District I

Date: 1/27/04

Phone:505-623-4735

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico Energy, Minerals & Natural Resources

Form C-104.

Revised July 28, 2000. District II 811 South First, Artesia, NM 88210 Submit to Appropriate District Office. Oil Conservation Division District III 1220 South St. Francis Dr. 5 Copies. 1000 Rio Brazos Rd., Aztec, NM 87410 Santa Fe, NM 87505 AMENDED REPORT District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT Operator name and Address ² OGRID Number MCKAY OIL CORPORATION 014424 P.O. BOX 2014 3 Reason for Filing Code/ Effective Date ROSWELL, NEW MEXICO 88202-2014 PLACE WELL IN PRODUCTIVE STATUS 30 - 005-63/340 63615 ⁴ API Number 5 Pool Name ⁶ Pool Code WEST PECOS ABO SLOPE ⁷ Property Code Well Number * Property Name CACTUS B FEDERAL 26903 II. 10 Surface Location Section 35 Township Feet from the North/South Line SOUTH Feet from the East/West line County CHAVES Ul or lot no. Range 22E Lot.Idn 11 Bottom Hole Location Section North/South line East/West line County UL or lot no. Township Range Lot Idn Feet from the Feet from the 13 Producing Method FLOW 12 Lse Code Gas Connection Date 1/27/2004 15 C-129 Permit Number 16 C-129 Effective Date 17 C-129 Expiration Date III. Oil and Gas Transporters 18 Transporter OGRID 20 POD 21 O/G 22 POD ULSTR Location Transporter Name and Description and Address 015834 ABO GAS GATHERING 9104 G P.O. BOX 2014 ROSWELL, N.M. 88201 RECEIVED JAN 2 9 2004 OCD-ARTESIA IV. Produced Water 23 POD ¹⁴ POD ULSTR Location and Description V. Well Completion Data 30 DHC, MC 28 Spud Date 26 Ready Date ²⁷ TD [™] PBTD 29 Perforations 8/7/03 12/27/03 5450 5391 33 Depth Set 34 Sacks Cement 31 Hole Size 32 Casing & Tubing Size 500 sks Class C, 4% CaCl 12 1/4 8 5/8" 990 5 1/2" 3174 200 sks Premium Plus 50/50 POZ 2% CaCl, HALAD-23, 3# salt VI. Well Test Data 40 Csg. Pressure 35 Date New Oil Tbg. Pressure 36 Gas Delivery Date 37 Test Date Test Length 1/27/2004 1/27/2004 N/A 4 hours 710 45 AOF 4 Gas "Test Method 42 Oil 43 Water 41 Choke Size FLOWING NONE NONE 347 MCF 23/64 OIL CONSERVATION DIVISION ⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge Lim W. Bum and belief. Signature: Approved by: SUPERVISOR, DISTRICT II Printed name: Nanette Whittington Title: nanette@mckayoil.com Approval Date: Title: Production Analyst FEB 0 3 2004