

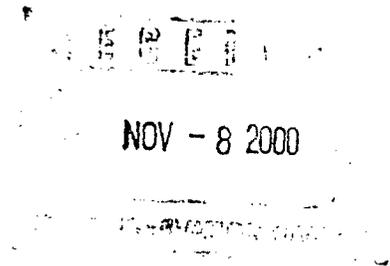
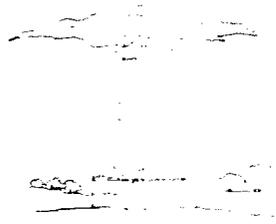
McKay Oil Corporation

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
&
GAS



November 6, 2000

Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Case 12546

ATTENTION: Mr. Michael E. Stogner

REFERENCE: Five Mile Tank "B" Federal #5
Snakeweed "B" Federal #4
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation requests to be placed on the hearing docket for the Division's December 5, 2000.

The referenced wells are Non-Standard Locations. Justification for each locations is as follows:

1. Five Mile Tank "B" Federal #5 is located on the western edge of a draw and water drainage system for a large portion of the area north and west of the drilling and production location (See attached Topographic Plat). The Non-Standard Location causes the least infringement on the draw and minimizes the amount of erosion around and through the production location.
2. Snakeweed "B" Federal #4 has 2 constraints requiring the location be placed where it has been surveyed. The first constraint is an existing pipeline immediately adjacent to the drilling location (See attached Topographic Plat). The second constraint are 2 different archeological finds immediately west of the location (See attached Archeological Report). These finds are considered significant by the Bureau of Land Management which restricts McKay Oil's ability to move the location to a standard location.

Also enclosed is the notice to be placed on the newspaper giving public notice of McKay Oil's Non-Standard Locations and our application for a hearing before the Division. We have Oil

Conservation Division
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contacted the offset Leasehold Owner, Pecos Slope Partners, L.L.C., Midland, Texas. It is our understanding they have forwarded a letter to the Division stating that they do not contest the location for either of the NSLs.

If any questions or additional information is required, please feel free to contact the undersigned at (505) 623-4735.

Thank you for your immediate attention to this matter.

Very truly yours,

MCKAY OIL CORPORATION

A handwritten signature in black ink, appearing to read "Bill J. Milstead", written in a cursive style.

Bill J. Milstead
Vice President - Land and Legal

enclosures

Notice is hereby given that McKay Oil Corporation has applied to the Oil Conservation Division for approval of 2 non-standard locations in Chaves County, New Mexico described as follows:

FIVE MILE TANK "B" FEDERAL #5, located 1760' FSL and 588' FWL, Section 17, T6S, R23E,

and

SNAKEWEED "B" FEDERAL #4, located 880' FSL and 588' FEL, Section 18, T6S, R23E.

A hearing before the Oil Conservation Division is to be held on December 5, 2000, in Santa Fe, New Mexico.

Correspondence concerning to McKay Oil Corporation's applications should be forwarded to the Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505.

Submit to Appropriate District Office
 State Lease - 4 copies
 For Lease - 3 copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

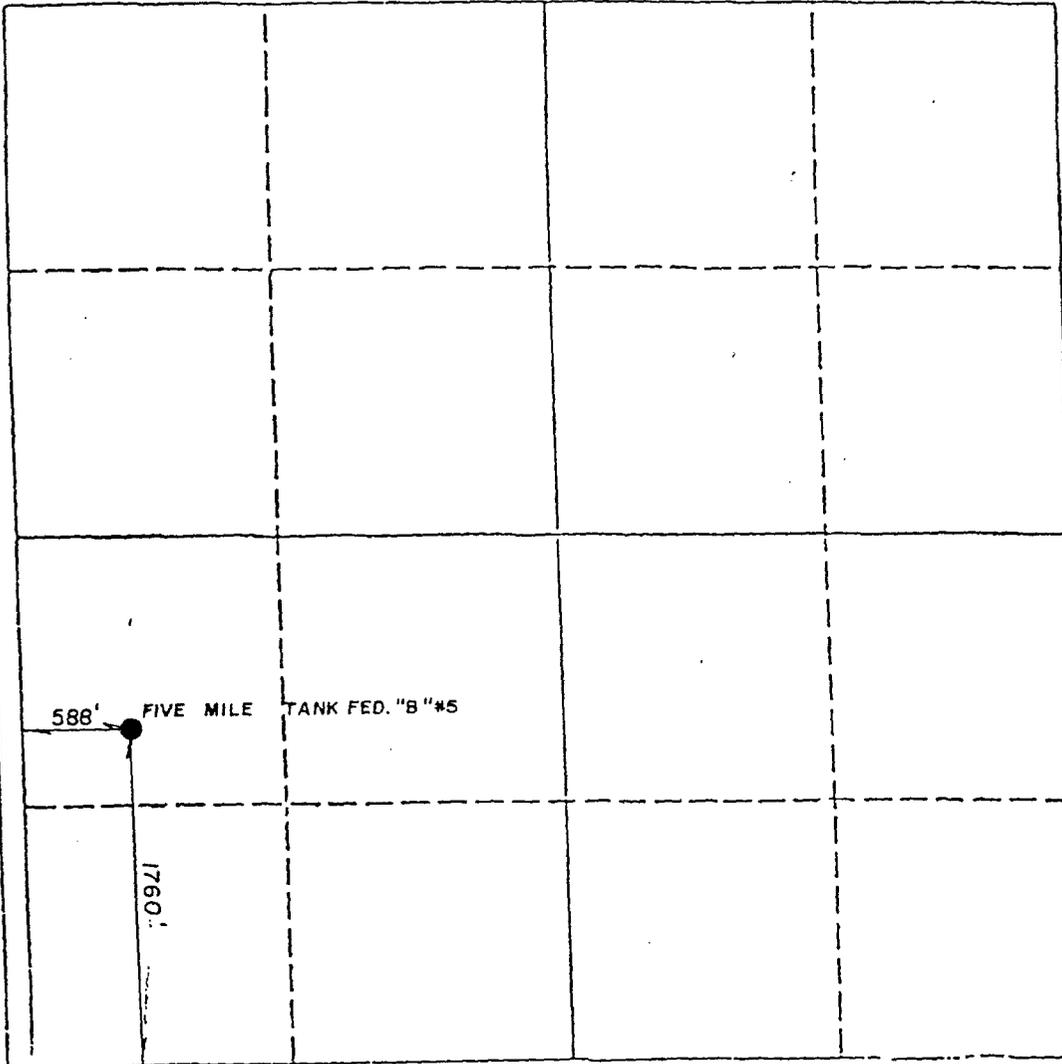
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MCKAY OIL CORP.			Lease FIVE MILE TANK FED "B"		Well No. 5
Unit Letter L	Section 17	Township 6S	Range 23E	County CHAVES	
Actual Footage Location of Well: 1760 feet from the SOUTH line and 588 feet from the WEST line					
Ground level Elev. 4109	Producing Formation		Pool	Dedicated Acreage: Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
 Signature: *Bill J. Milotka*
 Printed Name: Bill J. Milotka
 Position: Vice President
 Company: McKay Oil Company
 Date: 7-7-00

SURVEYOR CERTIFICATION
 I hereby certify that the well location on this plat was plotted from field actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.
 Date Signed: 11/7/00
 Signature: *Janekie D. Atkins*
 Professional Surveyor
 State of New Mexico
 Certificate No. 8504
 LS 8504

