

FROM :

FAX NO. :5056229282

Jun. 23 2008 11:14AM P1



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

30-005-63986

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

January 23, 2008

Mr. James L. Schultz
Southwest Petroleum Land Services L.L.C.
100 N. Pennsylvania
Roswell, NM 88203

Re: **McKay Oil Corporation**
Charlotte B Fee Well No. 2
F-17-6S-23E
Chaves County

Dear Mr. Schultz:

I have before me your application, on behalf of McKay Oil Corporation (McKay), for approval of a non-standard location for this well. The requested location is 2130 feet from the North line and 1650 feet from the West line (Unit F) of Section 17, Township 6 South, Range 23 East, NMPM, in Chaves County, New Mexico.

Although the application does not clearly state the pool in which McKay intends to complete this well, it appears from the geologic information attached, and from the notation "160 acres" in the box for "Dedicated Acres" of the attached form C-102, that this is to be an Abo Gas well. As such it would be located in the West Pecos Slope-Abo Gas Pool.

By Order R-9976-E, effective January 3, 2008, the Special Pool Rules for the West Pecos Slope-Abo Gas Pool were amended to reduce the set-back from unit boundaries from 660 feet to 330 feet. Accordingly, it appears that the proposed location is orthodox, and NSL approval is not required.

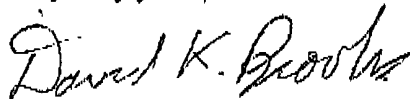
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Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

A handwritten signature in cursive script that reads "David K. Brooks".

David K. Brooks,
Legal Examiner
david.brooks@state.nm.us

cc: New Mexico Oil Conservation Division - Artesia

McKay Oil Corporation

Roy L. McKay, President

Mailing Address: P.O. Box 2014 Roswell, NM 88202 * Telephone 505 / 623 - 4735
Street Address: One McKay Place Roswell, NM 88201 * Fax No. 505 / 624 - 2202OIL
&
GAS**FAX**

Date: 6/24/08

To: Kim Wilson
Fax No: (575) 748-9720
Phone No:From: Carol Shanks
Fax No: 505-624-2202
Phone No: 505-623-4735

Pages: 3 (incl cover)

Subject: Charlotte "B" Fee #2

Kim - can this letter from David Brooks be
scanned into OCD's system?I understand we do not require an NSL now.
The ARD can be approved? thank you! cs

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Thank You!