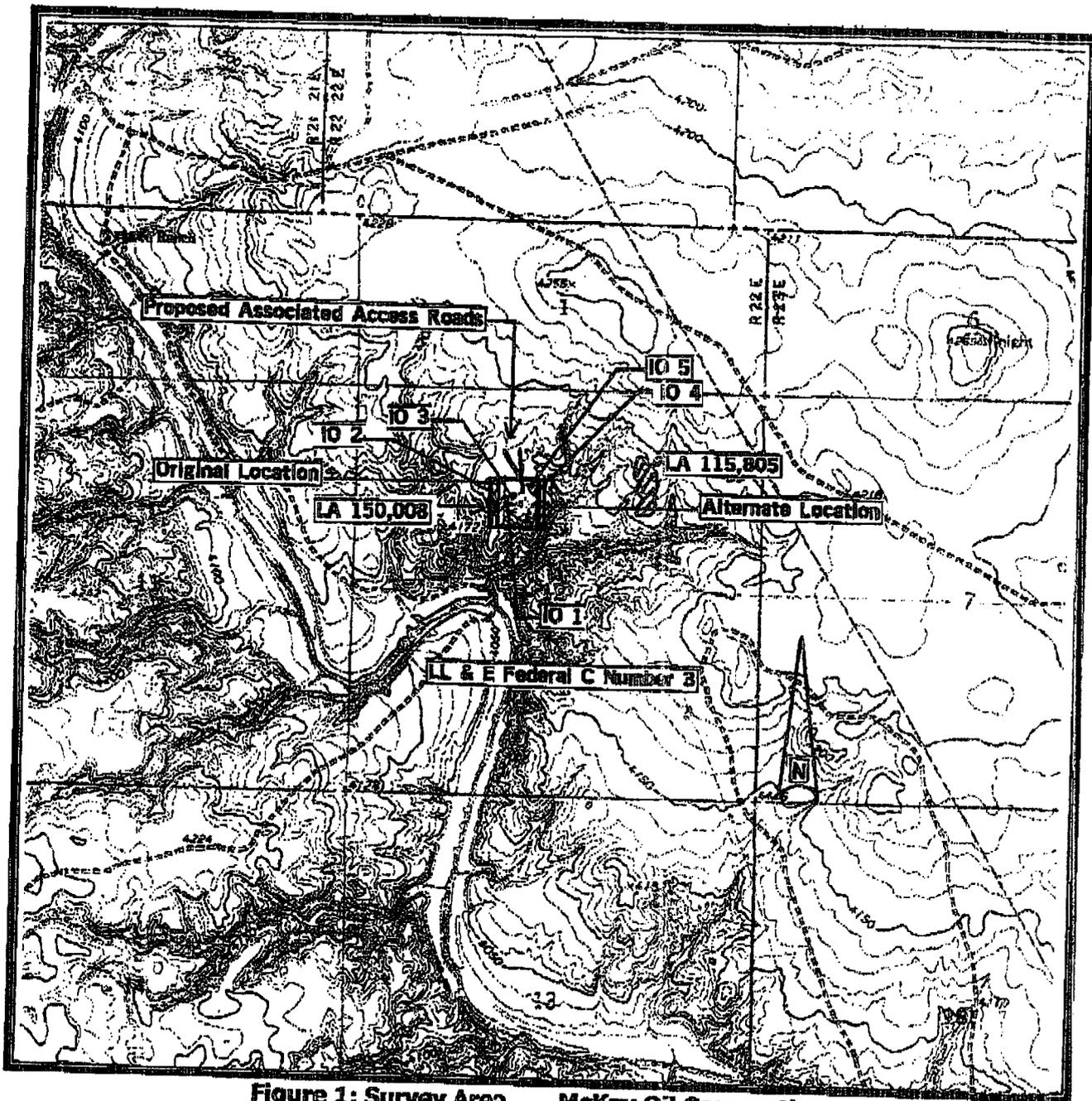
The project is located on open, rolling plain and hill slopes. Soils are mainly gypsum, with limestone and siltstone outcrops, and limestone gravels. The area vegetation consists of various grasses, with lesser amounts of snakeweed, Mormon tea, and prickly pear, and various species of cacti and other forbs. The elevation is 4,153 ft above msl.

The climate within the area is semiarid, characterized by long hot summers and short mild winters, with the exception of periodic cold fronts that can produce cold temperatures. Variation in seasonal and daily temperatures and precipitation is typical of the area. Peak precipitation occurs in the late summer and early fall.

Regional land use is primarily petroleum exploitation and ranching. Environmental impacts within the study area were not observed during the current project.

5. Prefield Records Check and Review of Previous Research:

A record check and review was conducted through the Bureau of Land Management (BLM) Field Office, located in Roswell, New Mexico. In addition, a search for



**Figure 1: Survey Area McKay Oil Corporation
LL & E Federal C Number 3 Proposed Original and Alternate
Well Locations and Access Roads,
and Site LA 150,008
Section 12, T.6S, R.22E
USGS Mesa SW, NM (Photorevised 1982) 7.5' topo map
Chaves County, New Mexico
Scale 1:24,000**

Southern New Mexico Archaeological Services, Inc.

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1000 S. FRANKS DR., ALBUQU., NM 87102

DISTRICT II

1001 W. GRAND AVENUE, ALBUQU., NM 87106

DISTRICT III

1000 Rio Grande Rd., ALBUQU., NM 87410

DISTRICT IV

1200 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, 2004
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.C	Well Number 3
OCRD No.	Operator Name MCKAY OIL CORPORATION	Elevation 4153'

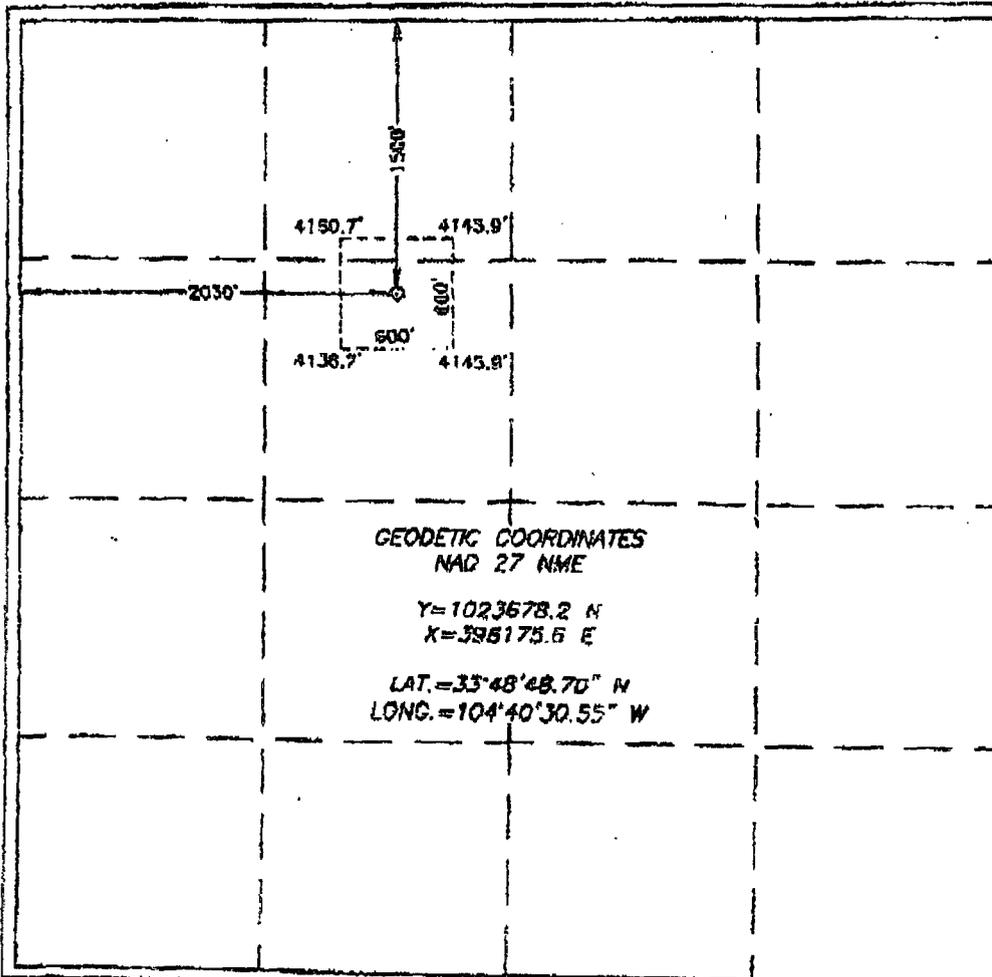
Surface Location

UL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
F	12	6-S	22-E		1500	NORTH	2030	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
					Dedicated Acreage				
					Order No. 2004S-05NH-1823				

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.

