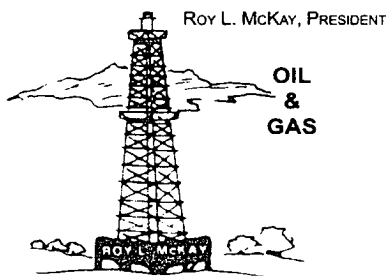


McKay Oil Corporation



ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. Box 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735
STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX No. 505 / 624 - 2202

RECEIVED
AUG 17 2004
OIL & ARTESIA

Monday, August 16, 2004

Bryan Arrant/Tim Gum
Oil Conservation Division
1301 W. Grand Avenue
Artesia, NM 88210

RE: New Mexico "CS" State #1B

Dear Bryan:

McKay Oil Corporation would like to formally request an extension for the New Mexico "CS" State #1B location. This APD expired November of 2003. We plan to drill and test the abo formation approximately November of 2004. Should I need to re-submit a new APD, please notify me as soon as possible at 505-623-4735.

Sincerely,


April McKay
Vice President

CEMENT TO COVER ALL OIL,
GAS AND WATER BEARING
ZONES *l. e. Glorieta*

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form O-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

RECEIVED DEC 23 2002

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address MCKAY OIL CORPORATION P.O. BOX 2014 ROSWELL, NM 88202-2014		² OGRID Number 014424
³ Property Code 28077		³ API Number 30 - 005-63383
⁵ Property Name NEW MEXICO "CS" "B" STATE		⁶ Well No 1.

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	2	7S	22E		860'	FNL	860'	FWL	CHAVES

⁸ Proposed Bottom Hole Location If

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	County

NOTIFY OCD SPUD & TIME
TO WITNESS 8 5/8" CASING

⁹ Proposed Pool 1

WEST PECOS SLOPE ABO

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary ROTARY	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4173'
¹⁶ Multiple NO	¹⁷ Proposed Depth 3200'	¹⁸ Formation ABO	¹⁹ Contractor UNITED DRILLING?	²⁰ Spud Date JAN 2003?

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	8 5/8	23# X-42	950+	750+	Surface
7 7/8	5 1/2	15.5# J-55	TD	1200+	1500' to 800'

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

MCKAY OIL CORPORATION PROPOSES TO DRILL AND TEST THE ABO FORMATION, APPROXIMATELY 950' OF SURFACE CASING WILL BE SET AND CEMENTED TO SURFACE. IF COMMERCIAL, 5 1/2" PRODUCTION CASING WILL BE RUN AND CEMENTED WITH ADEQUATE COVER, PERFORATED AND STIMULATED AS NEEDED FOR PRODUCTION.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *April D. McKay*

Printed name: APRIL D. MCKAY

Title: VICE PRESIDENT

Date:
11/20/02

Phone:
505-623-4735

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

Title:

Approval Date: NOV 22 2002 Expiration Date: NOV 22 2003

Conditions of Appr
Attached ☐

Cement to cover all oil, gas and
water bearing zones.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: McKay Oil Corporation P.O. Box 2014 Roswell, New Mexico 88202		OGRID Number 014424
Property Code 28077	Property Name New Mexico "CS" "B" State	API Number 30-0 05-63383
Well No. 1		

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West Line	County
D	2	7S	22E		860'	FNL	860'	FWL	Chaves

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South
Proposed Pool 1 W. Pecos Slope Abo						

NOTIFY OCD SPUD & TIME TO WITNESS
CEMENTING OF 8 5/8" CASING STRING

Work Type Code N	Well Type Code G	Cable/Rotary Rotary	Lease Type Code S	Grossed Level Elevation 4173
Multiple No	Proposed Depth 3,200'	Formation Abo	Contractor	Spud Date

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8-5/8"	23# X-42	950' +	750+	surface
7-7/8"	4 1/2"	9.5# J-55	TD	1200+	1500' to 800'

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

McKay Oil Corporation proposes to drill and test the Abo Formation, approximately 950' of surface casing will be set and cemented to surface. If commercial, 4 1/2" production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

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

Signature:

Bill J. Milstead

Printed name:

Bill J. Milstead

Title:

Vice President

Date:

5-22-01

Phone:

505-623-4735

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY TIM W. GUM

Title:

DISTRICT II SUPERVISOR

Approval Date:

