

Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

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

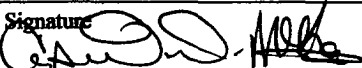
| | | |
|---|--|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | Lease Serial No. NM-33271 |
| 2. Name Of Operator MCKAY OIL CORPORATION | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address P.O. BOX 2014 ROSWELL, NM 88202- | | 7. If Unit or CA/Agreement, Name and/or No |
| 3b. Phone No. (include area code) 505-623-4735 | | 8. Well Name and No. PECOS B FEDERAL #1 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 860' FWL & 660'FSL, Unit M SEC 34, T7S, R26E | | 9. API Well No. 30-005-63588 |
| | | 10. Field and Pool, or Exploratory Area WEST PECOS ABO SLOPE |
| | | 11. County or Parish, State CHAVES COUNTY, NM |

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

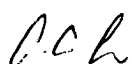
| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> 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 Proration Unit Change |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

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.)

McKay Oil Corporation proposes to change its proration unit on the Pecos B Federal #1 to the West 1/2 of Section 34 which would be at a 320 proration unit instead of the SW/4 of Section 34 at 160 proration unit as previously filed. Please see attached plat.

| | |
|---|--------------------------------|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) APRIL MCKAY | Title VICE PRESIDENT |
| Signature  | Date 8/15/2003 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|----------------------|------------------------|
| Approved By  | Title PE | Date 8/19/03 |
| 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 RFO | |

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.

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87506

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | |
|---------------|-----------------------|-----------|---------------|-------------------|
| API Number | | Pool Code | Pool Name | |
| Property Code | PECOS FEDERAL | | Property Name | Well Number 1B |
| OGRID No. | McKAY OIL CORPORATION | | Operator Name | Elevation 3752 |

Surface Location

| | | | | | | | | | |
|--------------------|---------------|-----------------|---------------|---------|----------------------|---------------------------|----------------------|------------------------|------------------|
| UL or lot No. M | Section 34 | Township 7 S | Range 26 E | Lot Idn | Feet from the 660 | North/South line SOUTH | Feet from the 860 | East/West line WEST | County 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 320 | | 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

| | |
|--|--|
| | OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>April D. McKay</u> Printed Name: <u>April D. McKay</u> Title: <u>V.P.</u> Date: <u>6/4/03</u> |
| | SURVEYOR CERTIFICATION 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. Date Surveyed: <u>5/21/03</u> Signature: <u>Todd P. Wagener</u> Professional Surveyor Certificate No. 9242 |
| | |
| | Certificate No. 9242 WAGENER ENGINEERING 1410 N. MISSOURI AVE. ROSWELL, NM 88201 505-623-8382 |