

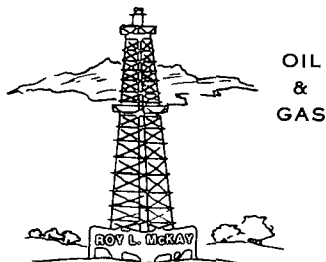
Release Date: November 9, 1987

By DAC

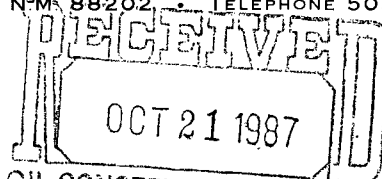
McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

HOME OFFICE, P.O. Box 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735



*Note: Well has already
been drilled*



OIL CONSERVATION DIVISION

October 20, 1987 SANTA FE

*158-244
RULF-104 (D)*

Oil Conservation Division
New Mexico State Land Office
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention: Dave Catanach

*1985 FSL & 1322 FEL
West Pecos Slope Also Gas Pool
160 Acre dcd. SE 1/4 Section 25*

RE: Inexco Federal #2
SE/4 Sec. 25-5S-21E
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation drilled a well on a Federal lease in the SE/4 of Section 25, Township 5 South, Range 21 East, NMPM. (See Attachment "A") Due to topography and geological problems, McKay Oil is requesting an unorthodox location.

The well was originally staked at 1980 feet from the South line and 990 feet from the East line. Due to the terrain, the BLM would not approve this location or any other normal location within this particular drilling spacing unit. (See Attachment "B")

The Southeast quarter of this quarter section was chosen because of geological data on surrounding wells to the South and East. Further, any location in this quarter section would have been a non-standard location. Therefore, it was our opinion that this location was the best economical and productive location to drill. (See attachment "C")

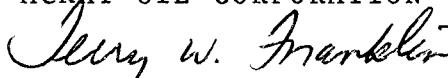
All minerals surrounding this proration unit, with the exception of to the South and Southeast are leased to McKay Oil Corporation. The minerals to the South are leased to MTS & Mesa and those minerals to the Southeast are leased to Yates Petroleum (See attachment 'A'). A certified letter has been sent to these offset mineral owners in regards to the subject unorthodox location.

page 2 of 2
O.C.D.
October 20, 1987

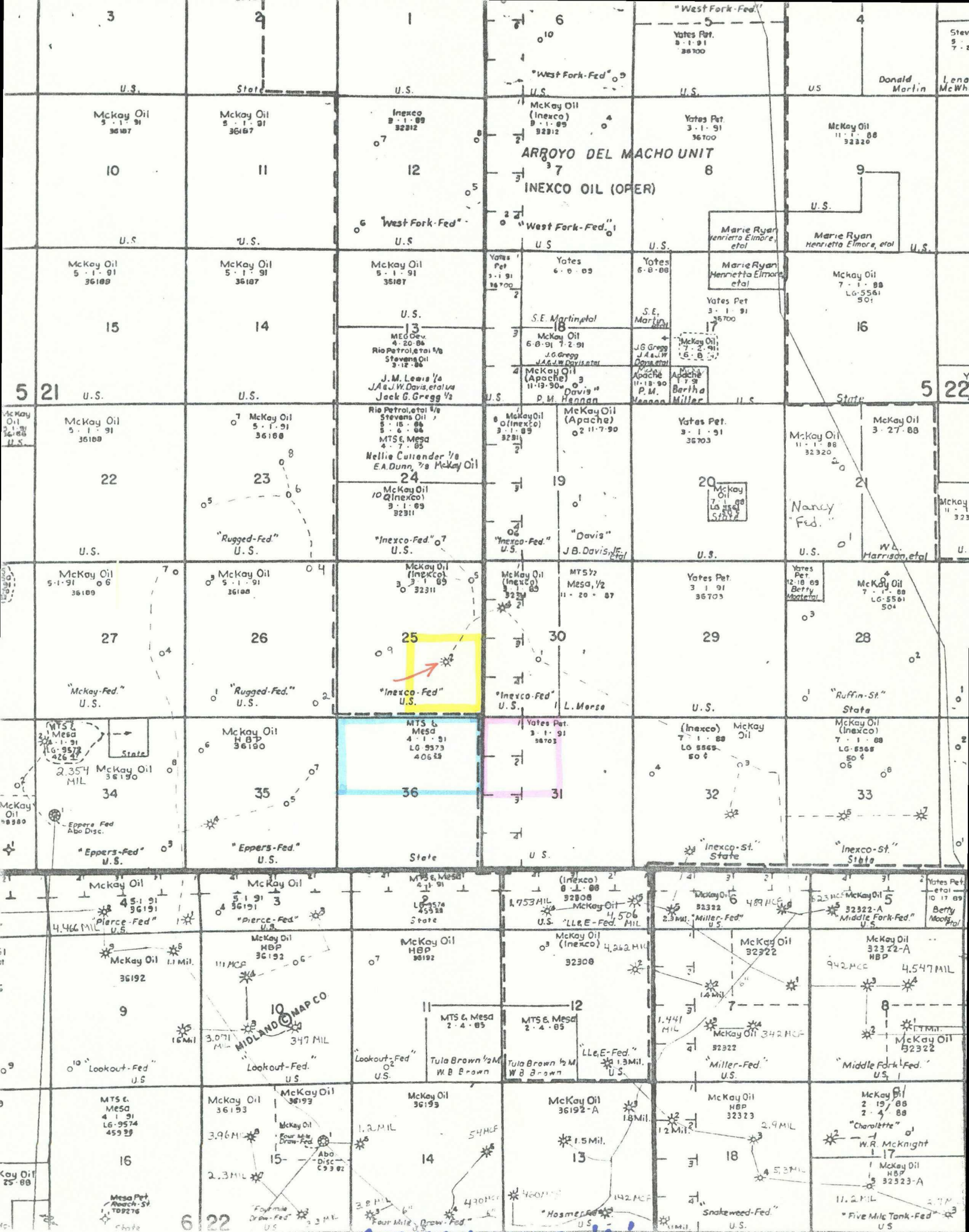
Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location located at 1905 feet from the South line and 1322 feet from the East line Section 25, Township 5 South, Range 21 East, NMPM.