MAY 25 2001

Expiration Date:

MAY 25 2002

Conditions of Approval:

Attached ☐

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Bravos 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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name	Well Number
OGRID No.	Operator Name	Elevation
	NM "CS" "B" STATE	1
	McKAY OIL CORPORATION	4173

Surface Location

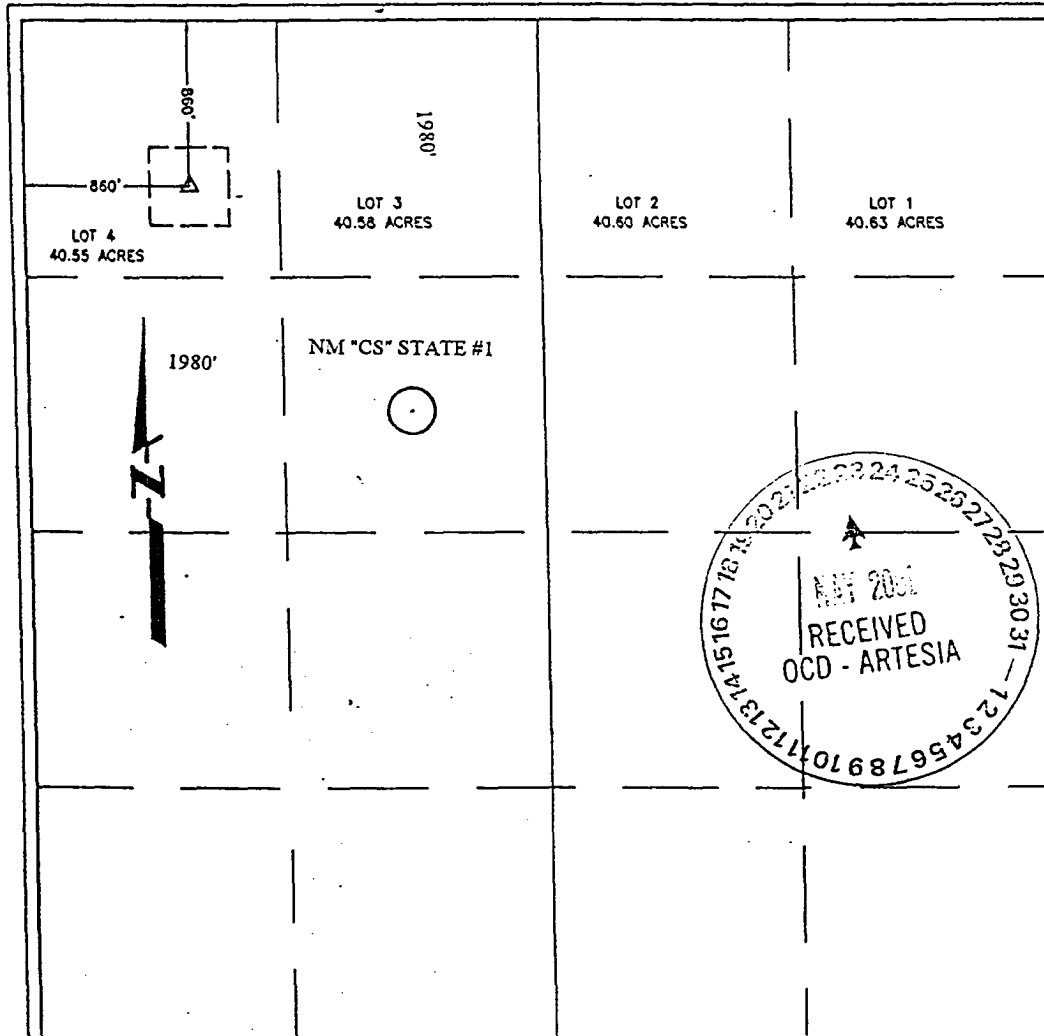
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	2	7 S	22 E		860	NORTH	860	WEST	CHAVEZ

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.
161.13			

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.

Bill J. M. Instead
Signature

Bill J. M. Instead
Printed Name

Vice President
Title

5-22-01
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.