ORIGINAL

Signature _____

Printed Name _____

Title _____

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 _____

Signature: *George G. Edson* JR

Professional Surveyor

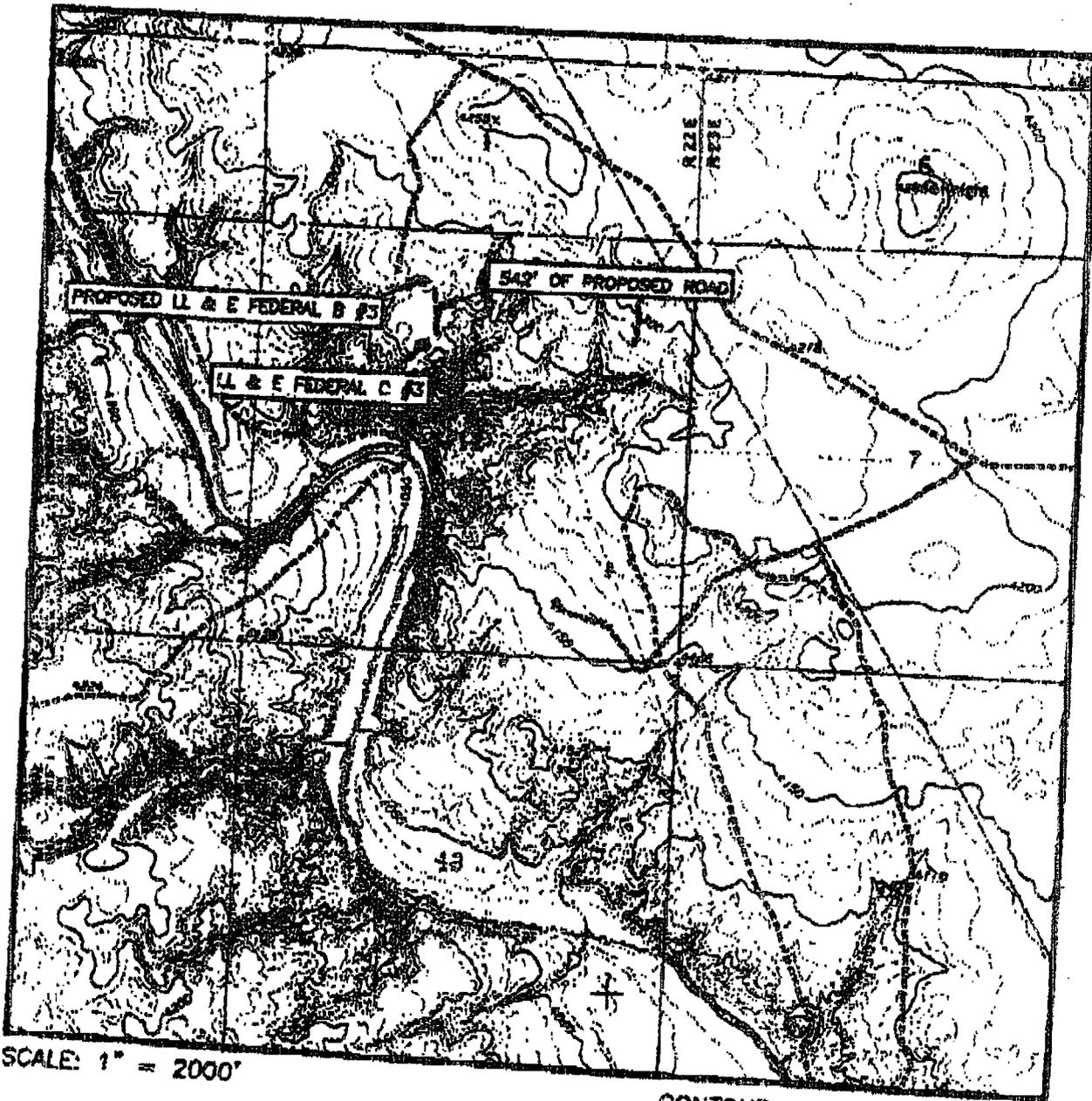
NEW MEXICO

9411114

Certificate No. CARP 11111

12041

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 1500' FNL & 2030' FNL
 ELEVATION 4153'
 OPERATOR MCKAY OIL CORPORATION
 LEASE LL & E FEDERAL C
 U.S.G.S. TOPOGRAPHIC MAP
 MESA SW, N.M.

 ORIGINAL

 PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 401 N. OIL FIELD
 MESA SW, N.M.
 (505) 834-8377

SNMAS-05NM-1823

State of New Mexico

DISTRICT I

1025 F. FRENCH DR., BOHNER, NM 87004

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1501 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

Revised JUNE 10, 2003

1220 SOUTH ST. FRANCIS DR.

Submit to Appropriate District Office

Santa Fe, New Mexico 87505

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DISTRICT III

1000 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LL & E FEDERAL C	Well Number: 3
OGED No.	Operator Name MCKAY OIL CORPORATION	Elevation 4149'

Surface Location

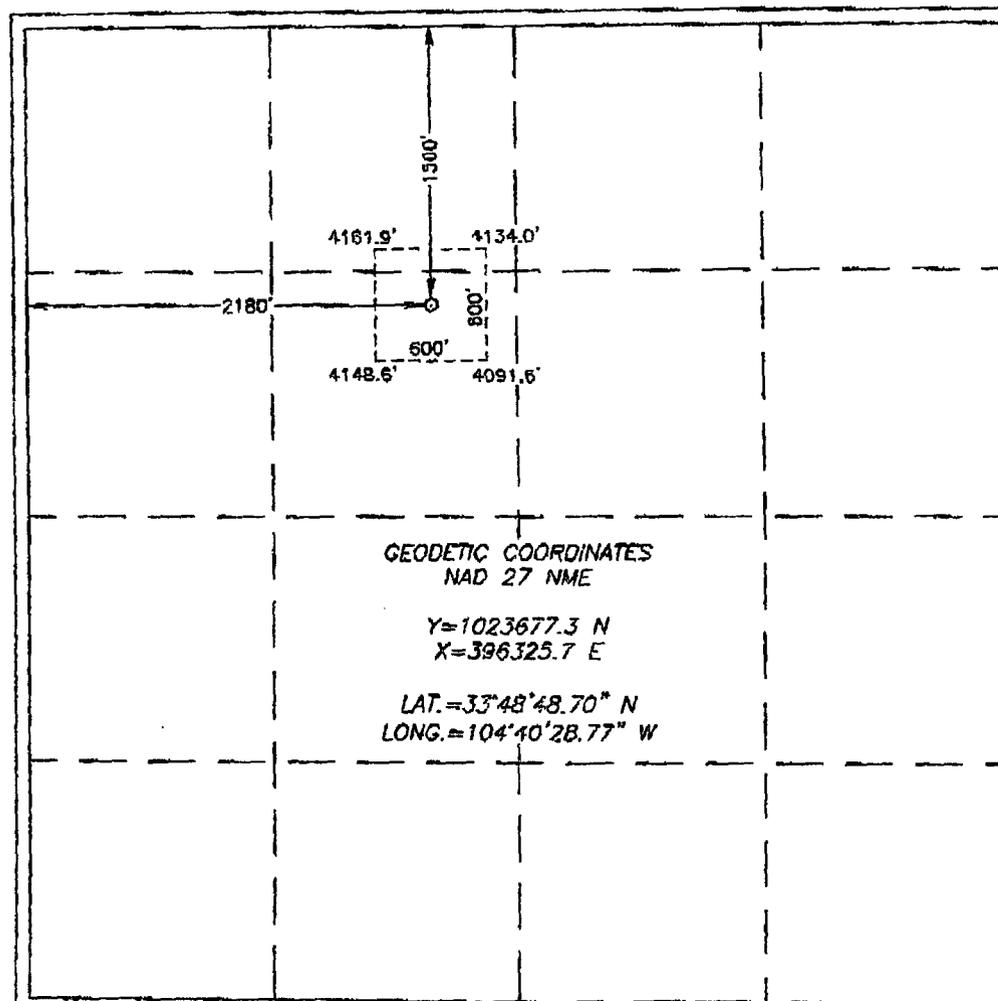
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	6-S	22-E		1500	NORTH	2180	WEST	CHAVES

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	Joint or Infill	Consolidation Code	Order No. SUMAS-05-1823
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OPERATOR CERTIFICATION

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

ORIGINAL

Signature: _____

Printed Name: _____

Title: _____

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.

