

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

Form 3160-3  
(April 2004)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.  
**NM 88084**

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.  
**Samantha Federal #2**

9. API Well No.

**30-005-63818**

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

11. Sec., T. R. M. or Blk. and Survey or Area

**Unit M, Sec. 31, T5S, R22E**

12. County or Parish  
**Chaves**

13. State  
**NM**

1a. Type of work: ☒ DRILL

☐ REENTER

**6709**

1b. Type of Well:

☐ Oil Well

☒ Gas Well

☐ Other

☒ Single Zone

☐ Multiple Zone

2. Name of Operator

**McKay Oil Corporation**

**14424**

3a. Address **PO Box 2014**

**Roswell, NM 88202-2014**

3b. Phone No. (include area code)

**505-623-4735**

**82740**

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*

At surface

**990' FSL & 990' FWL**

At proposed prod. zone

**RECEIVED**

**APR 25 2006**

14. Distance in miles and direction from nearest town or post office\*  
**Approximately 25 miles**

**OCD-ARTESIA**

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drig. unit line, if any)

**660'**

16. No. of acres in lease

**640.00**

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.)  
**4219'**

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:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

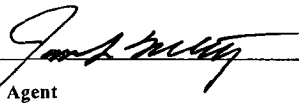
3. A Surface Use Plan (if the location is on National Forest System Lands, the  
SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see  
Item 20 above).

5. Operator certification

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

**09/21/2005**

Title

**Agent**

Approved by (Signature)

  
**Assistant Field Manager,  
Lands And Minerals**

Name (Printed/Typed)

**JOHN S. SMITZ**

Date

**APR 24 2006**

Title

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)

If earthen pits are used in  
association with the drilling of this  
well, an OCD pit permit must be  
obtained prior to pit construction.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

# State of New Mexico

Energy, Minerals and Natural Resources Department

## DISTRICT I

1625 N. FRENCH DR., HOBBS, 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 82740	Pool Name Pecos Slope; Abey West
Property Code	Property Name SAMANTHA FEDERAL	Well Number 2
OGRID No.	Operator Name McKAY OIL CORPORATION	Elevation 4219'

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	31	5-S	22-E		990	SOUTH	990	WEST	CHAVES

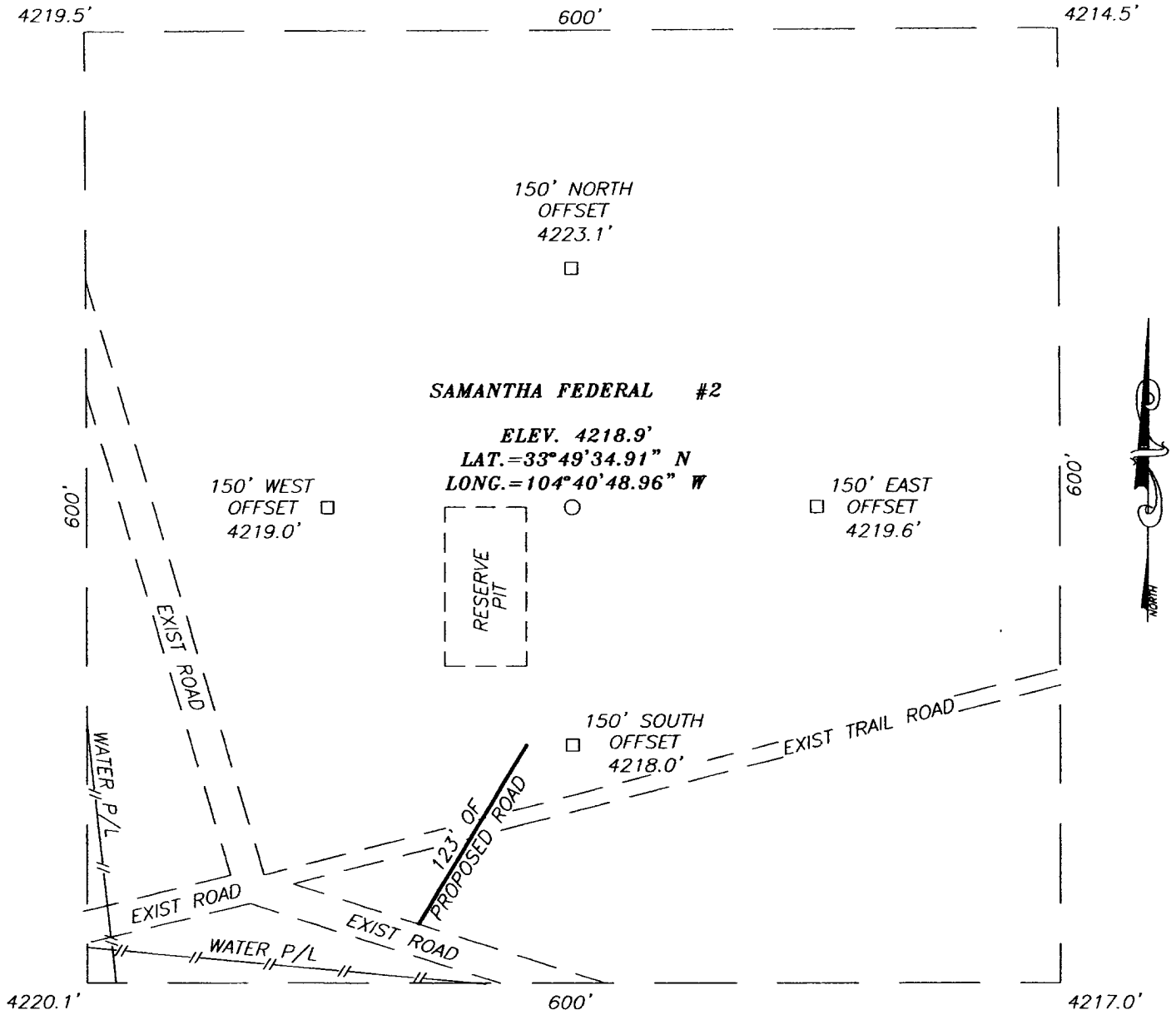
### Bottom Hole Location If Different From Surface

