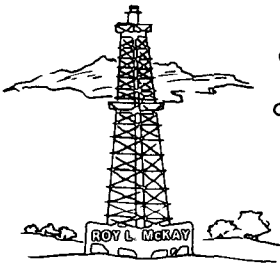


McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

HOME OFFICE, P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735



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

Attention: Dave Catanach

January 19, 1987

NSL-2317
RULE-104F(E)
West Pecos Slope Abo Gas Pool
160 Acre(s)
SW/4 Sect 11

Re: Lookout Federal #2
SW/4, Sec. 11, T6S, R22E
Chaves County, N.M.

Gentlemen:

McKay Oil Corporation desires to drill a location in the SW/4, Section 11, Township 6 South, Range 22 East, NMPM. (See Attachment 'A') Due to topography and geological problems, McKay Oil is requesting an unorthodox status.

The well was originally staked at 990 feet from the West line and 660 feet from the South line. Due to the terrain, the BLM would not approve this location or any other normal location within this particular drilling spacing unit. (See Attachment 'B')

The SW/4 of this quarter section was chosen because of geological data on surrounding wells. Further, any location in this quarter section that would be feasible to drill would have to be a non-standard location. Therefore, it is our opinion that this location would be the best economical and productive location to drill. (See Attachment 'C')

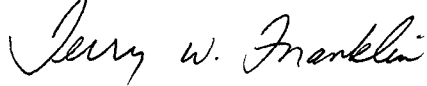
All minerals surrounding this proration unit, with the exception of to the East, are leased to McKay Oil Corporation. (See Attachment 'A') The minerals to the East are leased to Mesa Petroleum. A notification letter to Mesa Petroleum is being mailed on this date in regards to the unorthodox location. Written confirmation of approval from Mesa to McKay Oil was requested as soon as possible. A copy of the letter will be forwarded to you upon our receipt.

page 2 of 2
O.C.D.
January 19, 1987

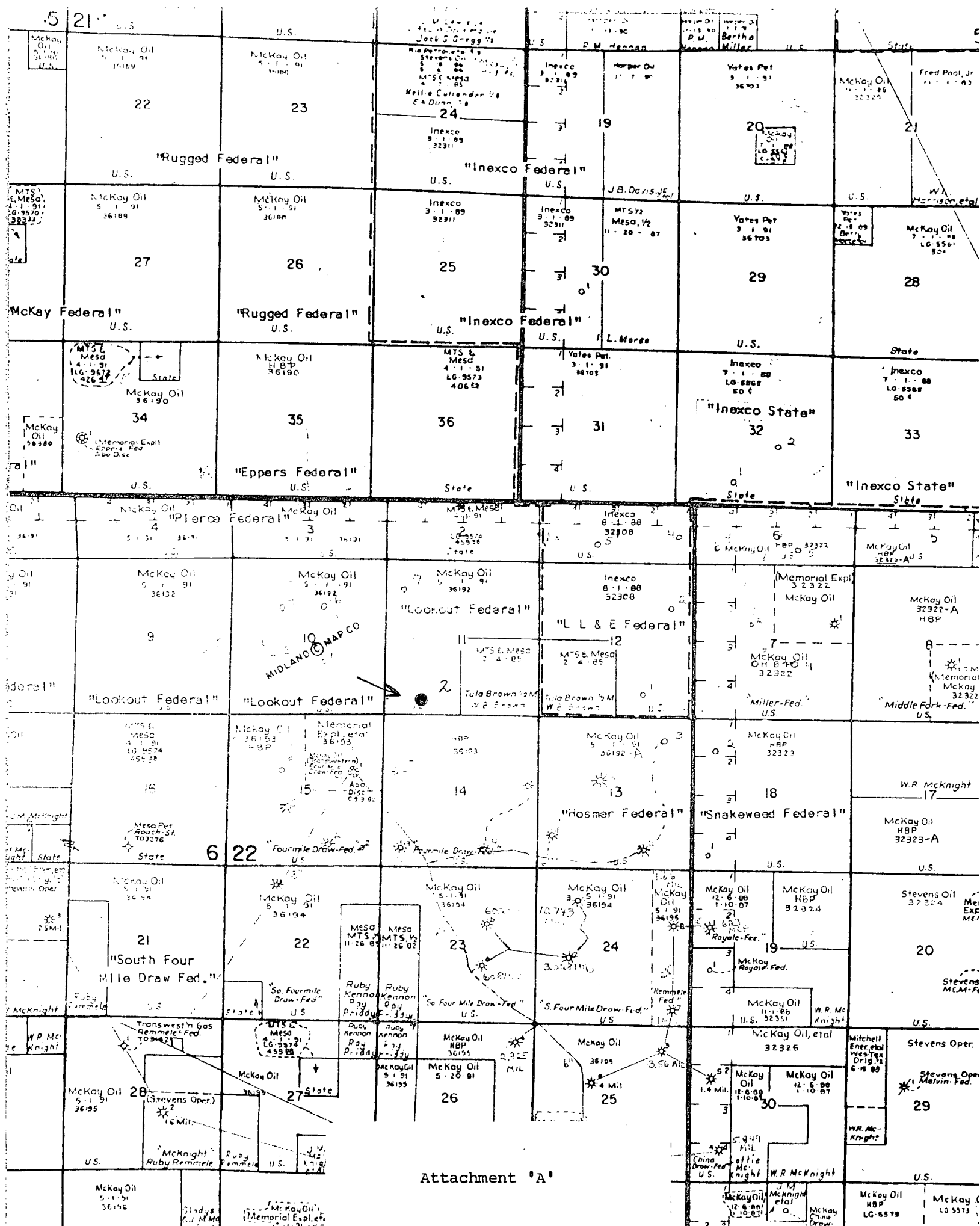
Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location at 1238 feet from the West line and 560 feet from the South line, Section 11, Township 6 South, Range 22 East, NMPM, which has been approved by the BLM and E.N.M. Archaeological Service.

