

ABOVE THIS LINE FOR DIVISION USE ONLY

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



**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.

Print or Type Name

Signature

Title

Date

e-mail Address

**SOUTHWEST PETROLEUM LAND SERVICES L.L.C.**

**100 N. PENNSYLVANIA  
ROSWELL, NEW MEXICO 88203**

(505) 622-6713 OFFICE  
(505) 626-6879 CELLPHONE

(505) 622-9282 FAX  
(505) 622-3615 HM

July 19, 2005

Oil Conservation Division  
New Mexico State Land Office  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

RE: McKay Oil Corp.  
Non-Standard Location of the Lookout B Fed. #5  
Township 6 South, Range 22 East, NMPM, Sec. 9, Unit P  
Chaves County, NM

RECEIVED

AUG 15 2005

OIL CONSERVATION  
DIVISION

30-005 - 62357

Gentlemen:

McKay Oil Corp. desire to drill a location 1,310' from the south line, and 400' from the east line of Unit P in Sec. 9 of Township 6 South, Range 22 East, NMPM (See Attached Survey Plat). Due to topographical concerns and in an effort to reduce the surface impact, McKay Oil Corp. is requesting an unorthodox location (See Attached Location Verification Map).

The well was originally staked at 660' from the east line and 990' from the south line of Section 9. The location was on a severe slope and it was recommended by the Bureau of Land Management that the well be moved north and east to avoid excessive surface impact (See Rig Plat). Any location feasible to drill would have to be a non-standard location. Therefore, it is our opinion that this location would be the best economical and productive location to drill.

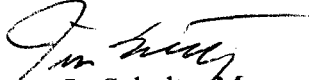
McKay Oil Corp. owns the operating rights surrounding the location, with the exception of the section south of this location, being Sec. 16, T6S, R22E, which is leased to Yates Petroleum Corp. (See Attach Land Map) An approval letter from Yates Petroleum is attached hereto.

Therefore, McKay Oil Corporation is requesting that the OCD grant administrative approval to the unorthodox location at 1,310' form the south line and 400' from the east line in unit P of Section 9, Township 6 South, Range 22 East, NMPM. This location has been approved by the Southern New Mexico Archaeological Services, Inc. and the BLM.

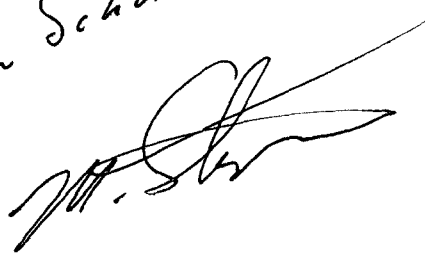
Page 2 of 2  
Oil Conservation Division  
July 19, 2005

Thank you for your cooperation and assistance in this matter.

Sincerely,

  
James L. Schultz, Manager and  
as Agent for McKay Oil Corp.

cc: McKay Oil Corp.

3:30 PM Tuesday Aug. 16, 2005  
Talked w/ Jim Schultz by phone.  


DISTRICT I  
1625 N. FRENCH DR., BOBBS, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised JUNE 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name <b>LOOKOUT B FEDERAL</b>	Well Number <b>5</b>
OGRID No.	Operator Name <b>McKAY OIL CORPORATION</b>	Elevation <b>4361'</b>

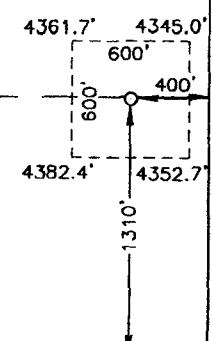
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	9	6-S	22-E		1310	SOUTH	400	EAST	CHAVES