AUGUST 2, 2005

Date Signed: _____ JR

Signature: *David G. Eldson*

Professional Surveyor

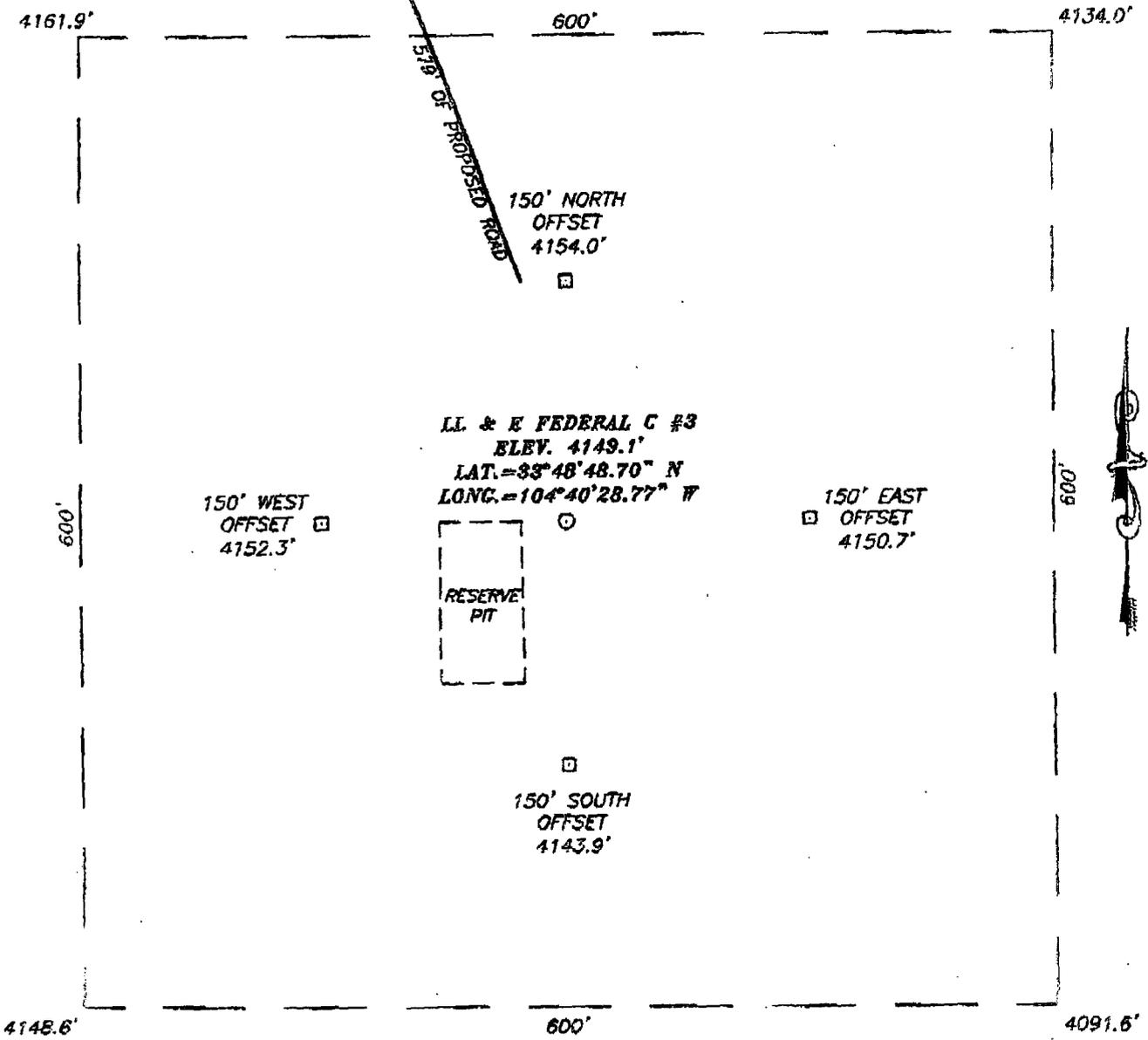
NEW MEXICO

05.11.1136

Plate No. GARY ELDSON 12841

REGISTERED PROFESSIONAL

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

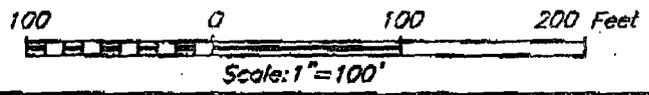


LL & E FEDERAL C #3
 ELEV. 4149.1'
 LAT. = 33° 48' 48.70" N
 LONG. = 104° 40' 28.77" W

DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. # 208 AND CO. RD. #40 (STARGRASS RD.) GO WEST ON CO. RD. #40 FOR APPROX. 2.0 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) AND GO APPROX. 2.5 MILES, TURN LEFT (WEST) AND GO APPROX. 1.0 MILES. TURN RIGHT (NORTH) AND GO APPROX. 0.15 MILES. TURN LEFT (SOUTH/SW) AND GO APPROX. 0.3 MILES. ROAD BENDS LEFT (SOUTH/SE) AND GOES SOUTH APPROX. 0.15 MILES TO THE LL&E FED. B #3. THIS LOCATION IS APPROX. 850' SOUTH.

 ORIGINAL

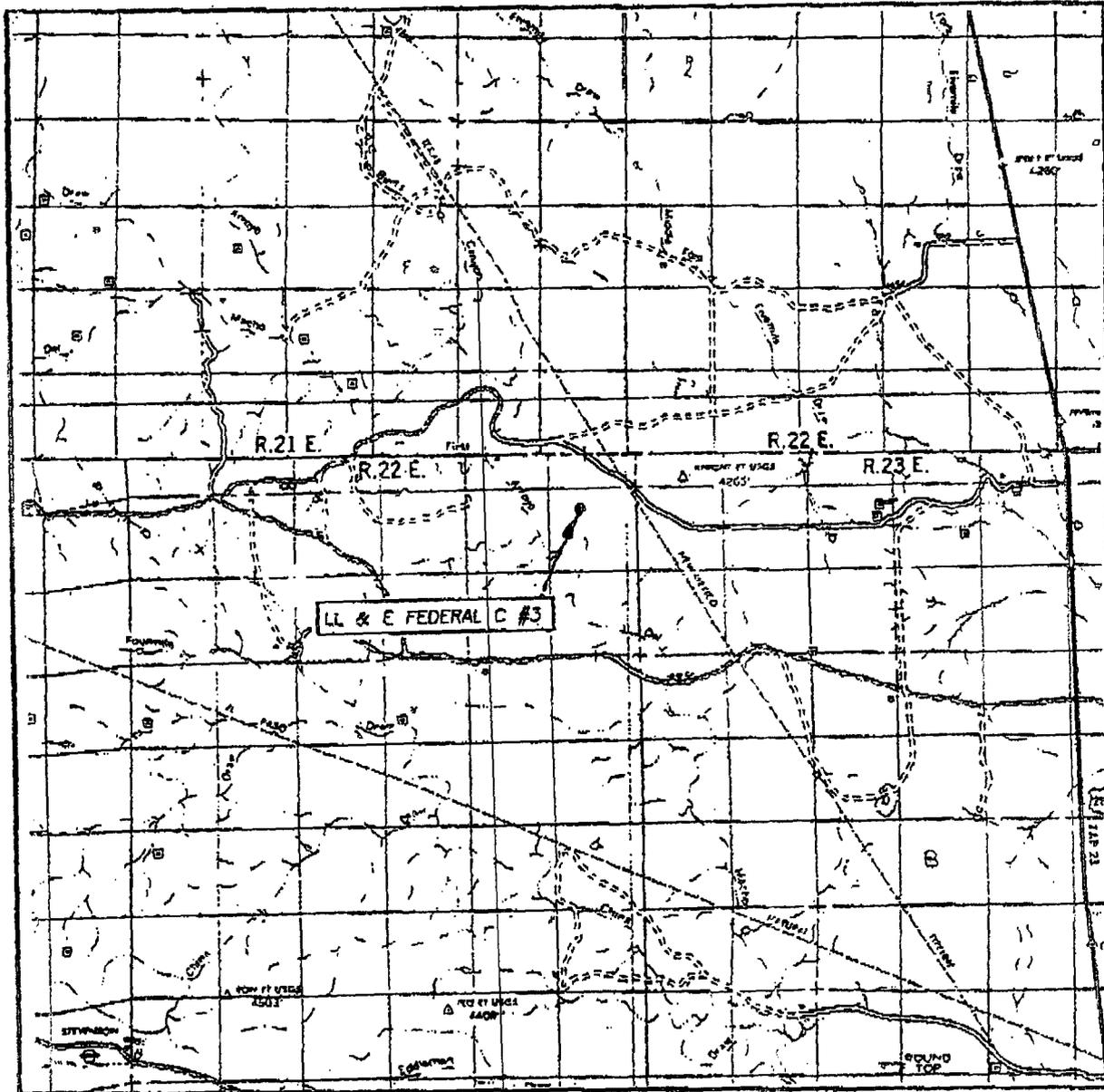


MCKAY OIL CORPORATION			
LL & E FEDERAL C #3 WELL LOCATED 1500 FEET FROM THE NORTH LINE AND 2180 FEET FROM THE WEST LINE OF SECTION 12, TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.			
Survey Date: 08/02/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.1173	Dr By: J.R.	Rev 1:	
Date: 08/10/05	Disk: CD#5	05111173	Scale: 1"=100'

PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY
 612 N. DAL PASO
 MOORE, TEXAS 79820
 (806) 293-3117

