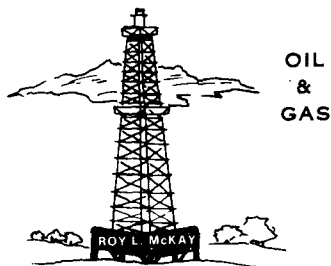


McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



OIL CONSERVATION DIVISION
RECEIVED

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August 23, 1991

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

Attention: Dave Catanach

RE: McKay Fed. #2
SW/4 Sec. 27-5S-21E
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires approval of an unorthodox location in the SW/4 of Section 27, Township 5 South, Range 21 East, NMPM (See Attachment "A"). This request is due to topography and geological problems with orthodox locations in the quarter sections.

The well was originally staked at 660' feet from the South and West line. However, the Bureau of Land Management would not approve this location due to the topography. Also, due to topographical reasons in this quarter section, the location had to remain in that vicinity. The BLM declined to allow a well to be located in the Macho Draw flood plan area. (See attachment "B")

Further, the Southwest quarter of this quarter section was chosen because of geological data on wells to the South. Therefore, it is our opinion that this location would be the only economical and productive location to drill (See attachment "C").

All minerals surrounding this proration unit is leased to McKay Oil Corporation or open state acreage, but the well has been moved farther away from those tracts of land.

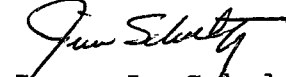
Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location located at 806' feet from the South line and 408' feet from the West line in Section 27, Township 5 South, Range 21 East, NMPM.