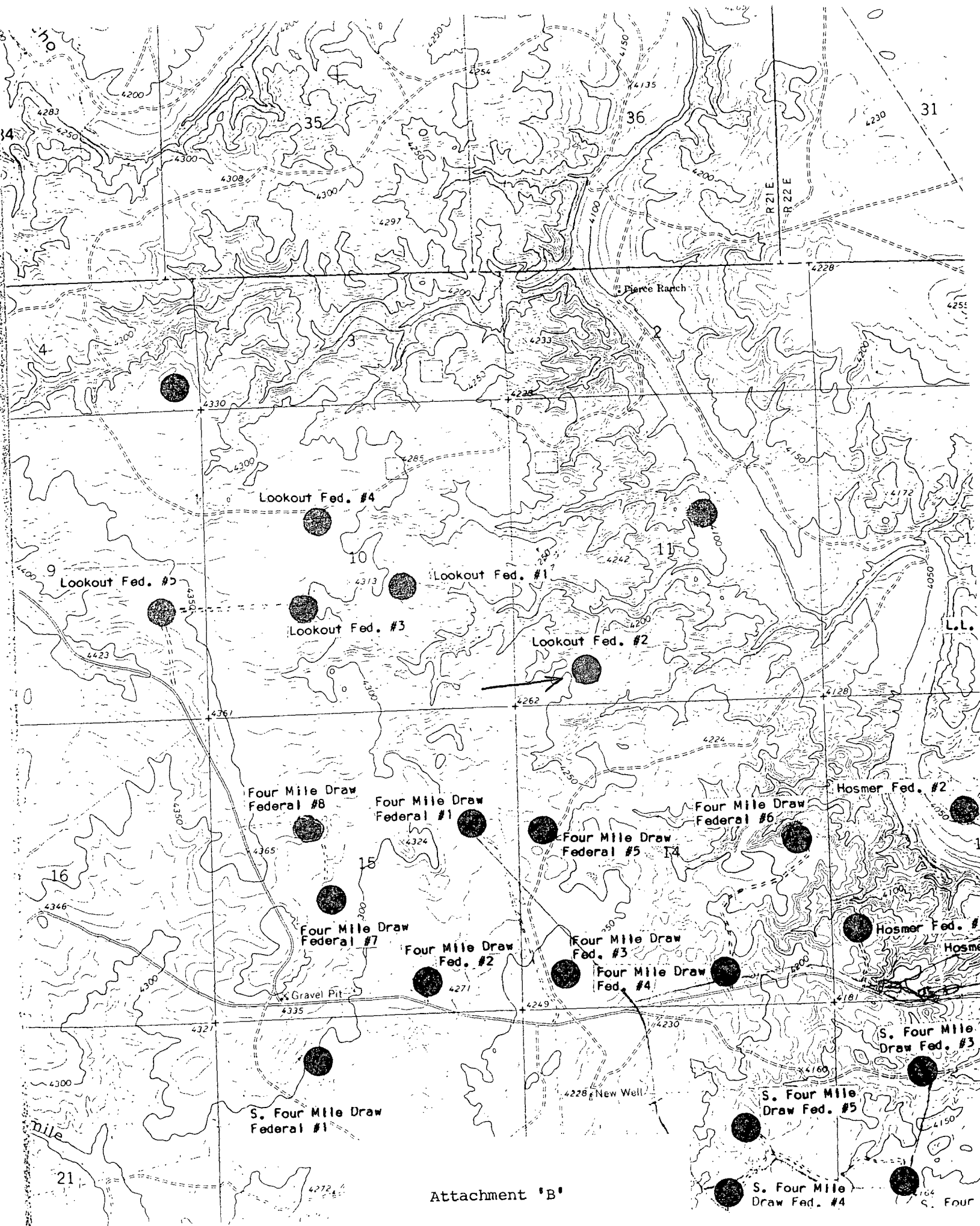
McKay Oil Corporation would request and appreciate your immediate attention to this matter. Thank you for your cooperation and assistance.