VICINITY MAP



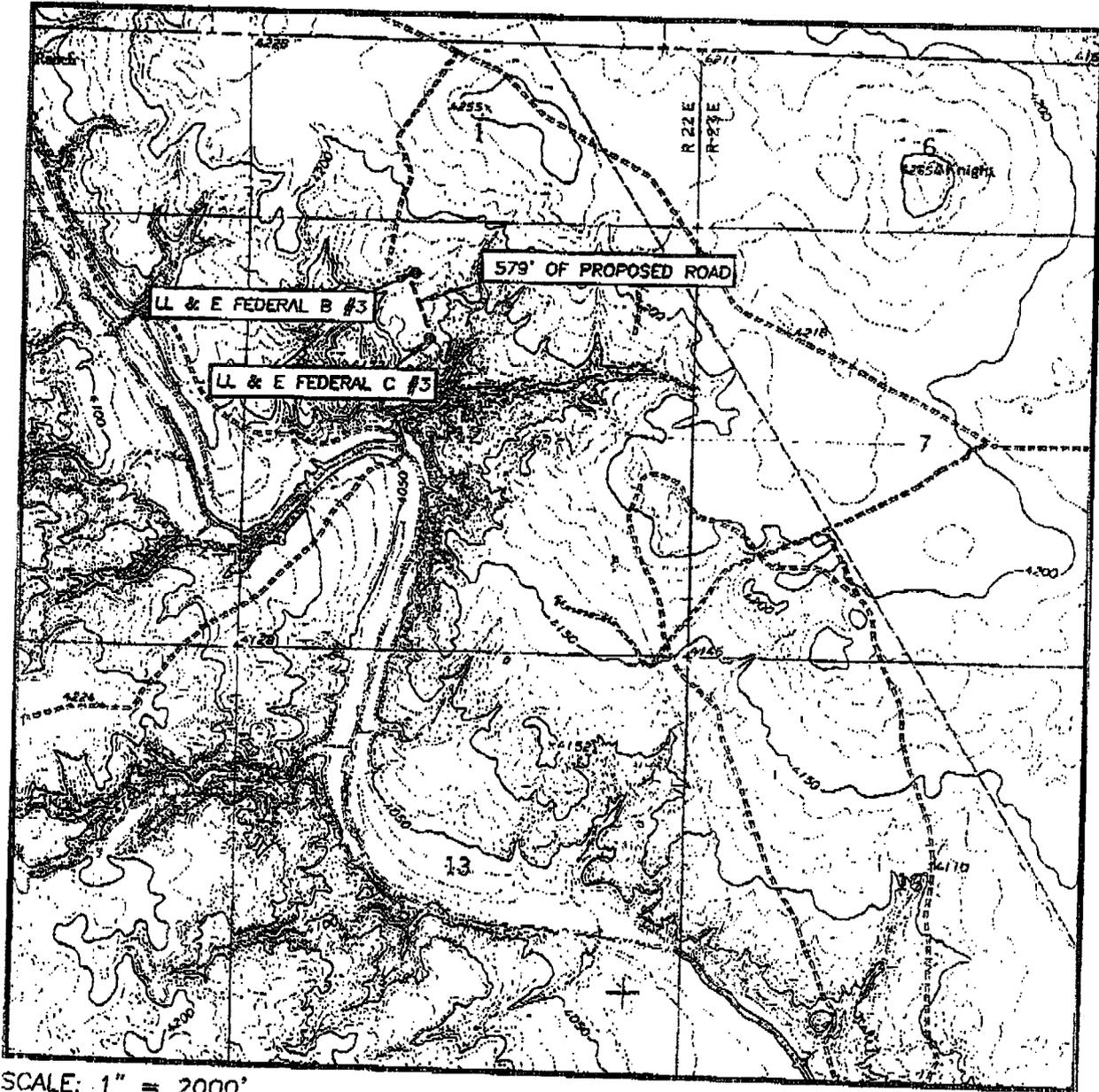
SCALE: 1" = 2 MILES

SEC. 12 TWP. 6-S RGE. 22-E
 SURVEY N.M.P.M.
 COUNTY CHAVES
 DESCRIPTION 1500' FNL & 2180' FWL
 ELEVATION 4149'
 OPERATOR McKAY OIL CORPORATION
 LEASE LL & E FEDERAL C

 ORIGINAL

PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DALL PASO
 HOBBS, N.M. 88240
 (505) 383-9117

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 1500' ENL & 2180' FWL

ELEVATION _____ 4149'

OPERATOR _____ McKAY OIL CORPORATION

LEASE _____ LL & E FEDERAL C

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

 ORIGINAL

 PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBES, N.M. 86801
(505) 263-9117

previously recorded sites within State and private lands was conducted through the Archeological Records Management Section (ARMS) of the New Mexico Cultural Resource Management System database, Santa Fe, New Mexico, via Internet. The records search revealed one previously recorded site (LA 115,805) located within a quarter-mile radius of the proposed project. There are three previously recorded sites located within a mile radius. Note: One previously unrecorded site (discovered by ASC in November 2004 during a recon survey for the proposed well location) was recorded during the current work as new site LA 150,008.

6. Survey Methods:

The field crews consisted of four persons. The proposed well locations were inventoried by walking 16 zigzag transects (spaced at 15-m intervals) across the staked locations. The proposed access roads were inventoried by walking 15-m-interval transects, parallel to and 50 ft on both sides of the right-of-way centerlines. Site LA 150,008 was recorded on a LA Site Record, a site map was completed, and overview photographs were taken. Total time spent in the field was 20 hours.

7. Cultural Resource Findings, Evaluation of Significance, and Determination of Effect:

During the current inventory, five isolated occurrences (see Abstract for descriptions) and one previously unrecorded site (LA 150,008) were encountered. The research potential of the isolated occurrences was exhausted by recordation. The previously unrecorded site was recorded as new Site LA 150,008, a site datum was placed, and the site was mapped and photographed.

Site LA 150,008 is considered potentially eligible to the NRHP under criterion d, information potential. A 20% representative sample of the surficial assemblage was recorded, and a trowel test was conducted within Feature 1, revealing subsurface ash staining at a depth of 5 cm below ground surface. A brief narrative description of this site and recommendations concerning NRHP eligibility are provided below.

Table 1. Site Summary.

Site number	Location	Ownership	Site function	Cultural affiliation	Chronological placement	Category designation	Formal recognition	Recorded (by/date)
SNMAS-05NM-1823-1 (RH-4) LA 150,008	Zone 13, 529990 E 3741322 N	Roswell BLM Field Office	Prehistoric Artifact Scatter w/Feature	Unknown	Unknown	Class II	N/A	R. Hall and J. Barnett 7-10 -2005

Site LA 150,008

Site LA 150,008 (SNMAS-05NM-1823-1/RH-4) is a prehistoric artifact scatter with one feature located on a ridge overlooking Fifteen Mile Arroyo del Macho. The site is a single component, prehistoric site based on the presence of prehistoric artifacts, but no cultural affiliation was assigned due to lack of diagnostics. The assemblage includes

lithic debitage, lithic tools, and fire-cracked rock. The site measures approximately 35 x 30 m, and is at an elevation of 4,150 ft above msl. The desert scrub vegetation community consists of acacia, creosote, grasses, forbs, broom snakeweed, prickly pear, and cholla. Disturbances to the site are minimal, and include natural aeolian and alluvial processes. Due to these disturbances, the site is an estimated 80 percent intact.

The artifact assemblage is comprised of lithic debitage and lithic tools. The lithic assemblage consists of approximately one hundred core-reduction flakes and one utilized tool. Lithic materials noted include chert, silicified limestone, rhyolite, sandstone, and quartzite. Feature 1 is a fire-cracked rock and artifact concentration located in the center of the site. The feature is comprised of approximately 50 pieces of fire-cracked rock and 20 flakes, within a 3 m diameter area. A trowel test conducted within the feature encountered staining at 5 cm below the surface.

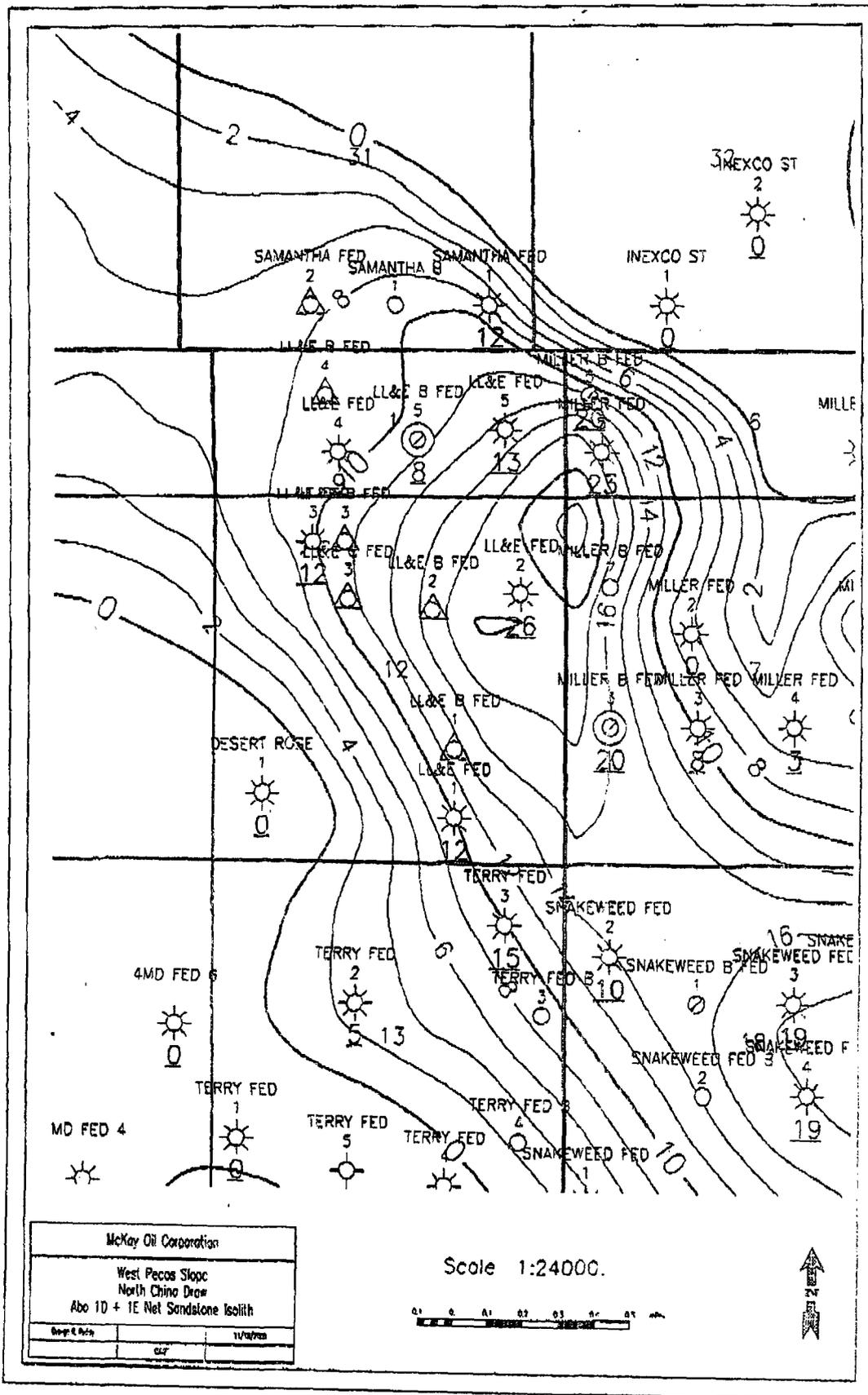
This site has been minimally impacted by natural erosion. A 20% random representative sample of the assemblage was analyzed in the field. Therefore, the site's information potential has not been exhausted through this recordation. In addition, subsurface cultural deposits are present in the site's feature. Therefore, this site is recommended potentially eligible to the NRHP under criterion d, information potential.