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

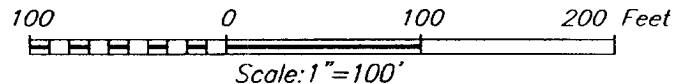
	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.  Signature <u>James L. Schultz</u> Printed Name Title <u>Agent</u> Date <u>September 21, 2005</u>
	<b>SURVEYOR CERTIFICATION</b>  I hereby certify that the 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 6, 2005 Date Surveyed Signature & Seal of Professional Surveyor <u>GARY EIDSON</u> Certificate No. <u>GARY EIDSON</u> 12641
	Signature <u>GARY EIDSON</u> Printed Name Title Date <u>9/15/05</u>
	Signature <u>GARY EIDSON</u> Printed Name Title Date <u>05.11.1367</u>

**SECTION 31, TOWNSHIP 5 SOUTH, RANGE 22 EAST, N.M.P.M.,**  
CHAVES COUNTY, NEW MEXICO



**DIRECTIONS TO LOCATION**

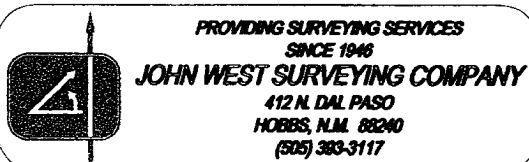
FROM THE INTERSECTION OF U.S. HWY. # 208 AND CO. RD. #40 (STARGRASS RD.) GO WEST ON CO. RD. #40 FOR APPROX. 2.5 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) AND GO APPROX. 2.0 MILES, TURN LEFT (WEST) AND GO APPROX. 1.0 MILES, TURN RIGHT (NORTH) AND GO APPROX. 0.15 MILES PAST CATTLEGUARD. TURN WEST AND GO APPROX. 2.5 MILES. THIS LOCATION IS APPROX. 300' NORTH.



**McKAY OIL CORPORATION**

SAMANTHA FEDERAL #2 WELL  
LOCATED 990 FEET FROM THE SOUTH LINE  
AND 990 FEET FROM THE WEST LINE OF SECTION 31,  
TOWNSHIP 5 SOUTH, RANGE 22 EAST, N.M.P.M.,  
CHAVES COUNTY, NEW MEXICO.

Survey Date: 09/06/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.1367	Dr By: J.R.	Rev 1:10/4/04	
Date: 09/12/05	Disk: CD#5	05111367	Scale: 1"=100'