Sincerely,
McKay Oil Corporation

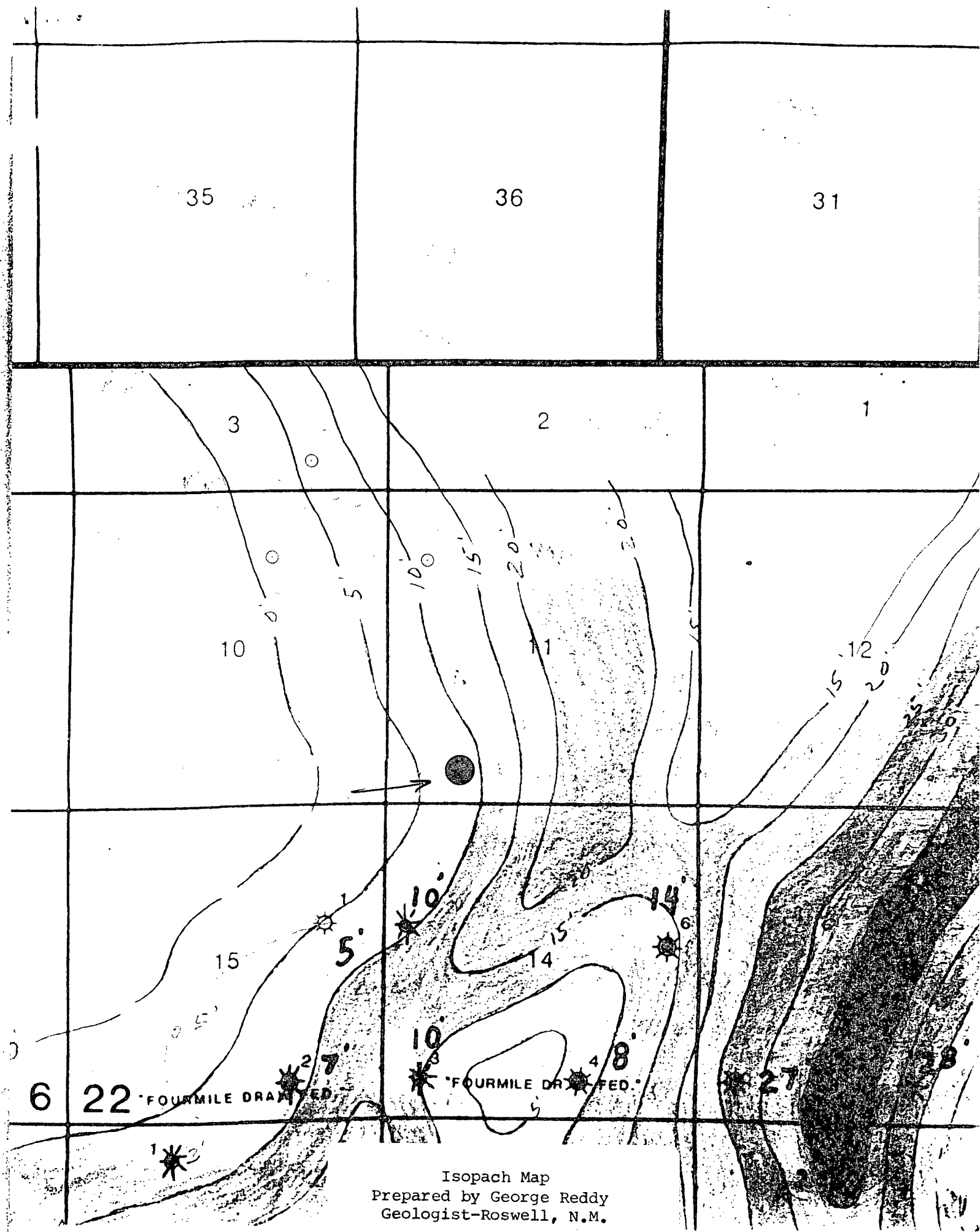
A handwritten signature in cursive script that reads "Terry W. Franklin".