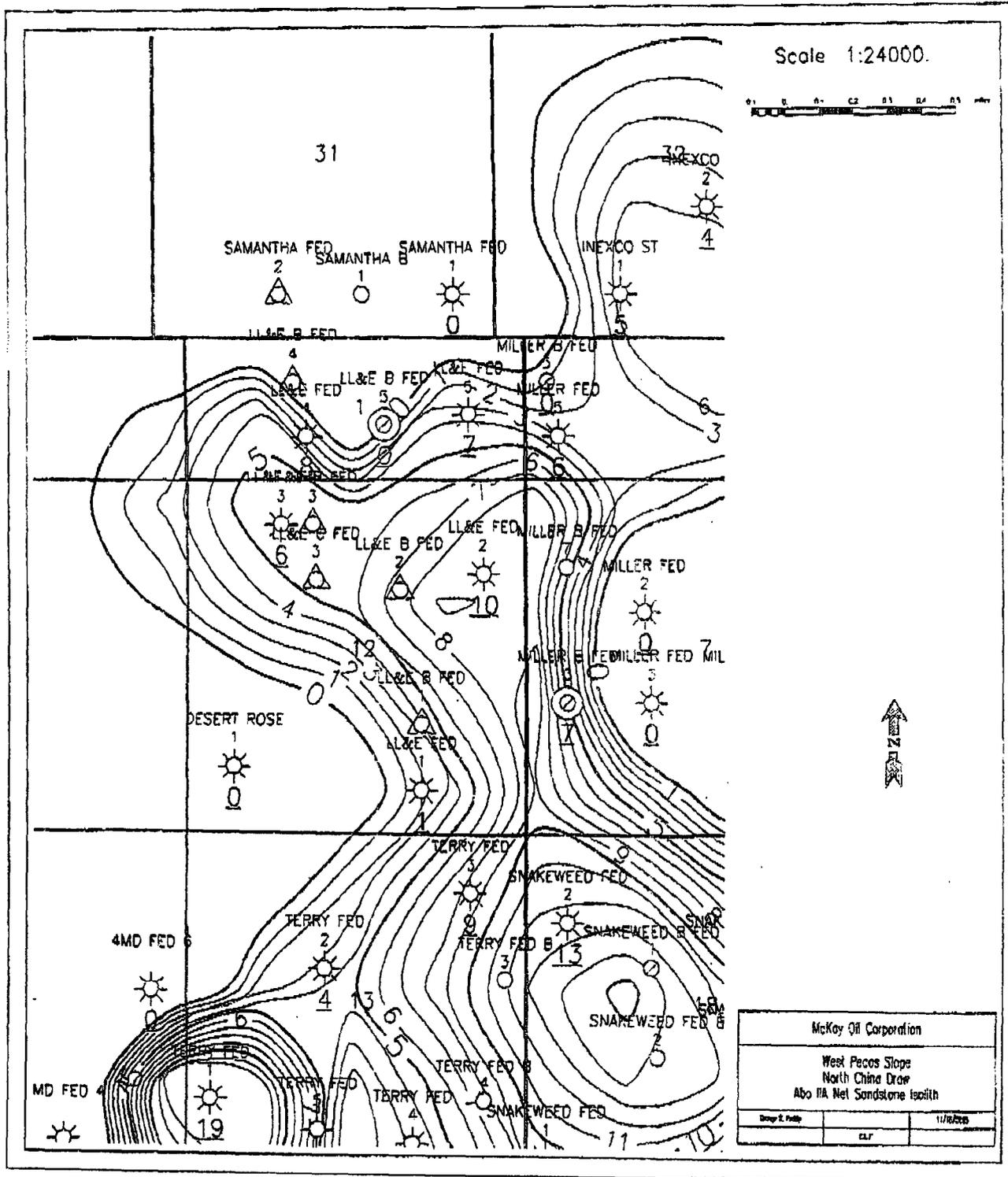
8. RECOMMENDATIONS

During the current inventories, five isolated occurrences and one previously unrecorded site (LA 150,008) were encountered. This previously unrecorded site was recorded as new Site LA 150,008, a site datum was placed, and the site was mapped and photographed.

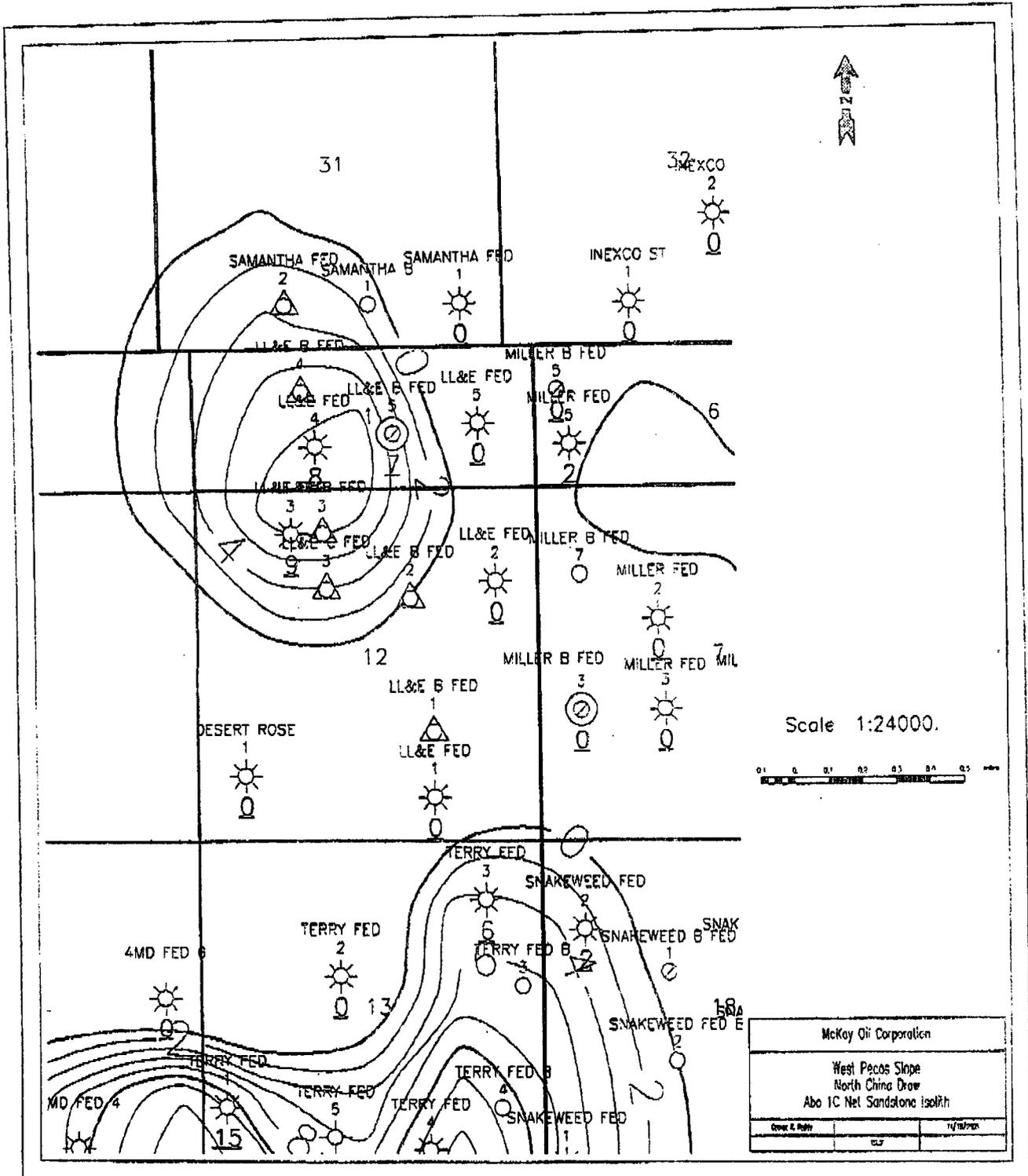
Archaeological clearance is not recommended for the original proposed well location and access road. The original well location and access road are to be abandoned. Archaeological clearance is recommended for the proposed alternate well location and access road.

