

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies 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	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 Revised June 10, 2003 WELL API NO. 30-005-63384 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> State Oil & Gas Lease No.
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WELL COMPLETION OR RECOMPLETION REPORT AND LOG													
1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____			7. Lease Name or Unit Agreement Name New Mexico "CS" State #3										
b. Type of Completion: NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER			RECEIVED FEB 18 2004										
2. Name of Operator McKay Oil Corporation			8. Well No. #3										
3. Address of Operator PO Box 2014 Roswell, NM 88202-2014			9. Pool name or Wildcat Pecos Slope Abo, West										
4. Well Location Unit Letter <u>B</u> : <u>660</u> Feet From The <u>North</u> Line and <u>1980</u> Feet From The <u>East</u> Line Section <u>2</u> Township <u>7S</u> Range <u>22E</u> NMPM Chaves County													
10. Date Spudded 1/13/04	11. Date T.D. Reached 1/21/04	12. Date Compl. (Ready to Prod.) 2/13/04	13. Elevations (DF& RKB, RT, GR, etc.) 4200	14. Elev. Casinghead									
15. Total Depth 3230	16. Plug Back T.D. 3201	17. If Multiple Compl. How Many Zones? N/A	18. Intervals Drilled By	Rotary Tools TD	Cable Tools								
19. Producing Interval(s), of this completion - Top, Bottom, Name 2816-2868				20. Was Directional Survey Made No									
21. Type Electric and Other Logs Run Cement Bond, Comp Neutron, Lateralog, Perf Record			22. Was Well Cored No										
23. CASING RECORD (Report all strings set in well)													
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED								
8 5/8	24	970	12 1/4	275 sks Class C 4% CaCl									
5 1/2	15.5	3201		200sks Premium Plus 2% CaCl									
24. LINER RECORD			25. TUBING RECORD										
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE								
					DEPTH SET								
					PACKER SET								
26. Perforation record (interval, size, and number) 2816-24 (4" 2spf) 18 2832-38 (4" 2spf) 14 2860-68 (4" 2spf) 18 2944-48 (4" 4spf) 20 2950-52 (4" 4spf) 12			27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="padding: 2px;">DEPTH INTERVAL</th> <th style="padding: 2px;">AMOUNT AND KIND MATERIAL USED</th> </tr> <tr> <td style="padding: 2px;">2944-2952</td> <td style="padding: 2px;">1000 Gals 10% NeFeHCl & 60 sealer balls</td> </tr> <tr> <td style="padding: 2px;">2816-2868</td> <td style="padding: 2px;">3000 Gals 10% NeFeHCl & 60 sealer balls</td> </tr> <tr> <td style="padding: 2px;">2924</td> <td style="padding: 2px;">Cast iron plug set</td> </tr> </table>			DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED	2944-2952	1000 Gals 10% NeFeHCl & 60 sealer balls	2816-2868	3000 Gals 10% NeFeHCl & 60 sealer balls	2924	Cast iron plug set
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED												
2944-2952	1000 Gals 10% NeFeHCl & 60 sealer balls												
2816-2868	3000 Gals 10% NeFeHCl & 60 sealer balls												
2924	Cast iron plug set												
28. PRODUCTION													
Date First Production 2/13/04		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing		Well Status (Prod. or Shut-in) Producing									
Date of Test 2/13/04	Hours Tested 4	Choke Size 16 /64	Prod'n For Test Period	Oil - Bbl none	Gas - MCF 228								
				Water - Bbl. none	Gas - Oil Ratio								
Flow Tubing Press. N/A	Casing Pressure 675	Calculated 24-Hour Rate	Oil - Bbl. none	Gas - MCF 1368	Water - Bbl. none								
29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold					Test Witnessed By Jim Robinson								
30. List Attachments													
31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief													

Signature	 Printed Name Nanette Whittington	Title Production Analyst	Date 2/13/04
E-mail Address	nanette@mckayoil.com		

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn. "B"
T. Salt	T. Strawn	T. Kirtland-Fruitland	T. Penn. "C"
B. Salt	T. Atoka	T. Pictured Cliffs	T. Penn. "D"
T. Yates	T. Miss	T. Cliff House	T. Leadville
T. 7 Rivers	T. Devonian	T. Menefee	T. Madison
T. Queen	T. Silurian	T. Point Lookout	T. Elbert
T. Grayburg	T. Montoya	T. Mancos	T. McCracken
T. San Andres	T. Simpson	T. Gallup	T. Ignacio Otzte
T. Glorieta	T. McKee	Base Greenhorn	T. Granite
T. Paddock	T. Ellenburger	T. Dakota	T.
T. Blinebry	T. Gr. Wash	T. Morrison	T.
T. Tubb 2330	T. Delaware Sand	T. Todilto	T.
T. Drinkard	T. Bone Springs	T. Entrada	T.
T. Abo 3010	T. Yeso 800	T. Wingate	T.
T. Wolfcamp	T.	T. Chinle	T.
T. Penn	T.	T. Permian	T.
T. Cisco (Bough C)	T.	T. Penn "A"	T.

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....
No. 2, from.....to.....
No. 3, from.....to.....
No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology

WELL NAME AND NUMBER New Mexico "CS" State No. 3 30-005-63384
LOCATION 660' FNL & 1980' FEL, Section 2, T7S, R22E, Lot B Chaves County NM
OPERATOR McKay Oil Corporation
DRILLING CONTRACTOR United Drilling, Inc.

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and had conducted deviation tests and obtained the following results:

<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>
<u>1/2° 516'</u>	<u> </u>	<u> </u>
<u>3/4° 1006'</u>	<u> </u>	<u> </u>
<u>1/2° 1514'</u>	<u> </u>	<u> </u>
<u>3/4° 2020'</u>	<u> </u>	<u> </u>
<u>3/4° 2492'</u>	<u> </u>	<u> </u>
<u>3/4° 2997'</u>	<u> </u>	<u> </u>
<u>3/4° 3230'</u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

RECEIVED

FFR 2-10-2004

OCD-ARTESIA

Drilling Contractor United Drilling, Inc.

By: George A. Aho
George A. Aho

Title: Business Manager

Subscribed and sworn to before me this 23rd day of January,
2004.

Carlene Martin
Notary Public

My Commission Expires:

10-04-04

Chaves New Mexico
County State