

DATE IN 11.7.11	SUSPENSE	ENGINEER DKB	LOGGED IN 11.7.11	TYPE NSL	APP NO. 11.31141001
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



PTGW
 RECEIVED OGD
 2011 NOV 17
 McKay O. H. G. #12

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

DANA L. DELVENTHAL Dana J. Delventhal AGENT 11/3/11
 Print or Type Name Signature Title Date
 ddelventhal@qwest.net
 e-mail Address

November 3, 2011

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Non-Standard Location
McKay Oil & Gas, LLC (010715)
McKay No. 1R
Basin Fruitland Coal (71629)/ Aztec Pictured Cliffs (71280)
19N-29N-11W San Juan Co., NM

Dear Sirs:

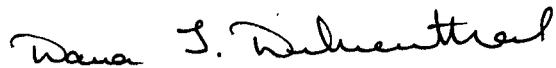
McKay Oil & Gas, LLC requests administrative approval for a non-standard gas well location in the Basin Fruitland Coal and Aztec Pictured Cliffs pools for its McKay No. 1R well.

The McKay No. 1R, a W/2 dedication, was staked in an unorthodox location due to the proximity of the San Juan River and associated wetlands as shown on the enclosed topographic map. In order to place the well in an accessible location, the well was staked 381' FSL, encroaching 279' south of the standard drilling window; and 2255' FWL, encroaching 275' east of the standard drilling window.

Please find enclosed a C102 plat showing the location of the well, a topographic map, and a map showing offset owners affected by the unorthodox location. Copies of green cards showing notification are also attached.

If you have any questions or need additional information, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,



Dana L. Delventhal
Agent

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised July, 16, 2010
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
		71629 / 71280		Basin Fruitland Coal / Aztec Pictured Cliffs	
⁴ Property Code		⁵ Property Name			⁶ Well Number
		McKAY			1R
⁷ OGRID No.		⁸ Operator Name			⁹ Elevation
010715		McKAY OIL & GAS			5465'

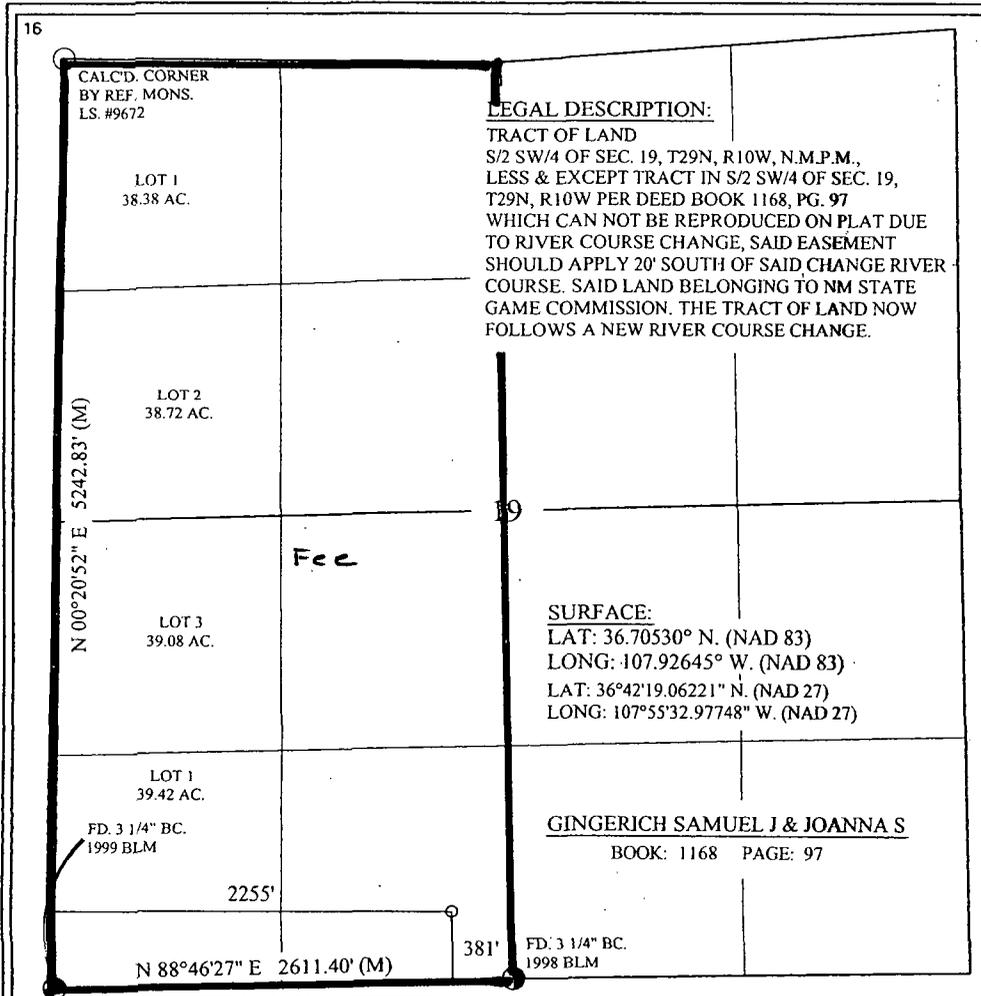
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	19	29-N	10-W		381	SOUTH	2255	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			
320/160		J		C					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Dana Delventhal
10/27/11
Signature Date

