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

NOV 0 9 7005

OCU-ARTE

Form 3160-5 (April 2004)

3a Address

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED

| Expir | es: March 31, 200 |
|-----------------|-------------------|
| ease Serial No. | |

BTRE

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.

Other

✓ Gas Well

2. Name of Operator McKay Oil Corporation

PO Box 2014, Roswell, NM 88202-2014

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1940'FNL & 660'FWL

SUBMIT IN TRIPLICATE- Other instructions on reverse side

| - 1 | |
|-----|--|
| | 6. If Indian, Allottee or Tribe Name |
| - | 7. If Unit or CA/Agreement, Name and/or No. |
| | 8. Well Name and No Miller B Fed #2 |
| | 9. API Well No. 30-005-63702 |
| | 10. Field and Pool, or Exploratory Area W. Pecos ABO Slope |
| ł | 11 County of Porish State |

Chaves, NM T6S, R23E 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Production (Start/Resume) Water Shut-Off Deepen Notice of Intent Well Integrity Alter Casing Reclamation Fracture Treat Casing Repair New Construction Recomplete Subsequent Report ✓ Change Plans Temporarily Abandon Plug and Abandon Final Abandonment Notice Plug Back Convert to Injection Water Disposal

3b. Phone No. (include area code)

505.623.4735

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 recomplete 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 recompletion in a new interval, a Form 3 160-4 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.)

On 9/7/05, this well lost circulation at 68' and on 9/10/05 the drilling was abandoned @ 595'. The Operator desires to convert the abandoned wellbore into a water supply well and drill a new well at 1460'FNL and 660'FWL, named the Miller B Fed. #2Y. A copy of the new survey plat (C-102) is attached hereto. It shall be drilled under the existing APP for the Miller B Fed. #2. The new well will utilize the existing wellpad and pits. See attached wellsite plat. The detail plans to convert the Miller B Fed. #2 wellbore to a water supply well will be filed with the BLM upon approval of the New Mexico State

NEW API # FOR 2 30-005-6378 SEE ATTACHED FOR CONDITIONS OF APPROVAL

| MILLER O 1 CO 0 // | | | | |
|---|------------------------|--|--|--|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) | | | | |
| James L. Schultz Title | Agent | | | |
| Signature Garffilly Date | 10-26-05 | | | |
| ✓ THIS SPACE FOR FEDERAL OR STATE OFFICE USE | | | | |
| Approved by C.C.L. | Title / = Date /1/7/05 | | | |
| 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 RFO | | | |

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 anymatter within its jurisdiction.