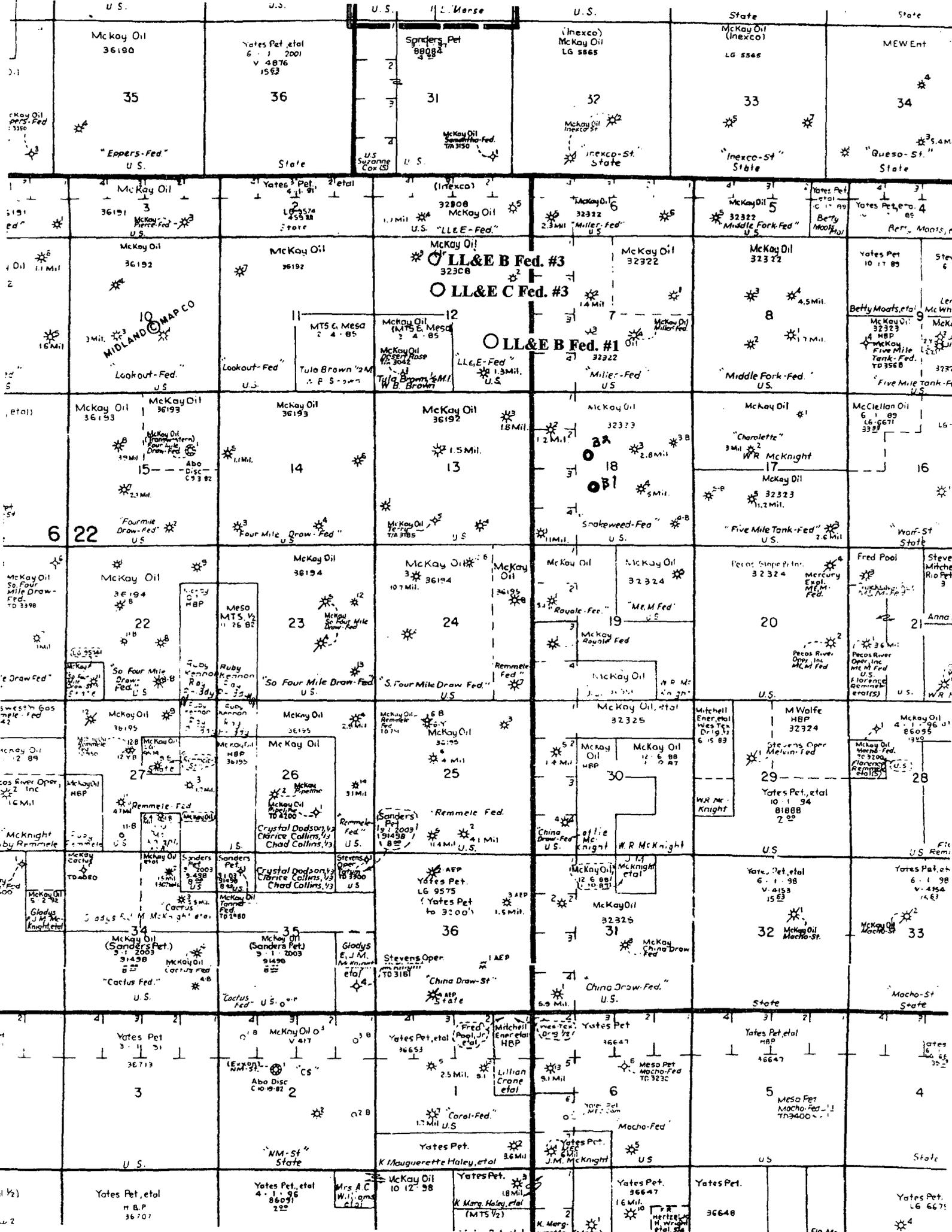
BLM will review and make the final decision for clearance and any further stipulations.





11/18/2005 11:03 AM FROM: (505) 623-3767 George Raddy, Geologist TO: (505) 624-2202 PAGE: 002 OF 002





U.S.
McKay Oil
36190
35
"Eppers-Fed"
U.S.

U.S.
Yates Pet, etal
6-1-2001
V. 4876
1563
36
State

U.S.
Springs Pet
88084
31
U.S.
McKay Oil
Suzanne Cox
1783150

U.S.
(Inxco)
McKay Oil
LG 5865
32
McKay Oil
Inxco St
Inxco-St
State

State
McKay Oil
(Inxco)
LG 5545
33
"Inxco-St"
State

State
MEW Ent
34
"Queso-St."
State

McKay Oil
36191
36192
"Lookout-Fed."
U.S.
10
MIDLAND MAP CO

Yates Pet, etal
6-1-91
LG 3574
4558
36
"Lookout-Fed"
U.S.
Tulo Brown
2 M
A F 5-2-27

(Inxco)
32808
McKay Oil
U.S.
"LL&E-Fed."
12
McKay Oil
Inxco Mesa
2-4-85
"LL&E-Fed"
1.3 MI.
U.S.

McKay Oil
32322
"Miller-Fed"
U.S.
McKay Oil
32322
"Miller-Fed"
U.S.
"Middle Fork-Fed"
U.S.

Yates Pet
6-1-99
Berty
Moats
32322
"Middle Fork-Fed"
U.S.
Berty Moats, etal
McKay Oil
32322
"Middle Fork-Fed"
U.S.

Yates Pet, etal
6-1-85
Berty
Moats
32322
"Middle Fork-Fed"
U.S.
Berty Moats, etal
McKay Oil
32322
"Middle Fork-Fed"
U.S.

McKay Oil
36193
15
"Four Mile Draw-Fed"
U.S.
6
22

McKay Oil
36193
14
"Four Mile Draw-Fed"
U.S.

McKay Oil
36192
13
"Four Mile Draw-Fed"
U.S.
McKay Oil
36194
107 MI.

McKay Oil
32323
18
"Snakeweed-Fed"
U.S.
McKay Oil
32324
"Me M Fed"
U.S.

McKay Oil
32323
"Charolette"
McKnight
17
"Five Mile Tank-Fed"
U.S.

McClellan Oil
6-1-89
LG 5671
3393
16
"Wolf-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
"Royale-Fed"
U.S.

McKay Oil
32324
20
"Mercury Expl. Me M Fed"
U.S.

Fred Pool
Steve Mitche
Rio Fed
3
21
Anna

McKay Oil
36195
27
"Remmele Fed"
U.S.

McKay Oil
36195
26
"Crystal Dodson, Charice Collins, Chad Collins, V3"
U.S.

McKay Oil
36195
25
"Remmele Fed"
U.S.

McKay Oil, etal
32325
30
"China Draw-Fed"
U.S.

M Wolfe
HBP
32324
29
"Yates Pet, etal"
10-1-94
B1888
2-20

McKay Oil
4-1-96
86095
1919
28
"Yates Pet, etal"
6-1-98
V. 4154
1563

McKay Oil
36195
34
"Cactus Fed."
U.S.

McKay Oil
36195
35
"Cactus Fed."
U.S.

Stevens Oper.
"China Draw-St"
State

McKay Oil
32325
31
"China Draw-Fed"
U.S.

Yates Pet, etal
6-1-98
V. 4153
1563
32
"Macho-St"
State

Yates Pet, etal
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33
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State

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U.S.

McKay Oil
V. 417
3
"NM-St"
State

Yates Pet, etal
36653
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"Coral-Fed"
U.S.

Yates Pet
36647
6
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U.S.

Yates Pet, etal
36647
5
"Macho-Fed"
U.S.

Yates Pet, etal
36647
4
"Macho-Fed"
U.S.

Yates Pet, etal
H.B.P.
36701

Yates Pet, etal
4-1-96
86091
225

McKay Oil
10-12-98

Yates Pet.
36647
16 MI.

Yates Pet.
36648

Yates Pet.
16-6671

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

Form 3160-3
(April 2004)

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		7. If Unit or CA Agreement, Name and No.
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		8. Lease Name and Well No. L.L. & E.C. Federal #3 35245
2. Name of Operator McKay Oil Corporation 14424		9. API Well No. 30-005-63788
3a. Address PO Box 2014 Roswell, NM 88202-2014	3b. Phone No. (include area code) 505-623-4735 82740	10. Field and Pool, or Exploratory W. Pecos ABO Slope
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 1500' FNL & 2180' FWL At proposed prod. zone Non Standard Location NOV 18 2005		11. Sec., T. R. M. or Blk. and Survey or Area Unit F, Sec. 12, T6S, R22E
14. Distance in miles and direction from nearest town or post office* Approximately 25 miles OOD-ARTESIA		12. County or Parish Chaves
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1500'	16. No. of acres in lease 741.20	17. Spacing Unit dedicated to this well 160'
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 100'	19. Proposed Depth 4300'	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4149'	22. Approximate date work will start* 10/01/2005	23. Estimated duration 7-10 days

24. Attachments

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

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- Operator certification
- 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 08/24/2005
Title Agent		
Approved by (Signature) /S/LARRY D. BRAY	Name (Printed/Typed) /S/LARRY D. BRAY	Date NOV 17 2005
Title District Manager	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)

Drill Only - NSL is required to produce well
Bryan Arrant - OGD

CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES ex. - Glorieta

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1625 N. FRENCH DR., HOBBBS, NM 88240

DISTRICT II

1201 W. GRAND AVENUE, ARTRESIA, 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 FEDERAL C	Well Number 3
OGRID No.	Operator Name McKAY OIL CORPORATION	Elevation 4149'

Surface Location

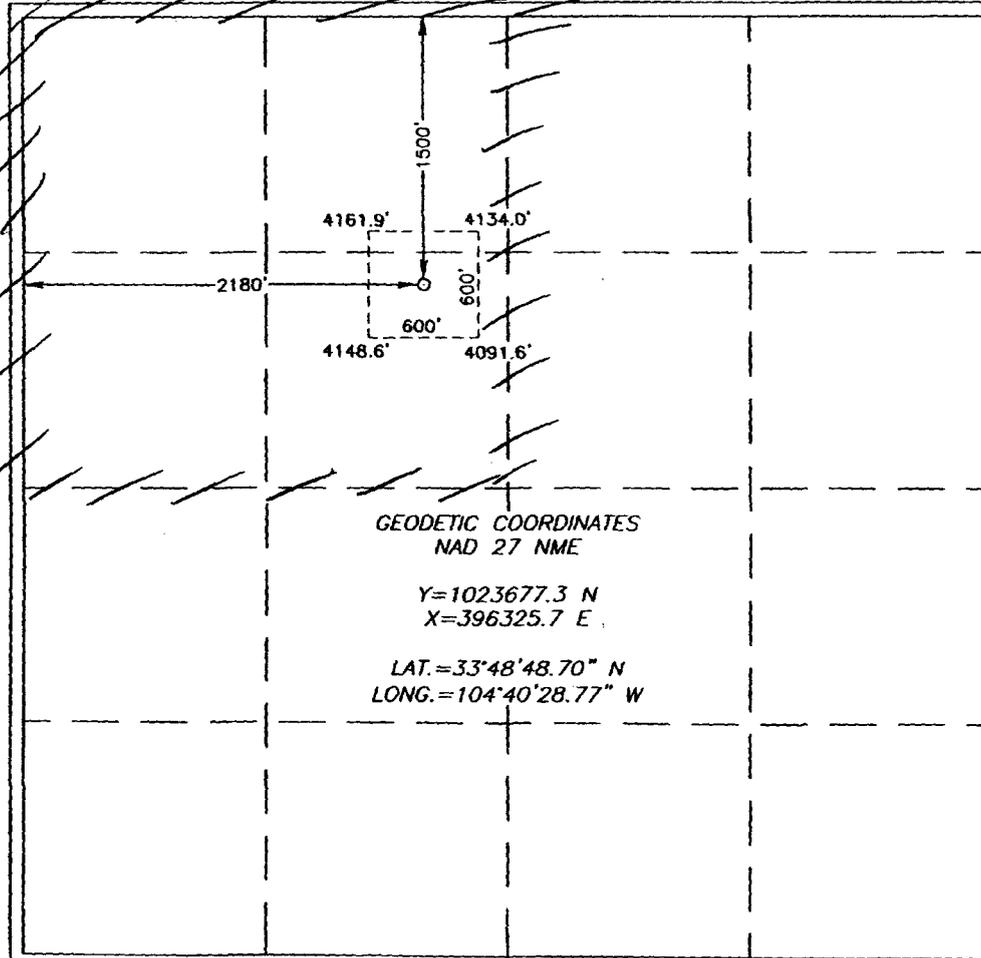
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	6-S	22-E		1500	NORTH	2180	WEST	CHAVES