Page 2 of 2
Oil Conservation Division
August 23, 1991

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

Very truly yours,

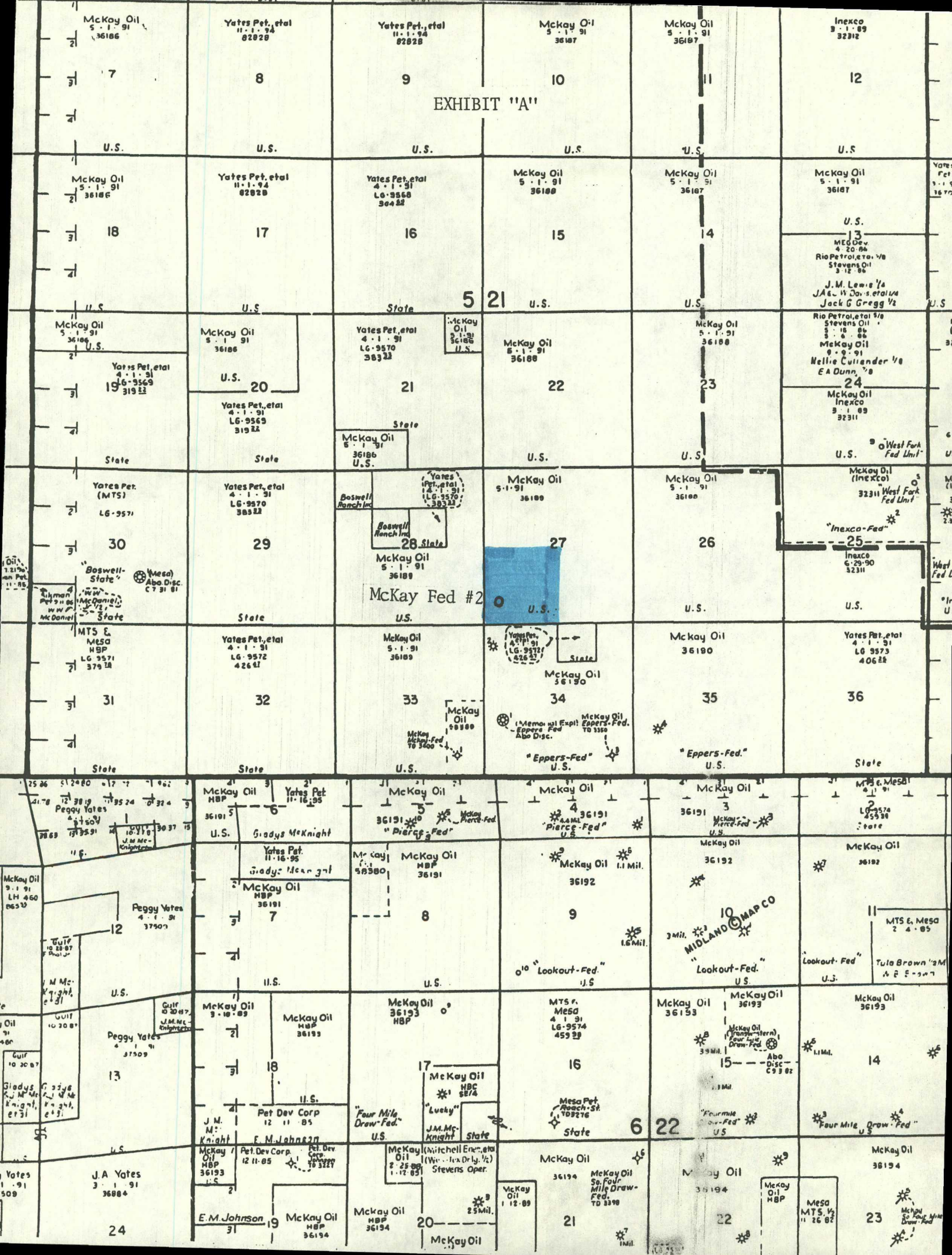
MCKAY OIL CORPORATION



James L. Schultz
Contracts & Land

JLS:ml
Attachments
38:OCD.A1-2

EXHIBIT "A"



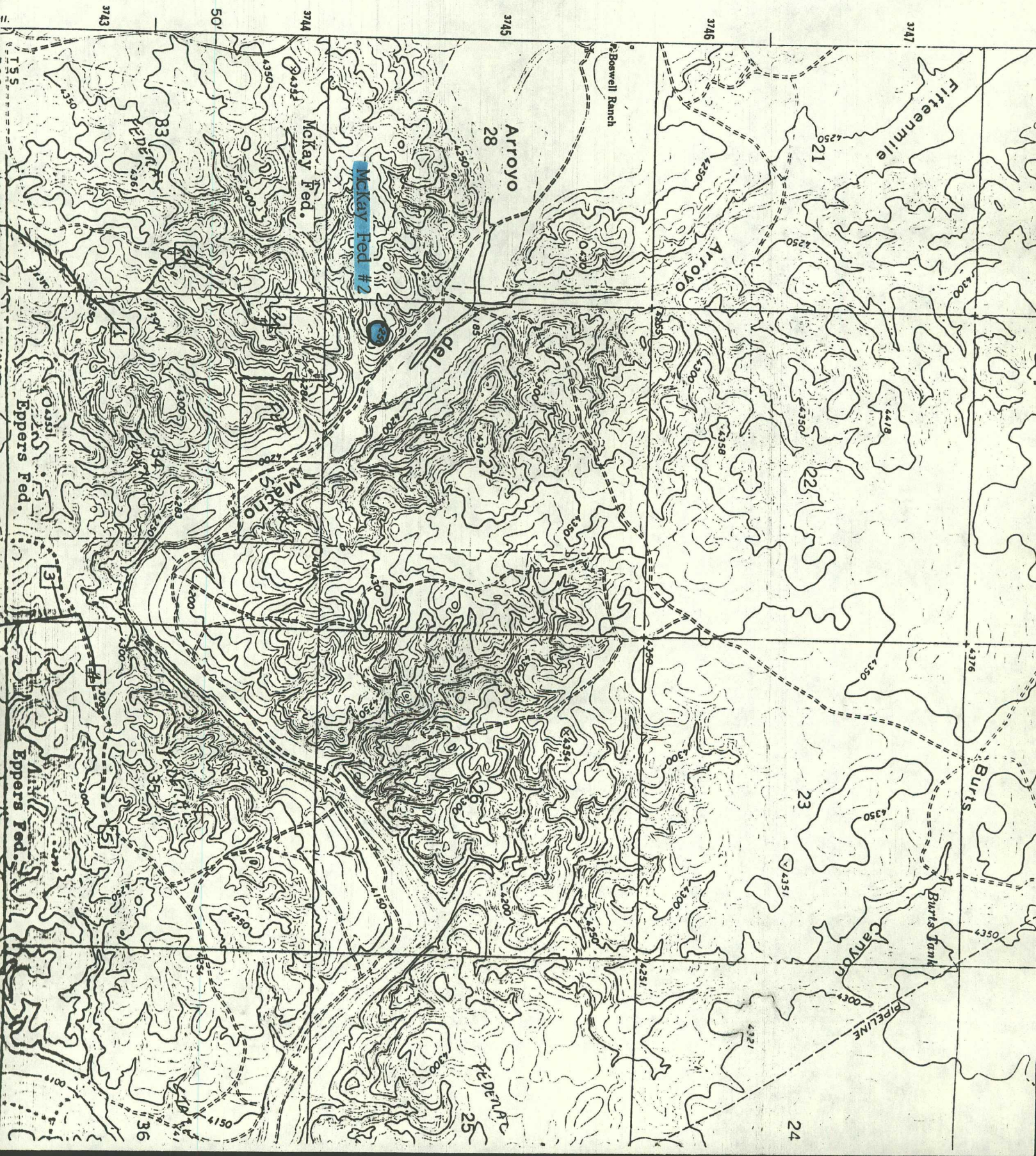


EXHIBIT "C"
GROSS ISOPACH MAP