Dana Delventhal, Agent
Printed Name

ddelventhal@qwest.net
E-mail Address

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SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 3 2011
Date of Survey

[Signature]
Signature and Seal of Professional Surveyor

ROY A. RUSH
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
8894

8894
Certificate Number

McKAY OIL & GAS

McKAY No. 1R

SE/4 SW/4, SEC. 19, T-29-N, R-10-W, N.M.P.M.,

SAN JUAN COUNTY, NEW MEXICO

381 FSL 2255 FWL

NO NEW ACCESS

McKAY No. 1R

LAT: 36.70530 N (NAD 83)

LONG: 107.92645 W (NAD 83)

LAT: 36-42-19.06221 N (NAD 27)

LONG: 107-55-32.97748 W (NAD 27)

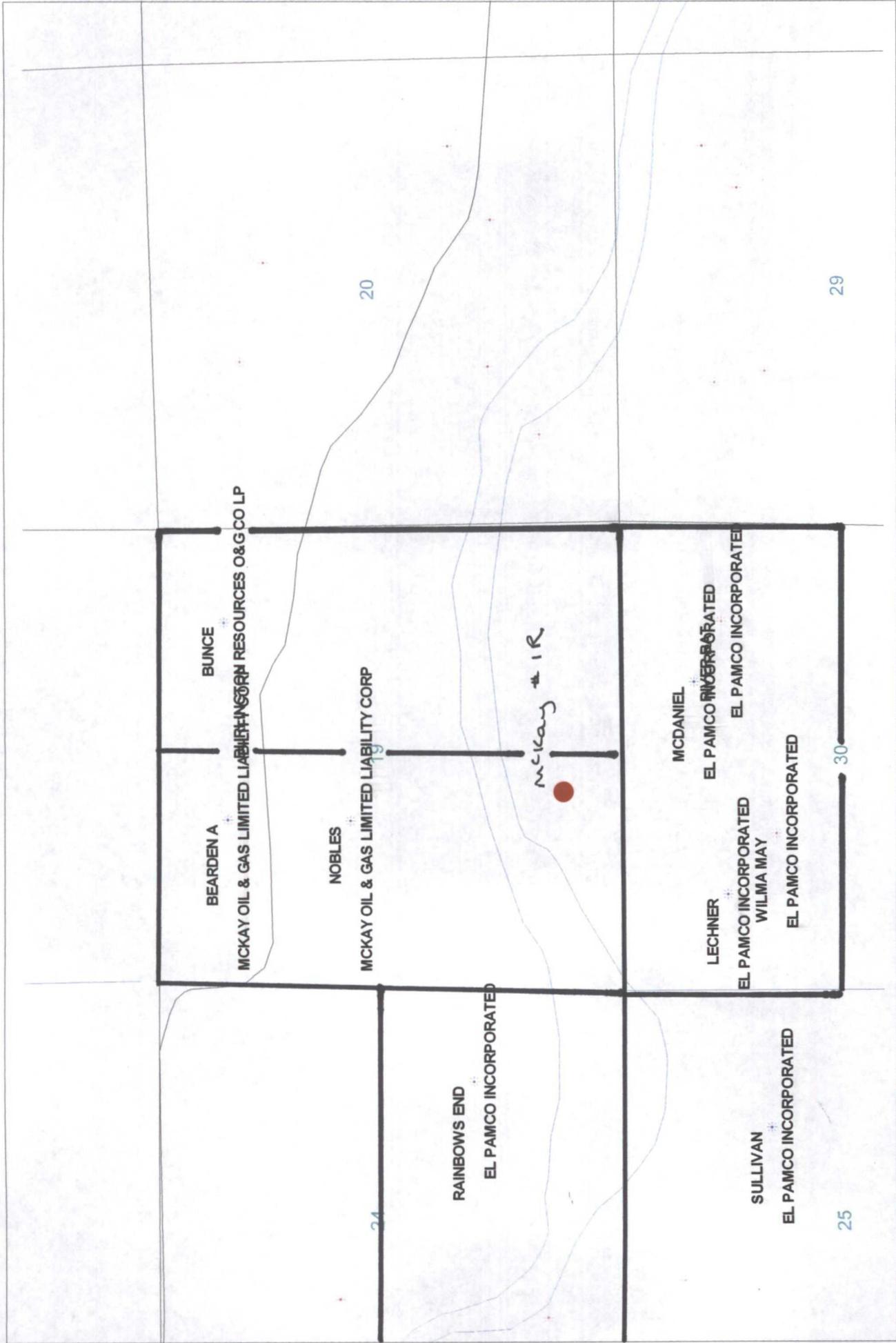
EXISTING ACCESS

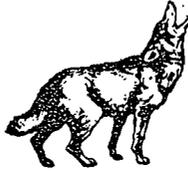
**THIS MAP IS FOR ESTIMATING PURPOSES ONLY.
CONSTRUCTION FOOTAGES ARE APPROXIMATE.**

PowerTools Map

Project: c:\program files\ihs energy\powerools v9.0\projects\mckay1r.mdb

Date: 11/3/2011
Time: 11:53 AM





REDWOLF PRODUCTION, INC.

October 28, 2011

El Pamco, Inc.
P. O. Box 14738
Albuquerque, NM 87191
Attn: Mr. Bill Mayhew

Dear Mr. Mayhew:

As required by the New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is only a notice, and no action is necessary unless you have questions or objections.

McKay Oil and Gas, LLC is applying to drill its McKay No. 1R gas well. The state requires a minimum distance of 660' from the exterior of the half section spacing unit. The well will be located 381' from the south line and 385' from the ½ section line of Section 19, Township 29 North, Range 10 West. Thus, it will be drilled 279' further south and 275' further east than is standard. The nonstandard location is necessary due to the proximity of the San Juan River to the north.

Well Name:	McKay No. 1R
Estimated TD:	1800'
Proposed NSL Formation:	Basin Fruitland Coal / Aztec Pictured Cliffs
Location:	381' FSL & 2255' FWL, Section 19, T29 N, R10W, San Juan Co., NM
Applicant Name:	McKay Oil and Gas, LLC
Applicant's Address:	P. O. Box 14738 Albuquerque, NM 87191

Application for a nonstandard well location will be filed with the New Mexico Oil Conservation Division (NMOCD). Any objections must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr., Santa Fe, NM 87505. Their phone number is (505) 476-3440.