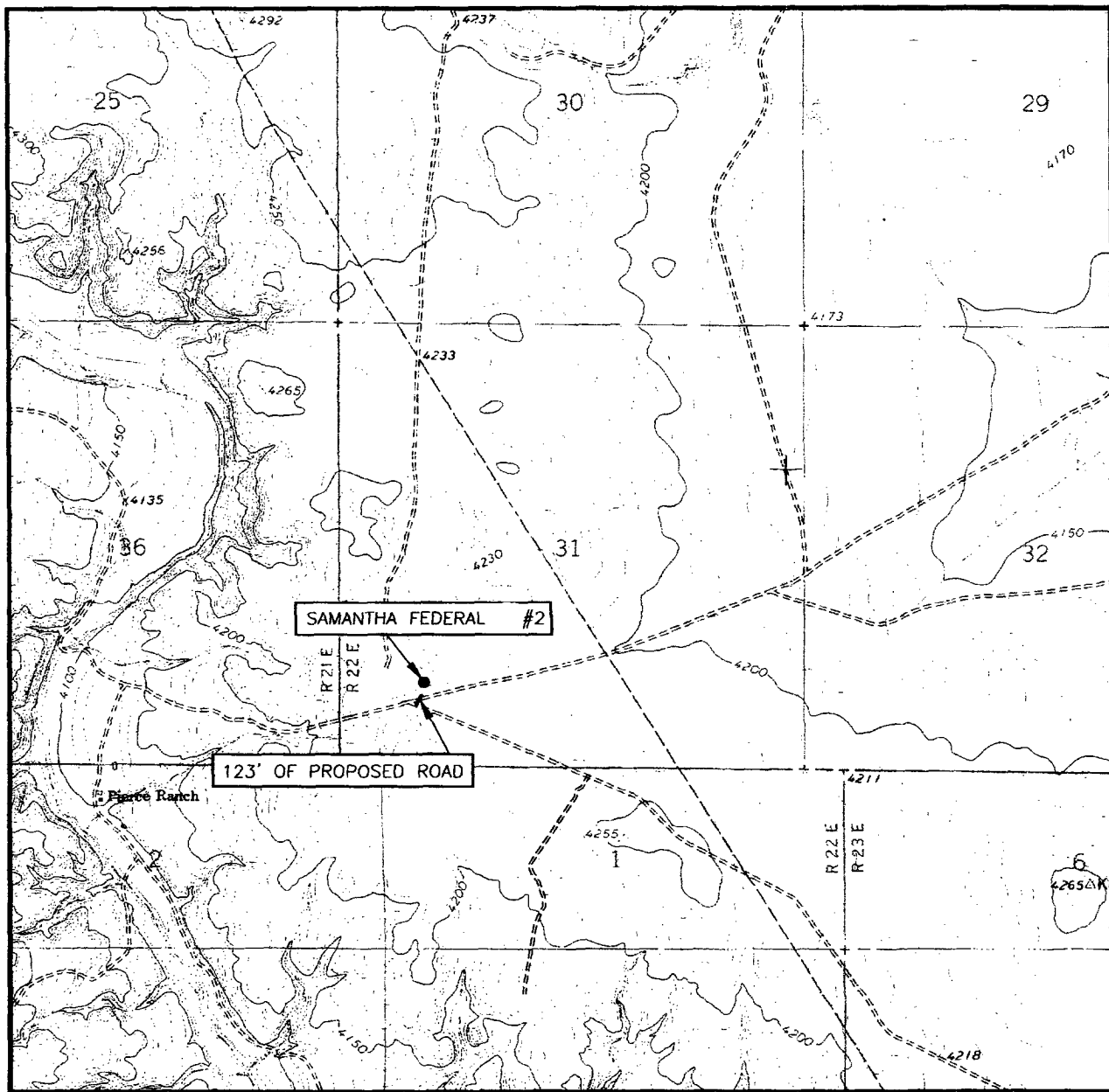
**PERTINENT INFORMATION**

FOR  
MCKAY OIL CORPORATION  
SAMANTHA FEDERAL #2  
990' FSL & 990' FWL Sec. 31, T5S, R22E

Chaves County, New Mexico

<u>LOCATED:</u>	25 air miles Northwest of Roswell, NM.
<u>LEASE NUMBER:</u>	NM 88084
<u>LEASE ISSUED:</u>	3/1/1992
<u>RECORD LESSEE:</u>	McKay Petroleum Corporation
<u>BOND COVERAGE:</u>	Operator's \$25,000 Statewide
<u>AUTHORITY TO OPERATE:</u>	Assignment of Operating Rights
<u>ACRES IN LEASE:</u>	640.00
<u>SURFACE OWNERSHIP:</u>	Federal
<u>OWNER:</u>	USA-BLM
<u>POOL RULES:</u>	General Statewide Rules
<u>EXHIBITS:</u>	A. Road and Well Map B. Contour Map C. Rig Layout D. BOP Diagram E. Lease Map

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 31 TWP. 5-S RGE. 22-E

SURVEY N.M.P.M.

COUNTY CHAVES

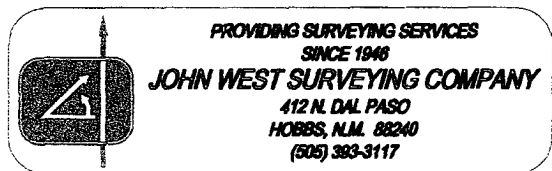
DESCRIPTION 990' FSL & 990' FWL

ELEVATION 4219'