Terry W. Franklin
Agent





Attachment 'B'



Isopach Map
Prepared by George Reddy
Geologist-Roswell, N.M.

All distances must be from the outer boundaries of the Section.

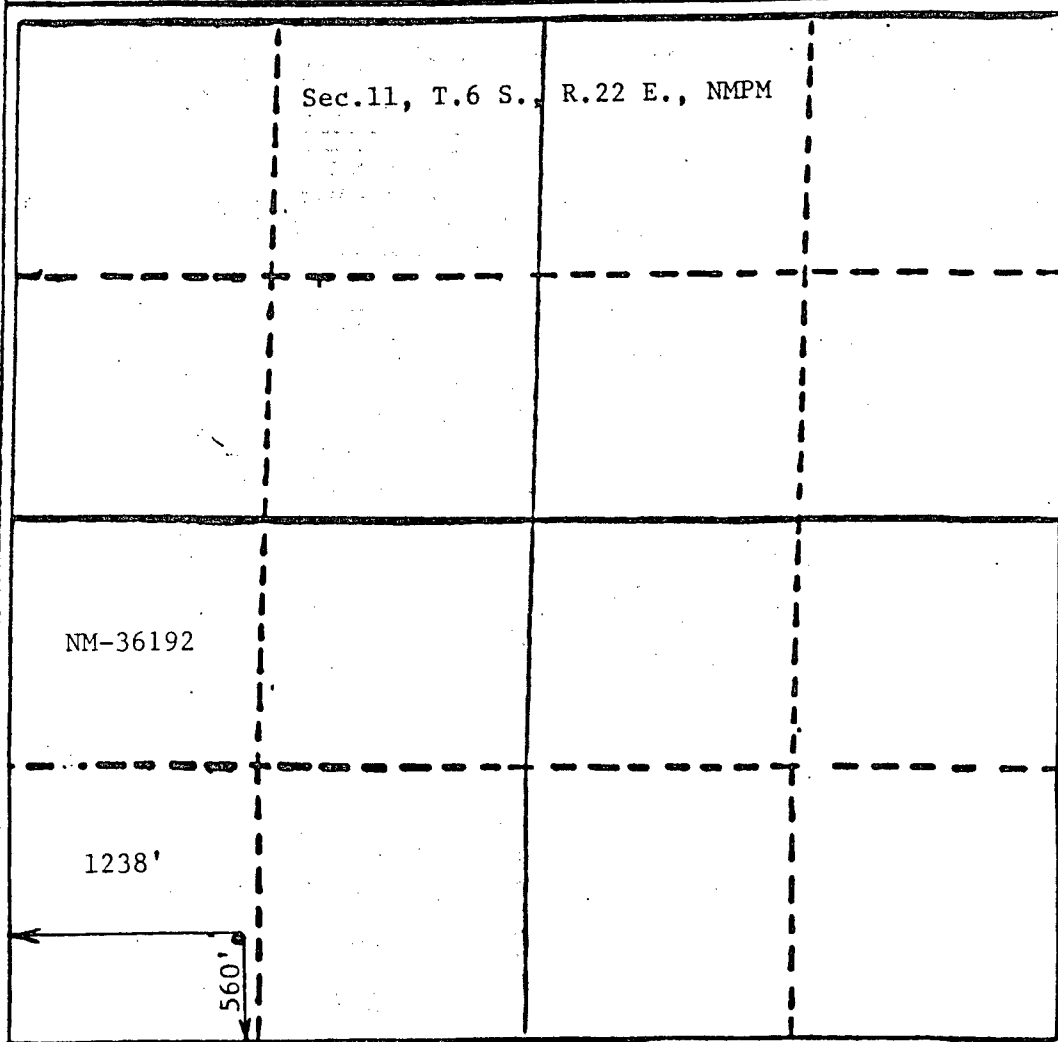
Operator McKay Oil Corp. ✓		Lease Lookout Federal		Well No. #2
Unit Section M	Section 11	Township 6 South	Range 22 East	County Chaves
Actual Section Location of Well 1238 feet from the West line and 560 feet from the South line				
Ground Level Elev. 4245	Restricting Formation Abo	Pool W. Pecos Slope Abo	Dedicated Acres 160	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No - If answer is "yes" type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

Name
Sam Shackelford

Position
Agent

Company
McKay Oil Corporation

Date
11-12-86

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 knowledge and belief.

Date Surveyed
October 28, 1986
New Mexico
Notarized (Notary Public License No. 02800)
and/or Legal Counsel for
John D. Jaques, E. & L. S.
Commission No. 6290