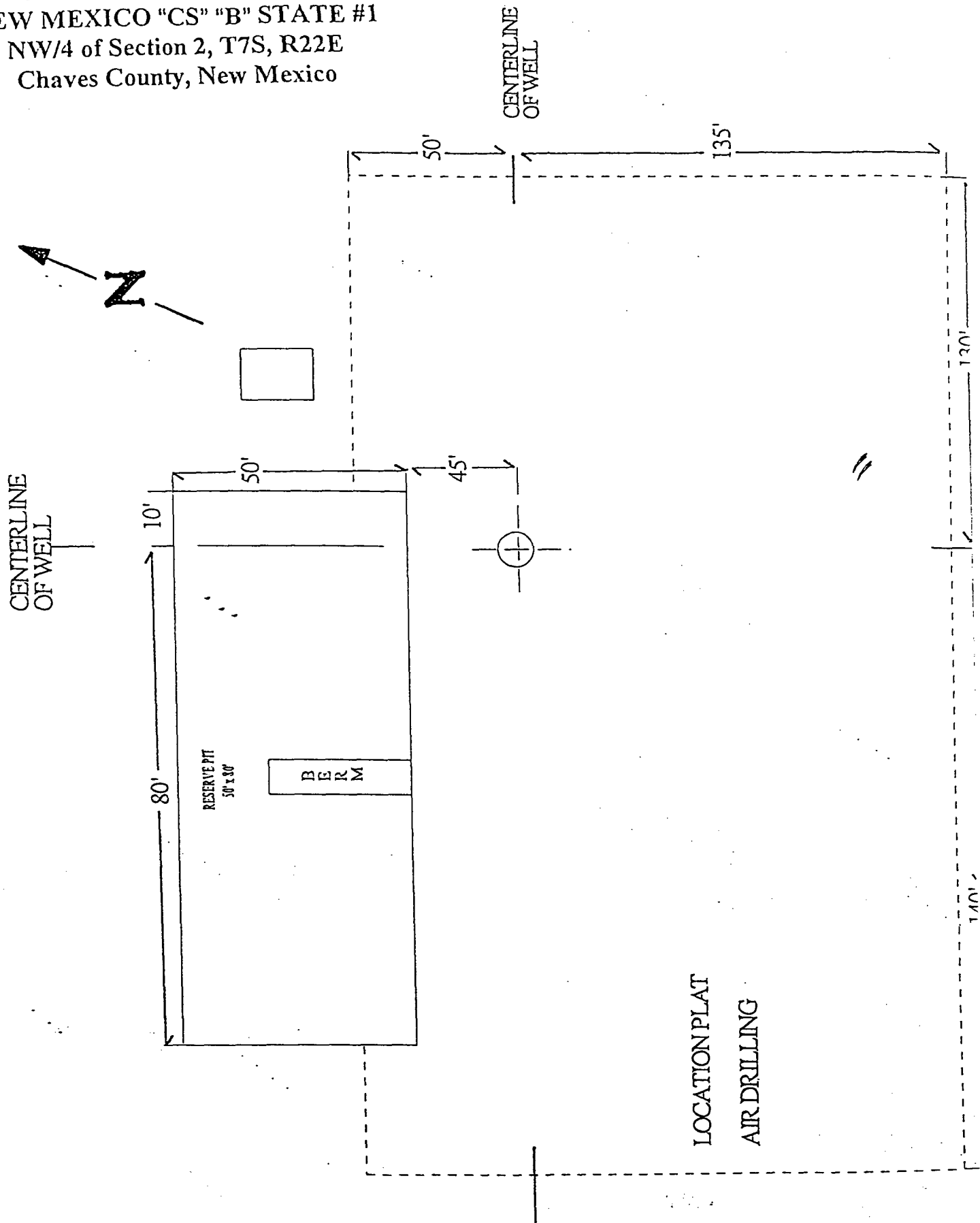
5-21-01

TODD P. WAGENER
Signature
Professional Surveyor

NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
9242

Certificate No. 9242
WAGENER ENGINEERING
1410 N. MISSOURI AVE.
ROSWELL, NM 88201
505-873-8327

MCKAY OIL CORPORATION
NEW MEXICO "CS" "B" STATE #1
NW/4 of Section 2, T7S, R22E
Chaves County, New Mexico



MCKAY OIL CORPORATION
NEW MEXICO "CS" "B" STATE #1
NW/4 of Section 2, T7S, R22E
Chaves County, New Mexico

EXHIBIT "B"