OPERATOR McKAY OIL CORPORATION

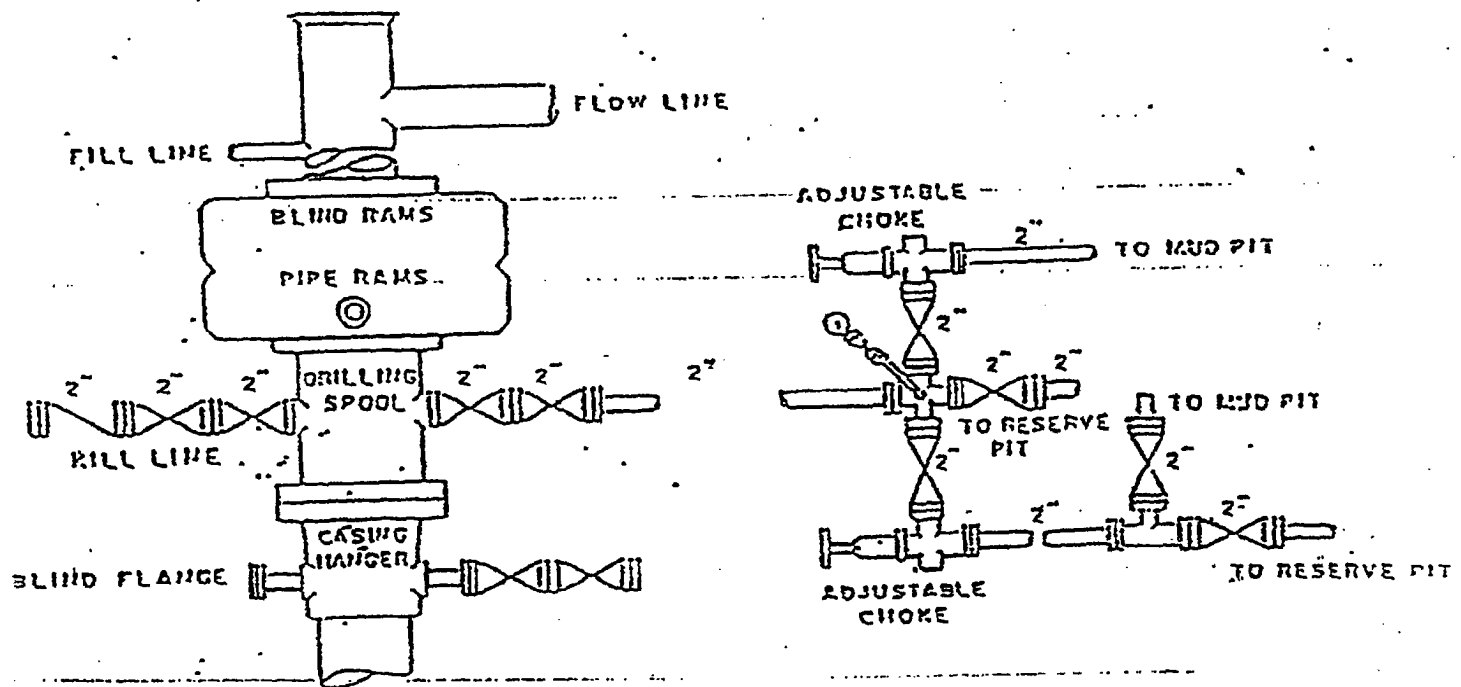
LEASE SAMANTHA FEDERAL

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



McKay Oil Corporation  
Samantha Federal #2  
SESW of Section 31, T5S, R22E  
Chaves County, New Mexico

EXHIBIT "D"



## SUPPLEMENTAL DRILLING DATA

MCKAY OIL CORPORATION  
SAMANTHA FEDERAL #2  
990' FSL & 990' FWL Sec. 31, T5S, R22E

Chaves County, New Mexico

The following items supplement Form 3160-3 in accordance with instruction contained in Onshore Oil and Gas Order No. 1:

1. SURFACE FORMATION: San Andres

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Yeso - 937'  
Tubb - 2433'  
Abo - 2661'

3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATIONS:

Fresh Water - In surface formation above 600'  
Gas - In Abo Formation below 2661'

4. PROPOSED CASING PROGRAM:

12-1/4" hole	8-5/8" <del>X-42</del> J-55	24#	950' +
7-7/8" hole	5-1/2" J-55	15.5#	TD

5. PROPOSED CEMENTING PROGRAM:

Surface to 950'	class "C" - 350 sxs cemented and circulated to surface.
Production Casing	class "C" - 300 sxs cemented with adequate cover.

6. PROPOSED DRILLING PROGRAM:

McKay Oil Corporation proposes to drill and test the ABO formation. Approximately 950' of surface casing will be set and cemented to surface. 5-1/2" production casing will be set and cemented with adequate cover, perforated and stimulated as needed for production.

7. PRESSURE CONTROL EQUIPMENT: Blowout preventer will consist of 2 ram, 2M system. A sketch of the BOP is attached.
8. CIRCULATION MEDIUM: Mud Drilling
9. AUXILIARY EQUIPMENT: Full-opening drill string safety valve fit for the drill string in use, will be kept on the rig floor at all times.
10. TESTING, LOGGING AND CORING PROGRAM:
  - Samples: Catch samples from surface to TD.
  - DST's: None.
  - Logging: GR-CNL, Dual Lateral MSFL from surface to TD.
  - Coring: None.
11. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:  
None anticipated.
12. ANTICIPATED STARTING DATE: On or before December 1, 2005  
Drilling should be completed within 10 days. Completion operations (perforations and stimulation) will follow drilling operations.



## MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MCKAY OIL CORPORATION  
SAMANTHA FEDERAL #2  
990' FSL & 990' FWL Sec. 31, T5S, R22E

Chaves County, New Mexico

NM 88084

This plan is submitted with the application for permit to drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

### 1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a road map showing the location of the proposed well is staked. The well is approximately 21 miles north of Roswell, NM.
- B. Directions: From the Intersection of US Highway #208 and County Road #40 (Stargrass Road) go west on County Road #40 for approximately 2.5 miles to a caliche road on the right. Turn right (North) and go approximately 2.0 miles, turn left (West) and go approximately 1.0 miles, turn right (North) and go approximately 0.15 miles past cattle guard. Turn west and go approximately 2.5 miles. This location is approximately 300' North.

### 2. PLANNED ACCESS ROAD:

- A. Length and Width: None.
- B. Surface Materials: Sand, gravel and caliche where needed.
- C. Turnouts: None
- D. Maximum Grade: No more than 3%.
- E. Drain Design: Road will have drainage ditches on both sides and a crowned top, with culverts and/or low water crossings as necessary.
- F. Culverts: None.

G. Cuts and Fill: None.

H. Gates, Cattle guards: None needed. Already in place.

I. Top Soil: Very little. (Stockpiled on Northeast Corner)

3. LOCATION OF EXISTING WELLS:

A. A map indicating the location of adjacent wells is attached.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A: See Exhibit "A" for location of existing lease wells. If the well is commercial, production facilities and tank battery will be constructed.

B. Cuts and Fills: Less than 10' of cut and fill will be required for the pad size of 300' x 300'. (See Exhibit "D")

C. Top Soil: Any top soil which can sustain plant vegetation will be bladed and piled for future rehabilitation.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water will be purchased from a commercial source and trucked to the location over existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Closest Pit to the location.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during test will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.

D. Current laws and regulations pertaining to the disposal of human waste will be complied with.

E. Trash, waste paper, garbage, and junk will be placed in portable receptacles and hauled from the location upon completion of drilling and completion operations.

F. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None necessary.

9. WELL SITE LAYOUT:

A. Exhibit "C" indicates the relation location and dimensions of the well pad, mud pits, reserve pit and major rig equipment.

B. The location slopes very slightly to the east and southeast.

C. The reserve pit will be lined with plastic to prevent loss of water.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing conditions as possible.

B. Any unguarded pits containing fluids will be fenced until they are filled.

C. If the well is non-productive or abandoned, the disturbed area will be rehabilitated using the preserved soil mentioned in 2.I. and 4.C.

11. OTHER INFORMATION:

A. Topography: The topography is flat in the vicinity of the access road and northeast in the vicinity of the drill pad. Regional slope is south-southwest toward the Arroyo del Macho which is south of the location.

B. Soil: Sandy loam with limestone outcropping.

C. Flora and Fauna: The flora consists of typical desert vegetation, such as yucca, cactus and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, deer and antelope.

D. Ponds and Streams: Arroyo del Macho south-southwest of the proposed location.

E. Residences and other Structures: The Marion Cox ranch house (old Pierce Ranch) is approximately 1 mile to the southwest.

F. Archaeological, Historical and Other Cultural Sites: An Archaeologist from Bent, NM will be contracted to check and approve this site and access road.

G. Land Use: Grazing.

H. Surface Ownership: USA-BLM.


12. OPERATOR'S REPRESENTATIVE:

Humberto Perez  
Roswell, New Mexico  
(505) 623-4735 (O)  
(505) 626-8580 (C)

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exists; that the statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by MCKAY OIL CORPORATION and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.

  
SIGNATURE

  
DATE

**Southwest Petroleum  
Land Services, LLC**

100 N. Pennsylvania  
Roswell, NM 88203  
(505) 622-6713  
(505) 622-9282 fax

September 21, 2005

Oil Conservation Division  
Bryan Arrant  
1301 W. Grand Avenue  
Artesia, NM

Re: H2S Contingency Plan-Samantha Federal #2

Bryan,

Please see attached Contingency Plan-H2S for the Samantha Federal #2 located in Sec 31, T5S, R22E 990' FSL & 990' FWL in Chaves County. Should you need any further information, please contact me at 505-626-6879.

Sincerely,

Jim Schultz  
Agent for McKay Oil Corporation

MCKAY OIL CORPORATION  
PO BOX 2014  
ROSWELL, NM 88202-2014  
505-623-4735

HYDROGEN SULFIDE (H<sub>2</sub>S) CONTINGENCY PLAN FOR THE  
SAMANTHA FEDERAL #2  
LOCATED IN SEC 31, T5S, R22E IN  
CHAVES COUNTY, NEW MEXICO

