N.M. Oil Cons. DIV-Dist. 2 1301 W. Grand Avenue

Form 3160-5 (April 2004)

UNITED STATES Artesia, NM 88210 DEPARTMENT OF THE INTERIOR

OM B No 1004-0137 Expires March 31, 2007

W. Pecos ABO Slope

11 County or Parish, State

JUN - 2 2009

1 Type of Well

3a. Address

TÖıl Well

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

2130'FSL & 330'FWL, Sec. 25, T6S, R22E

BUREAU OF LAND MANAGEMENT 5 Lease Senal No NM 36190 SUNDRY NOTICES AND REPORTS ON WELLS 6 If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals. 7 If Unit or CA/Agreement, Name and/or No SUBMIT IN TRIPLICATE- Other instructions on reverse side. **√** Gas Well 8 Well Name and No. Remmele B Fed. #5 2 Name of Operator McKay Oil Corporation 3b Phone No (include area code) PO Box 2014, Roswell, NM 88202-2014 505.623.4735 10. Field and Pool, or Exploratory Area

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

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 3160-4 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)

If well is completed as a commercially producing well, Operator desires to lay a 2" polypipe on surface to produce (natural gas) the well in to a low pressure line as set forth on Exhibit "A".



| 14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) | | | |
|--|---------------------------------------|---|---------------|
| James L. Schultz | Title Agent | Title Agent | |
| Signature Jas Muly | Date | 04/13/2006 | |
| THIS SPACE FOR | FEDERAL OR STATE O | FFICE USE | |
| Approved by | Title | Date | |
| 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 | | | |
| Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it | ta crime for any person knowingly and | willfully to make to any department or a cons | of the United |

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

Exhibit "A"

McKay Oil Corp. Remmele Federal B #5 NW4SW4, Sec. 25, T6S, R22E Chaves County, NM

Additional Pipeline Information

- 1. The entire pipeline route as shown on the attached plat is on lease. No right-of-way will be required.
- 2. The pipeline tie-in point is approximately 1,628'FWL & 2220'FSL of Sec. 25, T6S, R22E.
- 3. The pipeline will be a 2" polyethylene pipe, laid on surface north along the east side of the new access road (being/approximately 200' long) and then east on the south side of the existing access road (being approximately 1990' long) to the tie-in point. The pipeline will be located within 15' of the edge of the new access road and existing access road. The entire pipeline route falls with the archeological surveyed area for the new access road and existing access road.
- 4. The construction and lying of the pipeline will not involve any new surface disturbance (utilizing the new access road and existing access road) and therefore, no reclamation procedures are necessary.
- 5. The pipeline route will not cross any transportation routes, including access roads, and therefore does not need to be protected from vehicular traffic. (See attached plat). Further, no sign postings will be required.
- 6. The 2" polyethylene pipe will be connected to a 6" steel pipeline at the tie-in point utilizing a 2" steel "T" connection and a 1,200 PSI pressure coupling. This has been standard industrial practice for over 20 years.

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