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	Joint or Infill	Consolidation Code	Order No.
1.60			

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



GEODETIC COORDINATES
NAD 27 NME
Y=1023677.3 N
X=396325.7 E
LAT.=33°48'48.70" N
LONG.=104°40'28.77" W

OPERATOR CERTIFICATION

I hereby certify the 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
Agent
Title
Date: 8/17/2005

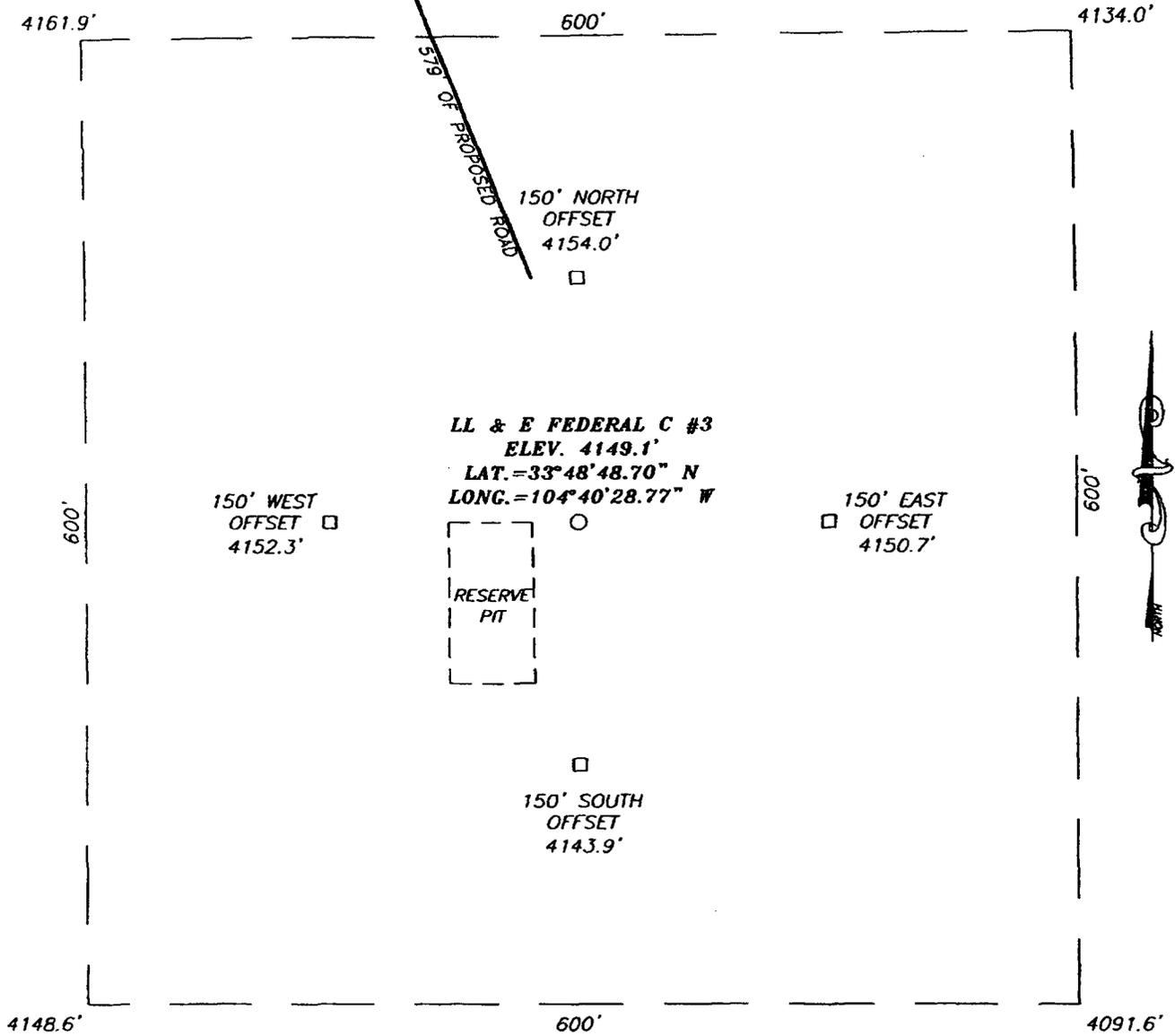
SURVEYOR CERTIFICATION

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.

AUGUST 2, 2005

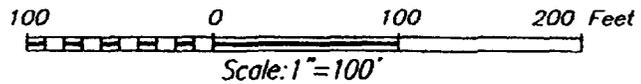
Date Surveyed: _____
Signature: *GARY E. EIDSON*
Professional Surveyor
NEW MEXICO
GARY E. EIDSON
05.11.1173
Certification No. GARY EIDSON 12641

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. 2.0 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) AND GO APPROX. 2.5 MILES, TURN LEFT (WEST) AND GO APPROX. 1.0 MILES. TURN RIGHT (NORTH) AND GO APPROX. 0.15 MILES. TURN LEFT (SOUTH/SW) AND GO APPROX. 0.3 MILES, ROAD BENDS LEFT (SOUTH/SE) AND GOES SOUTH APPROX. 0.15 MILES TO THE LL&E FED. B #3. THIS LOCATION IS APPROX. 850' SOUTH.



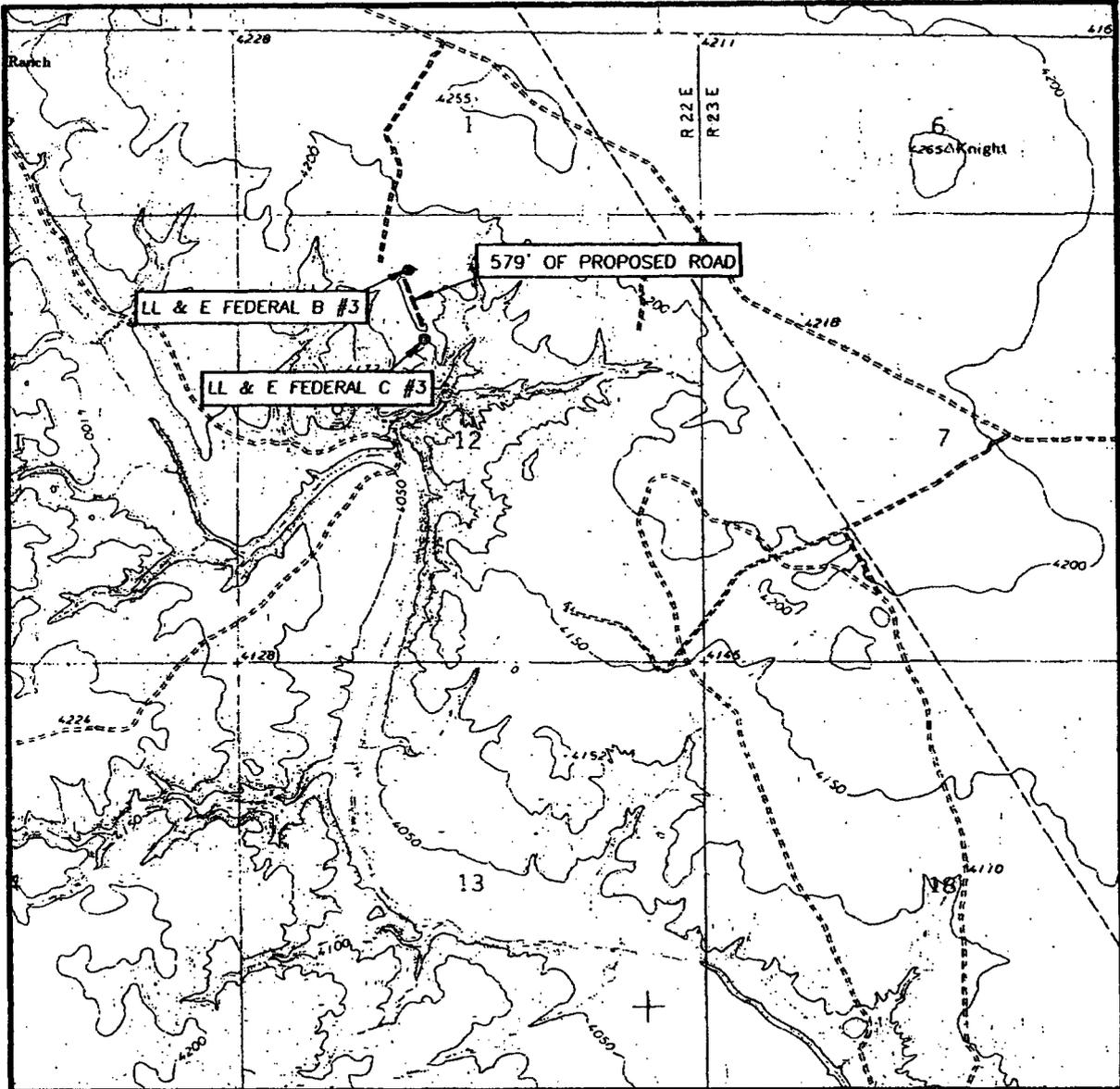
PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