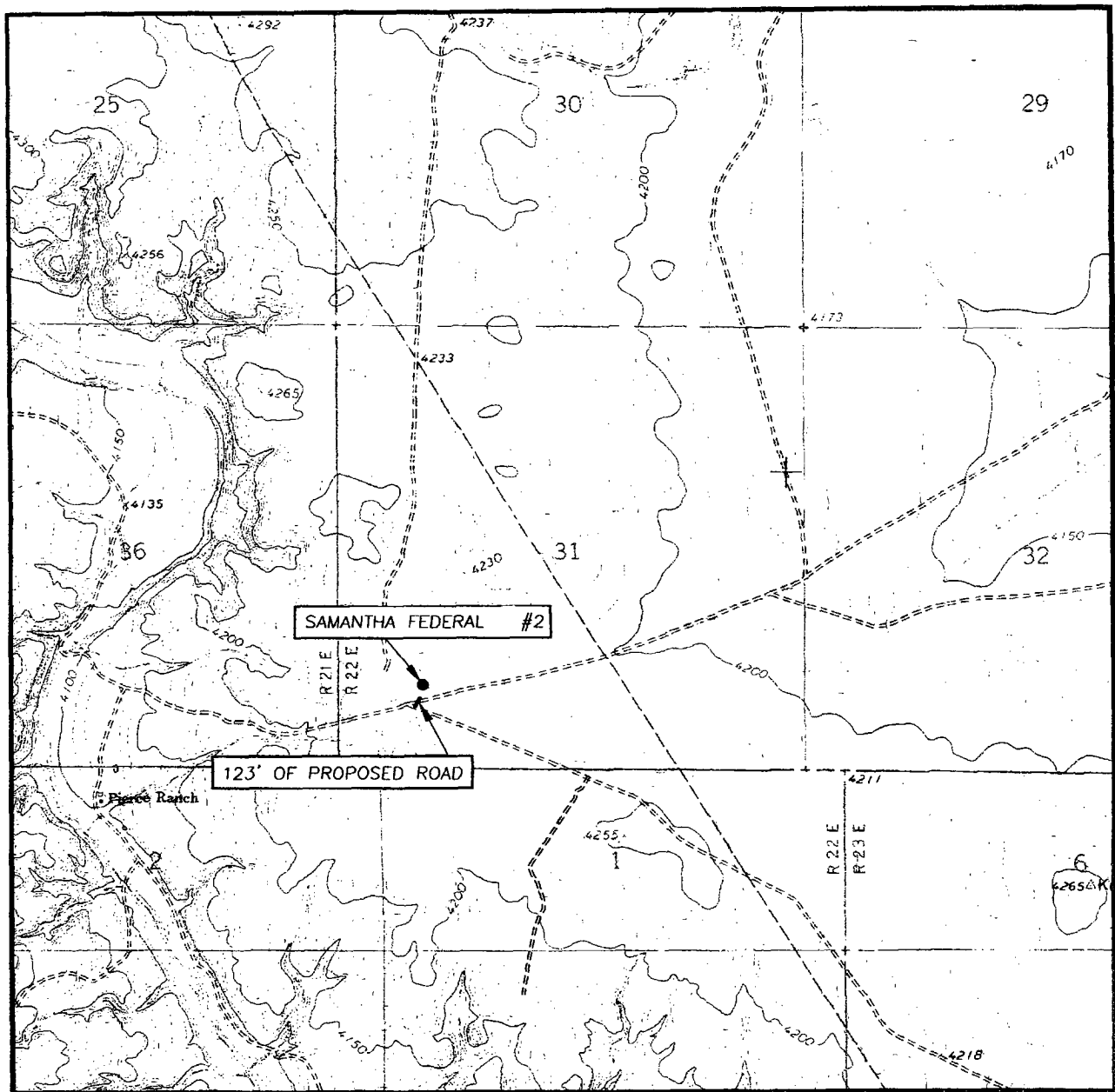
NO HYDROGEN SULFIDE OR OTHER HAZARDOUS GASES OR FLUIDS HAVE  
BEEN ENCOUNTERED, REPORTED OR KNOWN TO EXIST AT THIS DEPTH IN  
THIS AREA.

## **SAMANTHA FEDERAL #2**

This is an open drilling Site. H2S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H2S, including warning signs, wind indicators and H2S monitor. Pumpers carry (MICROPACKS) H2S pocket testers at all times. Pulling units have an H2S indicator that puts off light and alarm on any indication of H2S being present.

MAPS – SEE ATTACHED

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

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

SEC. 31 TWP. 5-S RGE. 22-E

SURVEY N.M.P.M.

COUNTY CHAVES

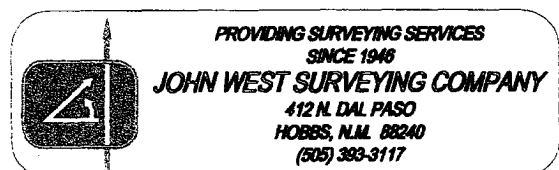
DESCRIPTION 990' FSL & 990' FWL

ELEVATION 4219'

OPERATOR McKAY OIL CORPORATION

LEASE SAMANTHA FEDERAL

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





## EMERGENCY PROCEDURES

In the case of a release of gas containing H<sub>2</sub>S, the first responder must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder must evacuate any public spaces encompassed by the 100 ppm ROE. First responder must take care not to injure themselves during this operation. Company and or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H<sub>2</sub>S measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H<sub>2</sub>S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries occur during the response.