If you have any questions, please give me a call at (505) 326-4125.

Sincerely,

Dana Delventhal



REDWOLF PRODUCTION, INC.

October 28, 2011

Burlington Resources Oil and Gas Co., LP
P. O. Box 4289
Farmington, NM 87499

Dear Sirs:

As required by the New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is only a notice, and no action is necessary unless you have questions or objections.

McKay Oil and Gas, LLC is applying to drill its McKay No. 1R gas well. The state requires a minimum distance of 660' from the exterior of the half section spacing unit. The well will be located 381' from the south line and 385' from the 1/2 section line of Section 19, Township 29 North, Range 10 West. Thus, it will be drilled 279' further south and 275' further east than is standard. The nonstandard location is necessary due to the proximity of the San Juan River to the north.

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Estimated TD:	1800'
Proposed NSL Formation:	Basin Fruitland Coal / Aztec Pictured Cliffs
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Application for a nonstandard well location will be filed with the New Mexico Oil Conservation Division (NMOCD). Any objections must be filed in writing within 20 days from the date the NMOCD receives the application. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr., Santa Fe, NM 87505. Their phone number is (505) 476-3440.

If you have any questions, please give me a call at (505) 326-4125.

Sincerely,

Dana Delventhal

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

El Pamco, Inc.
 P. O. Box 14738
 Albuquerque, NM 87191
 Attn: Mr. Bill Mayhew

2. Article Number

(Transfer from service label) 7004 2890 0002 7602 7996

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Bill Mayhew* Agent Addressee

B. Received by (Printed Name)

CVS Mart

C. Date of Delivery

*10/31/11*D. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Burlington Resources
 Oil and Gas Co, LP
 P. O. Box 4289
 Farmington, NM 87499

2. Article Number

(Transfer from service label) 7004 2890 0002 7602 8009

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Greg Cross* Agent Addressee

B. Received by (Printed Name)

Greg Cross

C. Date of Delivery

*10/31/11*D. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes