

Submit 3 Copies To Appropriate District Office
 District I
 625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., 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

Form C-103
 June 19, 2008

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

WELL API NO. 30-045-09918
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 Maxwell
8. Well Number #1
9. OGRID Number
10. Pool name or Wildcat Aztec PC/Flora Vista Fruitland Sands

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 X 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 _____ : 1850' feet from the FNL line and 1850 feet from the FWL line
 Section I Township 30N Range 12W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5818 GR

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

*Extend plug #1 to 1700'
 move plug #2 to 700-940*

McKay Oil and Gas, LLC will P&A the well per the following:

Move on and rig up a cementing unit. TOH with tubing. Round trip 5.5" gauge ring. RIH and set 5.5" CR at 2160'.
Plug #1 from 2160' to ~~1807'~~ with 55 sxs Class B cement (excess cement due to open perms). PUH and WOC. TIH and tag cement; if necessary top off cement. TOH. Pressure test casing to 800#. If casing does not test then spot or tag subsequent plugs as appropriate. TOH. Perforate 3 squeeze holes at 797'. Set 5.5" CR at 747'.
Plug #2 with 76 sxs outside and 28 sxs inside (total 104 sxs). LD tubing. Perforate 3 squeeze holes at 142'. Establish circulation.
Plug #3 spot cement from 142' to surface with 60 sxs Class B cement. WOC and tag cement. Top off casings as necessary. Cut off the wellhead and set a P&A marker. Record GPS coordinate for P&A marker on tower report. Photograph P&A marker in place. RD and MOL.

Spud Date: Rig Release Date:

OIL CONS. DIV DIST. 3
 JUL 13 2015

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

SIGNATURE Frank Welker TITLE Engineer DATE 7/8/2015
 Type or print name Frank Welker E-mail address: frank@mckayoilandgas.com PHONE: 505.296.5508

For State Use Only
 APPROVED BY: Brenda Hill TITLE DEPUTY OIL & GAS INSPECTOR DATE 7/17/15
 Conditions of Approval (if any): DISTRICT #3

3
 KC

Maxwell #1 Proposed P&A

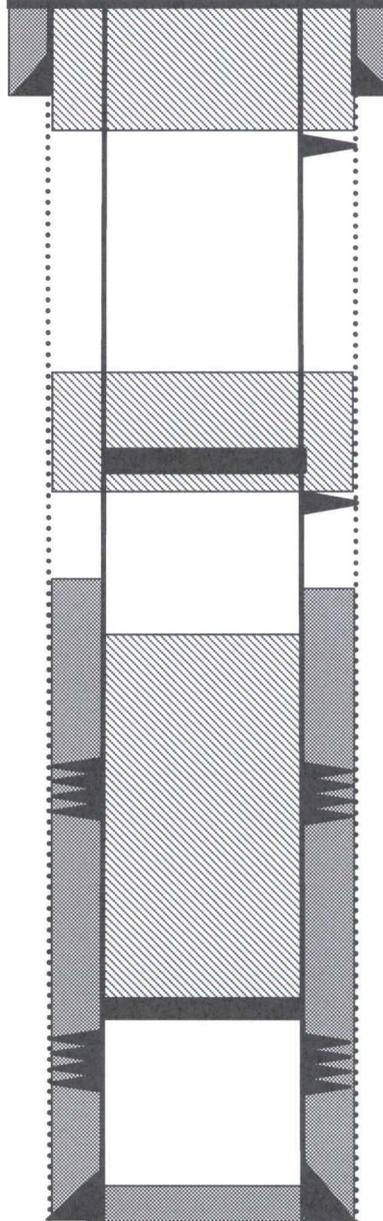
Aztec Pictured Cliffs / Flora Vista Fruitland Sand

1850' FNL & 1850' FWL, Section 1, T-30-N, R-12-W, San Juan County, NM

Lat: _____ / Long: _____ / API 30-045-09918

Today's Date: 9/5/14
Spud: 5/23/58
PC Comp: 6/2/58
FS Comp: 6/20/00
Elevation: 5818' GL

12-1/4" Hole



8-5/8", 28# Casing set @ 92'
Cement with 100 sxs, circulated to surface

Perforate @ 142'

Plug #3: 142' - 0'
Class B cement, 60 sxs

Plug #2: 797' - 602'
Class B cement, 104 sxs:
28 inside and 76 outside

Set CR @ 747'

Perforate @ 797'

TOC @ 1676' (CBL)

Plug #1: 2160' - 1807'
Class B cement, 55 sxs

Set CR @ 1981'

Fruitland Sand Perforations:
1931' - 1938'

Set CR @ 2160'

Pictured Cliffs Perforations:
2210' - 2228'

5.5", 14# casing set at 2295'
Cement with 200 sxs

2310' TD
2305' PTD

7-7/8" Hole

750'

Ojo Alamo @ 652' *est

890'

Kirtland @ 747' *est

1750'

Fruitland @ 1857' *est

Pictured Cliffs @ 2208'

McKay Oil & Gas, LLC
P.O. Box 14738
Albuquerque, NM 87191-4738
(505) 296-5508

State of New Mexico
Oil Conservation Division
District III
Attn: Mr. Charlie Perrin
1000 Rio Brazos Rd.
Aztec, NM 87410

July 8, 2015

OIL CONS. DIV DIST. 3

JUL 13 2015

RE: McKay Oil & Gas, LLC Maxwell #1 API No. 30-045-09918, San Juan County, NM.
Response to OCD Notice of Violation, OCD Rule 19.15.25.8 NMAC

Dear Mr. Perrin,

This letter is McKay Oil & Gas, LLC's (McKay) official response to your certified letter dated June 26, 2015 regarding the Maxwell #1 Gas Well being out of compliance with OCD Rule 19.15.25.8 NMAC. McKay will bring the Maxwell #1 into compliance by conducting a plug and abandonment (P&A) operation scheduled to begin on September 22, 2015.

Attached to this letter is a completed State of New Mexico OCD Form C-103 that describes the Maxwell #1 proposed P&A operation. McKay has included a wellbore schematic of the mechanical plugs and cement plugs that will be set inside and outside the production casing to accomplish the P&A operation.

Please contact me if you have any questions or require additional information regarding this important matter.

Respectfully Submitted,

McKay Oil & Gas, LLC



Frank Welker

Petroleum Engineer