## IGNITION OF GAS SOURCE

Should control of the well be considered lost and ignition considered, take care to protect against exposure of sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

## CHARACTERISTICS OF H<sub>2</sub>S & SO<sub>2</sub>

COMMON NAME	CHEMICAL FORMULA	SPECIFIC GRAVITY	THRESHOLD LIMIT	HAZARDOUS LIMIT	LETHAL CONCENTRATION
HYDROGEN SULFIDE	H <sub>2</sub> S	1.189 AIR=1	10 PPM <sub>4</sub>	100 PPM/HR	600 PPM
SULFUR DIOXIDE	SO <sub>2</sub>	2.21 AIR=1	2 PPM	N/A	1000 PPM

## CONTACTING AUTHORITIES

McKay Oil Corporation personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. be prepared with all information available. The following call list of essential and potential responders must be in coordination with the State of New Mexico's Hazardous Materials Emergency Response Plan (HMER).

## MCKAY OIL CORPORATION CALL LIST

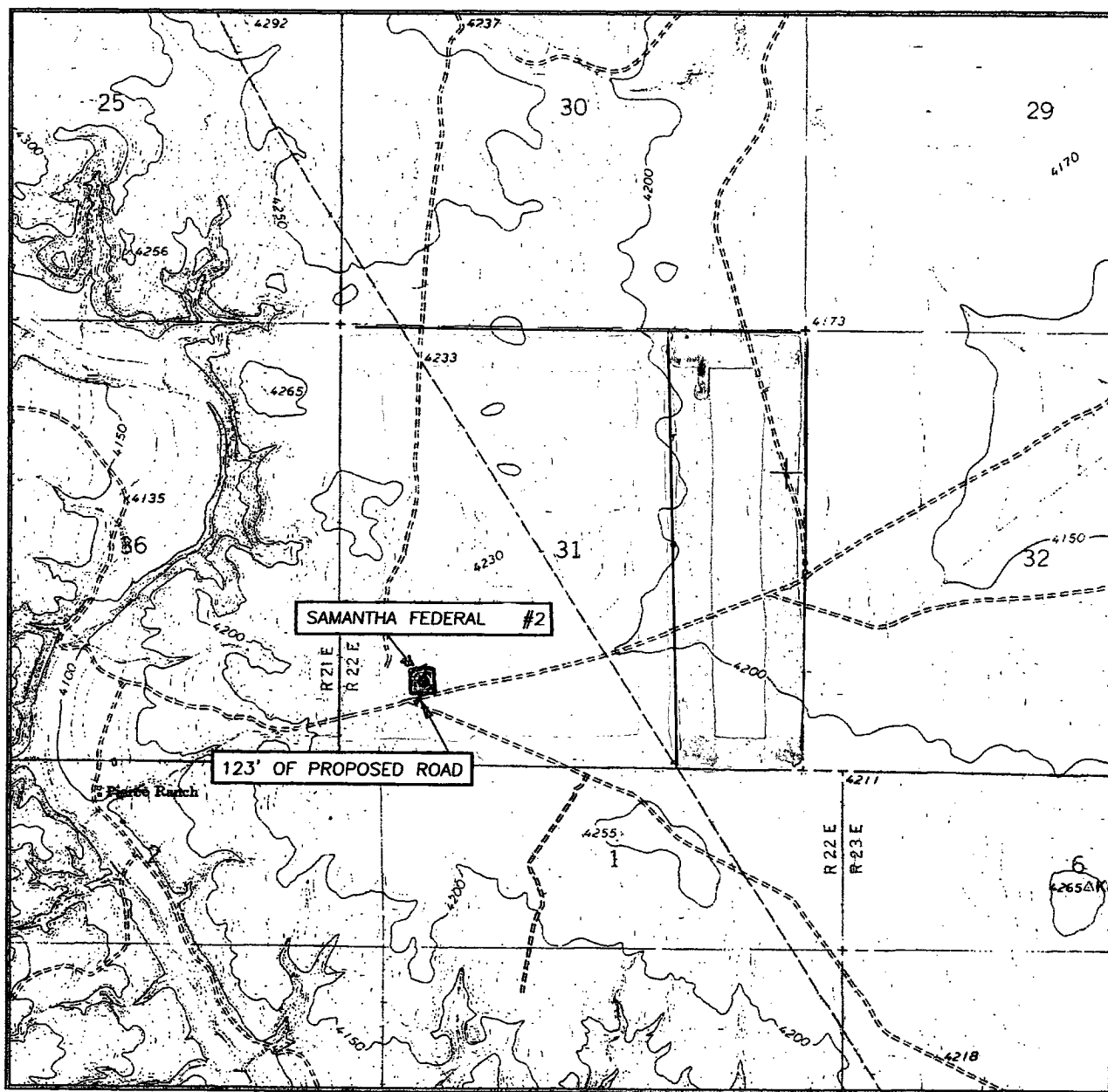
CHAVES COUNTY (505)	OFFICE	CELL PHONE	HOME PHONE
HUMBERTO PEREZ	625-1154	626-8580	627-1985
JIM ROBINSON	625-1154	626-8579	624-1093
APRIL MCKAY	623-4735	626-8575	625-2848

