

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

**SUBMIT IN TRIPLICATE – Other instructions on reverse side**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		RECEIVED JUL 25 2006 BUREAU OF LAND MANAGEMENT	5. Lease Serial No. NM 36194
2. Name Of Operator MCKAY OIL CORPORATION			6. If Indian, Allottee or Tribe Name
3a. Address P.O. BOX 2014 ROSWELL, NM 88202-	3b. Phone No. (include area code) 505-623-4735		7. If Unit or CA/Agreement, Name and/or No
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) LOT D, Sec 22, T6S, R22E 660' FNL & 890' FWL			8. Well Name and No. SOUTH FOUR MILE DRAW C FEDERAL #1H
			9. API Well No. 30-005-63766
			10. Field and Pool, or Exploratory Area W PECOS ABO SLOPE-82740
			11. County or Parish, State CHAVES COUNTY, NM

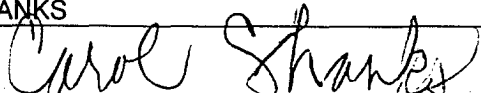
**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	1) Spud _____
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	2) 8 5/8" Surface Casing _____

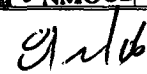
13. Described Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

1) MCKAY OIL CORPORATION Spudded the South Four Mile Draw "C" Federal #1H @ 12:05am on July 14, 2006. TD of casing @ 1010'

2) 7/18/06 Ran 996' of 8 5/8" J-55, 24# Casing. Rig up cementers. Pump 480skts POZ, tail w/200skts Class C w/6%CaCL2. One inch to surface w/375skts Class "C" w/6%CaCL2. Ran temp survey, tag cement @ 740'. W/O cement 18hrs. Ran pressure test 2500psi on casing /tested good.

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) CAROL SHANKS	Title PRODUCTION ANALYST
Signature 	Date 7/19/2006

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By	Title	Date
	Accepted for record - NMOCD	
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office 

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.