

Submit 1 Copy To Appropriate District Office  
 District I - (575) 393-6161  
 1625 N. French Dr., Hobbs, NM 88240  
 District II - (575) 748-1283  
 811 S. First St., Artesia, NM 88210  
 District III - (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV - (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised August 1, 2011

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO. 30-045-35349
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Property Name: McKay
8. Well Number 1R
9. OGRID Number 10715
10. Pool name or Wildcat Basin Fruitland Coal, Aztec Pictured Cliffs
RCVD DEC 5 '13 OIL CONS. DIV. DIST. 3

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
McKay Oil and Gas, LLC

3. Address of Operator  
P.O. Box 14738 Albuquerque, NM 87191-4738

4. Well Location  
Unit Letter N : 381 feet from the South line and 2,255 feet from the West line  
Section 19 Township 29N Range 10W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5,465 feet GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p><b>NOTICE OF INTENTION TO:</b></p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>DOWNHOLE COMMINGLE <input type="checkbox"/></p> <p>OTHER: Extension of Application for Permit to Drill <input checked="" type="checkbox"/></p>	<p><b>SUBSEQUENT REPORT OF:</b></p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

McKay Oil and Gas, LLC is respectfully requesting a 2-year extension of the approved Application for Permit to Drill (APD) McKay 1R Basin Fruitland Coal and Aztec Pictured Cliffs Gas Well. If natural gas prices increase significantly by the third quarter of 2014 McKay Oil and Gas, LLC may move forward with the drilling of the McKay #1R Well. If natural gas prices are at current levels in the third quarter of 2014 McKay Oil and Gas, LLC will wait until the third quarter of 2015 to drill the McKay 1R Well. Attached for your information are pages 1 through 4 of the approved APD McKay 1R Well.

APD EXTENDED ONE (1) YEAR TO 1/26/2015

Spud Date:  Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Frank Welker TITLE: Petroleum Engineer DATE: 12-3-2013  
 Type or print name: Frank Welker E-mail address: frank@mckayoilandgas.com PHONE: 505.296.5508

**For State Use Only**

APPROVED BY: Walt Hagg TITLE: Deputy Oil & Gas Inspector, District #3 DATE: DEC 18 2013  
 Conditions of Approval (if any): PV