### CHAVES COUNTY (505) ROSWELL

STATE POLICE	622-7200
CITY POLICE	911 or 624-6770
SHERIFF'S OFFICE	624-6500
AMBULANCE	911
FIRE DEPARTMENT	624-6800
LEPC (Local Emergency Planning Committee)	Teresa Barncastle 624-6770 ext 129
NMOCD	748-1283
ENMMC (Hospital)	622-8170

# Exhibit A

OPERATORS NAME: McKay Oil Corporation LEASE NO.: NM-88084  
WELL NAME & NO: Samantha Federal #2  
QUARTER/QUARTER & FOOTAGE: SW $\frac{1}{4}$ SW $\frac{1}{4}$  - 990' FSL & 990' FWL  
LOCATION: Section 31, T. 5 S., R. 22 E., NMPM  
COUNTY: Chaves County, New Mexico



**III. DRILLING OPERATION REQUIREMENTS:**

**A. GENERAL DRILLING REQUIREMENTS:**

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 in sufficient time for a representative to witness:

A. Spudding    B. Cementing casing: 8 $\frac{5}{8}$  inch 5 $\frac{1}{2}$  inch    C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

**B. CASING:**

1. The 8 $\frac{5}{8}$  inch surface casing shall be set at 950' and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5 $\frac{1}{2}$  inch intermediate casing is **cement shall extend upward a minimum of 500 feet above the uppermost perforation.**

**C. PRESSURE CONTROL:**

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8 $\frac{5}{8}$  inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- A. The results of the test shall be reported to the appropriate BLM office.
- B. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- C. Testing must be done in a safe workman-like manner. Hard line connections shall be required.

**IV. ON LEASE - WELL REQUIREMENTS:**

A. The holder shall post signs identifying the location permitted herein with the requirements contained in Onshore Oil and Gas Order #1 and 43 CFR 3162.6.

B. The following data is required on the well sign that shall be posted in a conspicuous place on the well pad. The sign shall be kept up with current identification and shall be legible for as long as the well is in existence:

Operator Name: McKay Oil Corporation  
Well Name & No.: Samantha Federal #2  
Lease No.: NM-88084  
Footage: 990' FSL & 990' FWL  
Location: Section 31, T. 5 S., R. 22 E.

C. UPON ABANDONMENT OF THE WELL, THE SAME INFORMATION SHALL BE INSCRIBED ON THE DRY HOLE MARKER WITH A BEADED WELD.

D. The approval of the APD does not in any way imply or grant approval of any on-lease, off-lease, or off-unit action(s). It is the responsibility of the holder to obtain other approval(s) such as rights-of-way from the Roswell Field Office or other agencies, including private surface landowner(s).

E. All vehicles, including caterpillar track-type tractors, motor graders, off-highway trucks and any other type of motorized equipment that is used in the construction of the access road and well pad shall be confined to the area(s) herein approved. The drilling rig that is used to drill the well shall also be confined to the approved area(s).

**F. Containment Structure Requirement:**

1. A containment structure or earthen dike shall be constructed and maintained around all storage facilities/batteries. The containment structure or earthen dike shall surround the storage facilities/batteries.
2. The containment structure or earthen dike shall be constructed two (2) feet high around the facilities/batteries (the containment structure or earthen dike can be constructed higher than the two (2) feet high minimum).
3. The perimeter of the containment structure or earthen dike can be constructed substantial larger for greater holding capacity of the contents of the largest tank.
4. The containment structure or earthen dike shall be constructed so that in case of a spill the structure can contain the entire contents of the largest tank, plus 24 hour production, within the containment structure or earthen dike, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

**G. Painting Requirement:**

All above-ground structures (e.g.: meter houses, tanks, above ground pipelines, and related appurtenance, etc.) not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for painting all the well facilities is *Olive Drab 18-0622 TPX from the supplemental environmental color chart.*

**H. Fence Requirement:**

The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. On private surface the holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates shall be allowed unless approved by the Authorized Officer.

**I. Open-vent Exhaust Stack Requirements:**

1. All open-vent exhaust stacks associated with heater-treater, separators and dehydrator units shall be modified to prevent birds and bats from entering them and to the extent practical to discourage perching and nesting.
2. New production equipment installed on federal leases after November 1<sup>st</sup>, 1993, shall have the open-vent exhaust stacks constructed to prevent the entry of birds and bats and to the extent practical, to discourage perching, and nesting.

**V. Invasive and Noxious Weeds Requirement:**

A. The holder shall be held responsible if noxious weeds become established within the area. Evaluation of the growth of noxious weeds shall be made upon discovery. Weed control will be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipelines, and adjacent land affected by the establishment of weeds due to this action. The holder is responsible for consultation with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policy.

B. The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad and resulting well are not polluted with invasive and noxious weed seed. Transporting of invasive and noxious weed seed could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

**VI. SPECIAL REQUIREMENT(S): NONE**