MCKAY OIL CORPORATION

LL & E FEDERAL C #3 WELL
 LOCATED 1500 FEET FROM THE NORTH LINE
 AND 2180 FEET FROM THE WEST LINE OF SECTION 12,
 TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 08/02/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.1173	Dr By: J.R.
Date: 08/10/05	Disk: CD#5
05111173	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

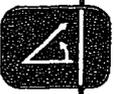
DESCRIPTION 1500' FNL & 2180' FWL

ELEVATION 4149'

OPERATOR McKAY OIL CORPORATION

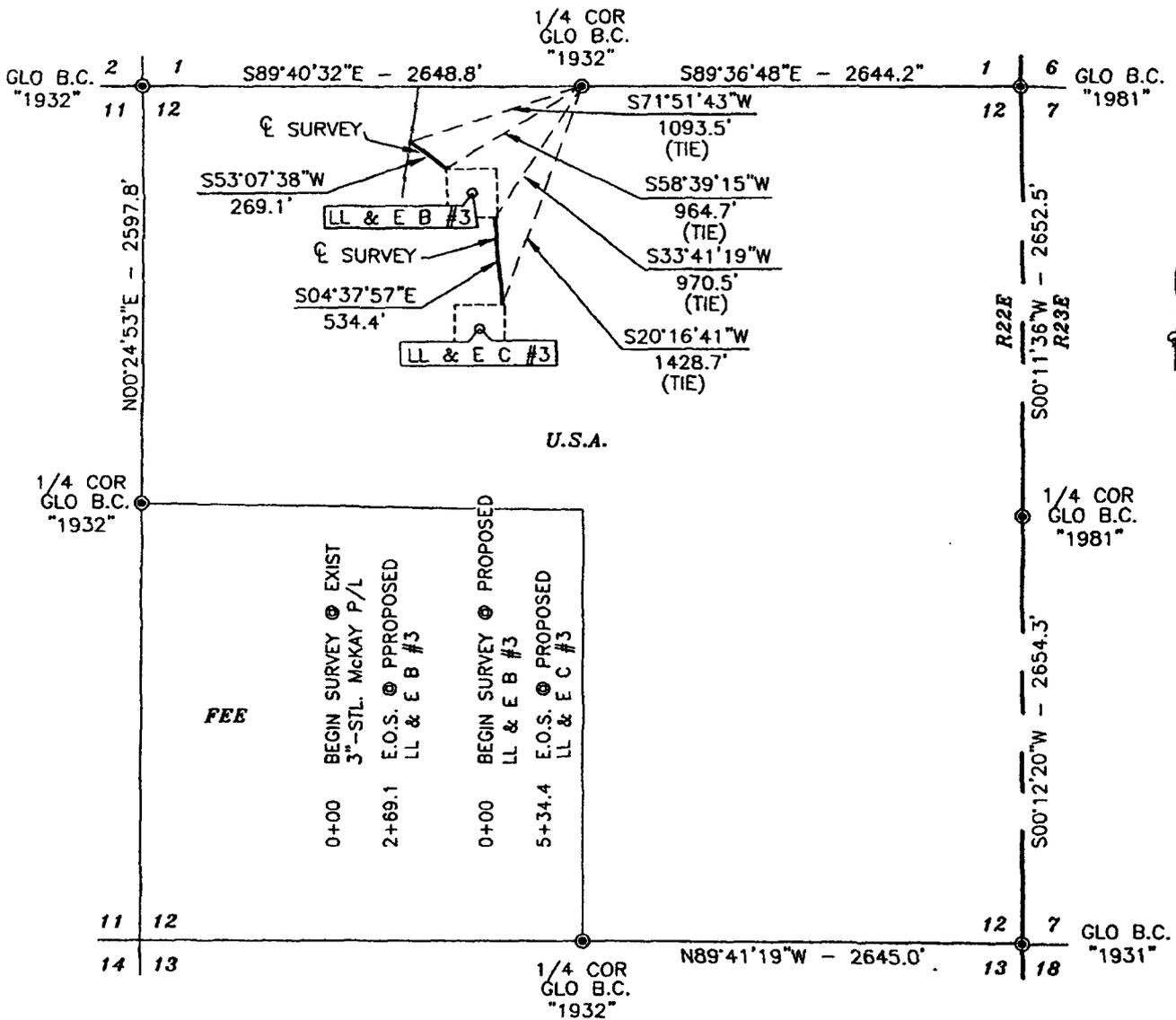
LEASE LL & E FEDERAL C

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

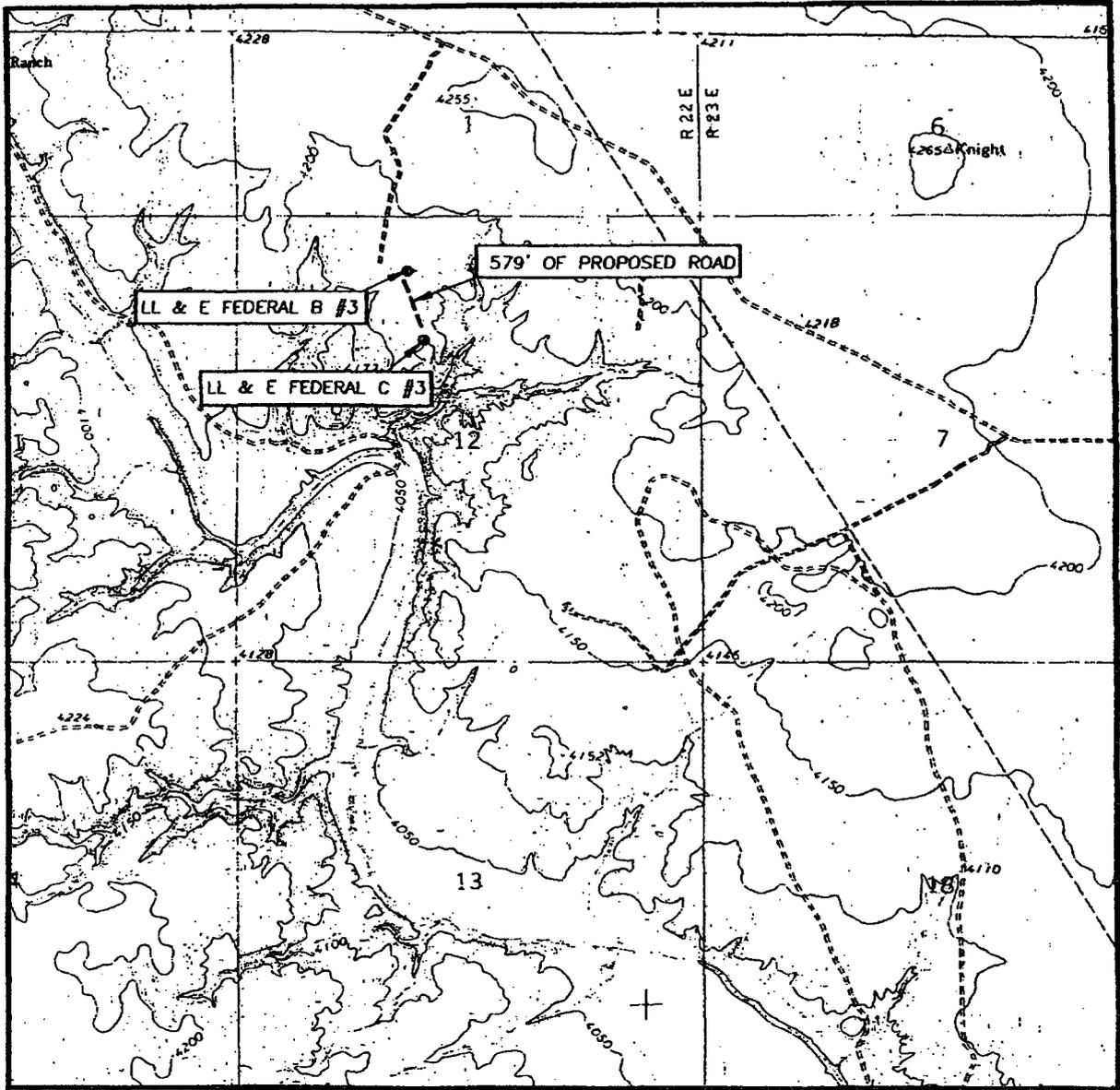


PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBES, N.M. 88240
 (505) 383-3117

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



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 1500' FNL & 2180' FWL

ELEVATION 4149'

OPERATOR McKAY OIL CORPORATION

LEASE LL & E FEDERAL C

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



PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBES, 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

Operator: McKay Oil Corporation
BLM Serial Number: NM-32308
Well Name & No.: LL & E "C" Federal #3
Location: Section 12, T. 6 S., R. 22 E.
1500' FNL & 2180' FWL, Chaves County, N.M.