McKay Oil Corporation would request and appreciate your immediate attention to this matter. Thank you for your cooperation and assistance.

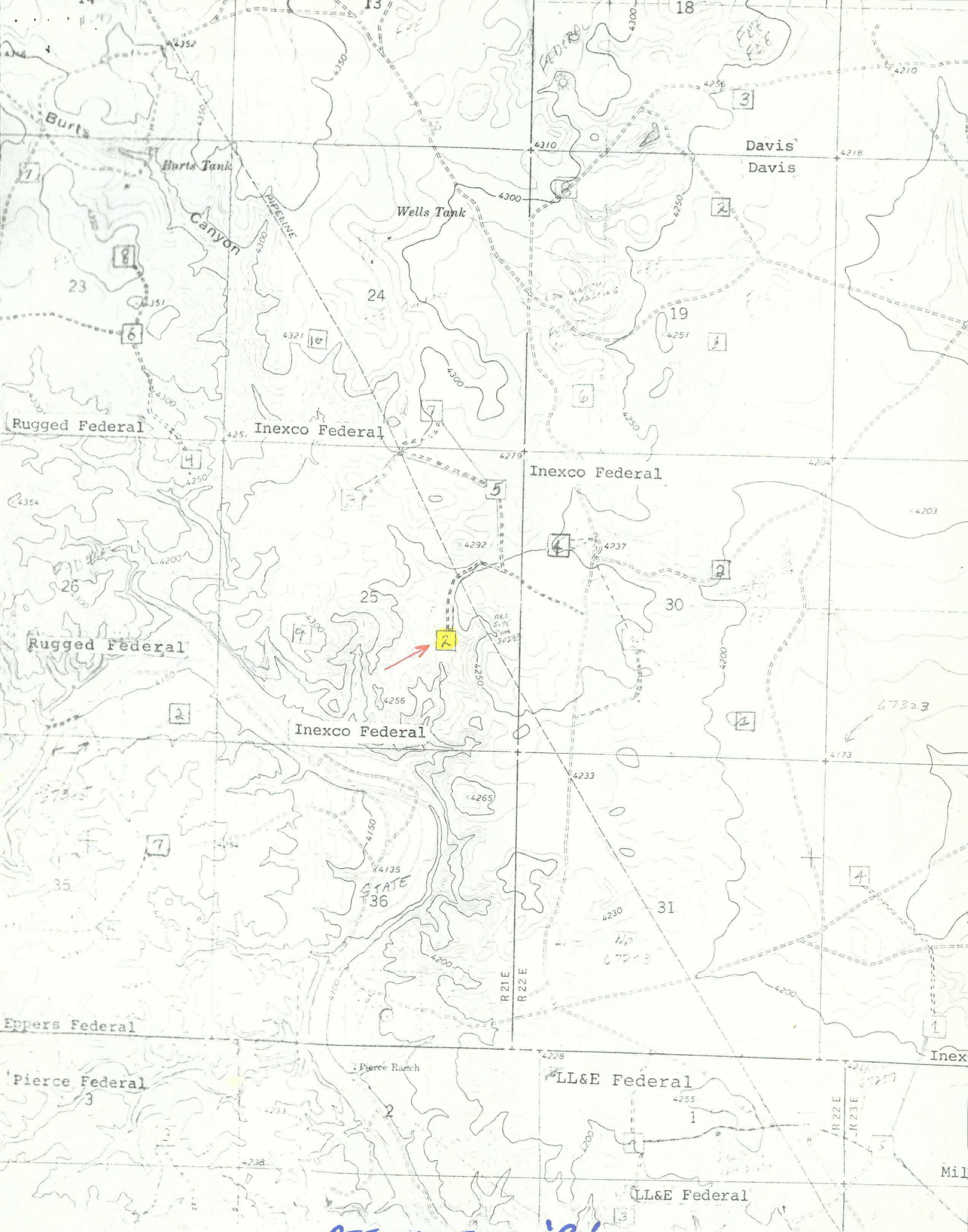
Very truly yours,
McKAY OIL CORPORATION


Terry W. Franklin

Attachments



ATTACHMENT 'A'



ATTACHMENT 'B'