Bottom Hole Location If Different From Surface

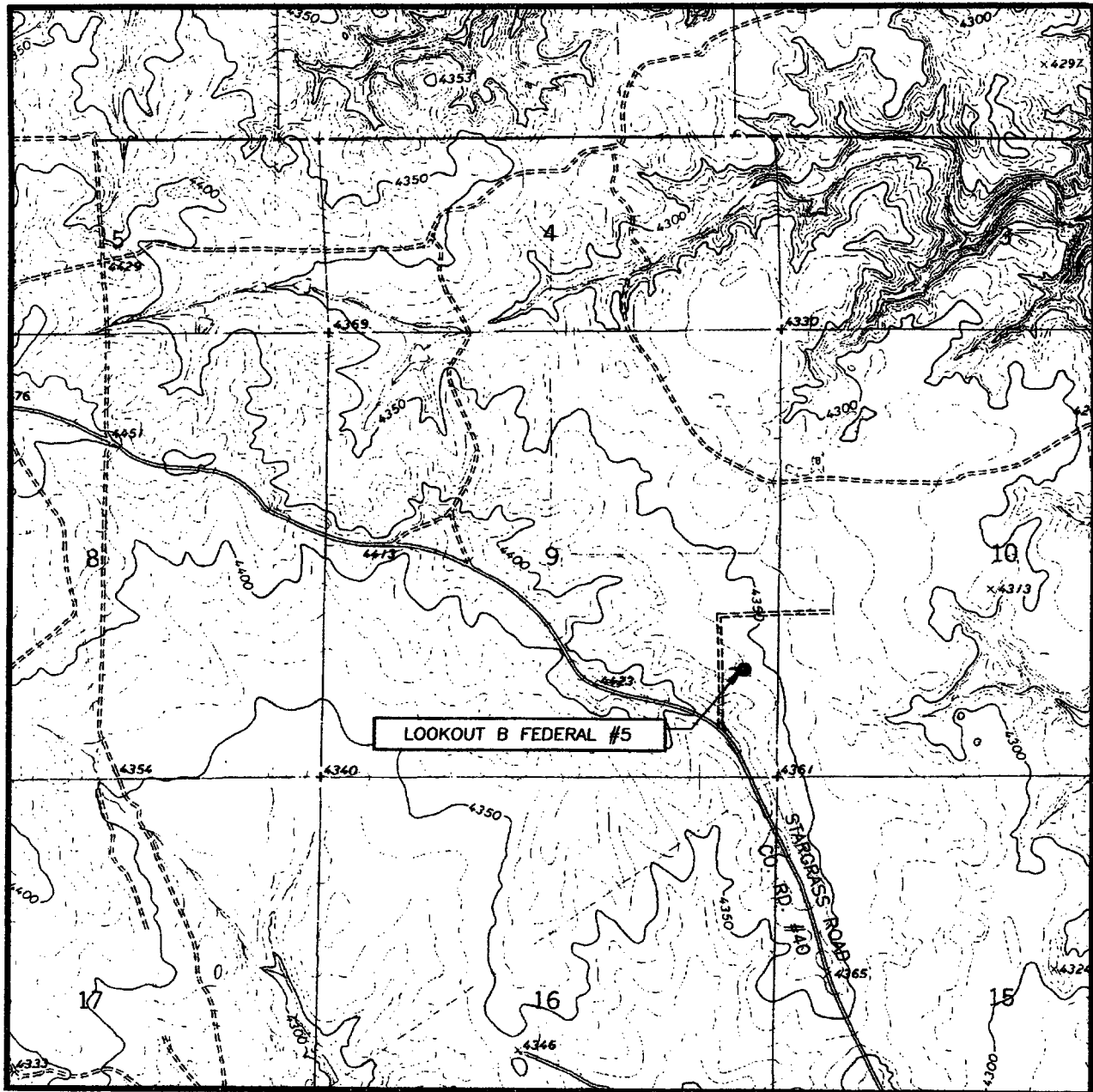
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.						

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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=1021165.0 N X=383133.2 E</p> <p>LAT.=33°48'23.38" N LONG.=104°43'05.02" W</p> <p>Lookout Fed. #5 30-005-62357 1980' FSL-660' FEL</p> 				<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature <u>James Schultz</u></p> <p>Printed Name <u>James Schultz</u></p> <p>Agent</p> <p>Title</p> <p>Date <u>03/16/05</u></p>	
				<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>DECEMBER 8, 2004</p> <p>Date Surveyed <u>04.11.16</u></p> <p>Signature <u>Harry E. Eidson</u></p> <p>Printed Name <u>Harry E. Eidson</u></p> <p>Professional Surveyor</p> <p>NEW MEXICO</p> <p>12641</p>	

Standard 640-acre Section

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
MEAS SW, N.M. - 10'

SEC. 9 TWP. 6-S RGE. 22-E

SURVEY N.M.P.M.

COUNTY CHAVES

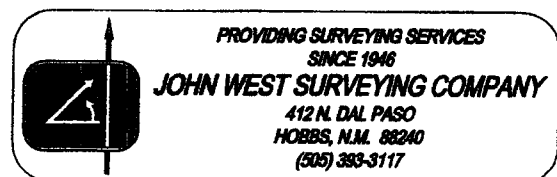
DESCRIPTION 1310' FSL & 400' FEL

ELEVATION 4361'

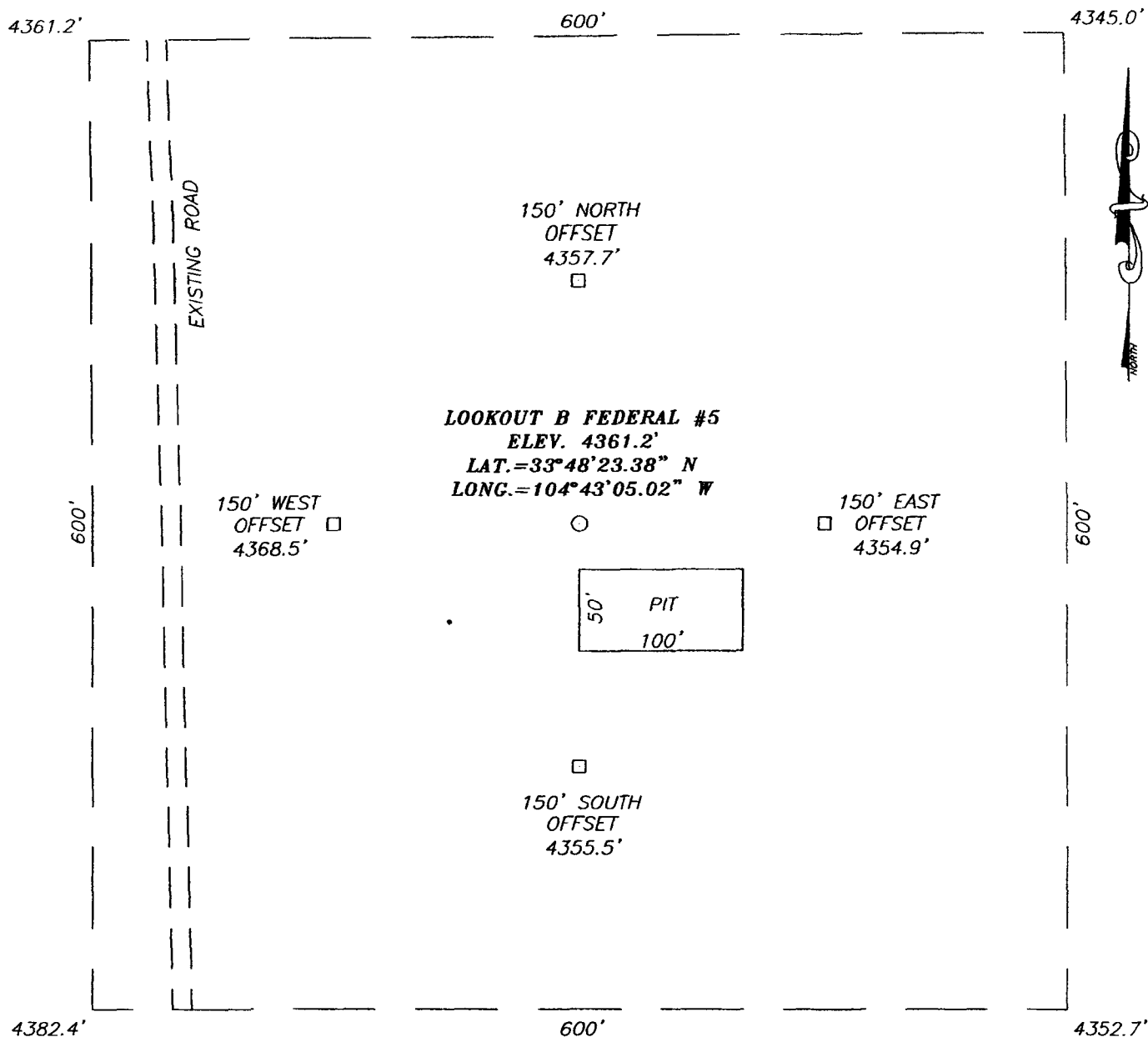
OPERATOR McKAY OIL CORPORATION

LEASE LOOKOUT B FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
MEAS SW, N.M.

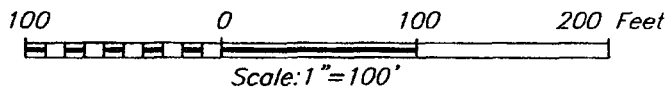


**SECTION 9, TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,**  
**CHAVES COUNTY, NEW MEXICO**



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF U.S. HWY. #285 AND COUNTY ROAD #40 (STARGRASS RD.). GO WEST ON CR. #40 APPROX. 8.3 MILES. TURN RIGHT AND GO N-NW APPROX. 1.1 MILES. TURN RIGHT ON DIRT ROAD AND GO NORTH APPROX. 900'. THIS LOCATION IS APPROX. 250' EAST.



**McKAY OIL CORPORATION**

LOOKOUT B FEDERAL #5 WELL  
 LOCATED 1310 FEET FROM THE SOUTH LINE  
 AND 400 FEET FROM THE EAST LINE OF SECTION 9,  
 TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,  
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 12/08/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1634	Dr By: D. LOVE
Date: 02/28/05	Rev 1: N/A
Disk: CD#4	04111634
	Scale: 1"=100'



PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 393-3117



Tim

**SOUTHWEST PETROLEUM LAND SERVICES L.L.C.**  
**100 N. PENNSYLVANIA**  
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(505) 626-6879 CELLPHONE

(505) 622-9282 FAX  
(505) 622-3615 HM

July 19, 2005

7-20-05

**Copy to:**

Yates Petroleum Corp.  
105 S. Fourth Street  
Artesia, NM 88210

**Mark M. Dave B.**

Attention: Kathy Porter


RE: McKay Oil Corp.  
Non-Standard Location of the Lookout B Fed. #5  
Township 6 South, Range 22 East, NMPM, Sec. 9, Unit P  
Chaves County, NM

Dear Kathy:

McKay Oil Corp. requests a non standard location for the Lookout B Federal #5 location at 1,310' FSL and 400' FEL, Sec. 9, T6S, R22E. Should you not object to this location, please sign in the space below and return via fax at the above fax number.

Should you have any questions please do not hesitate to contact me. Thank you for your cooperation and assistance in this matter.

Sincerely,

  
James L. Schultz, Manager and  
as Agent for McKay Oil Corp.

Yates Petroleum Corp. has no objection to this location.

BY: H. Tim Miller

Date: 7-29-05

cc: McKay Oil Corp.