

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.

N.M. DIV-Dist. 2

SUNDRY NOTICES AND REPORTS

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

JUN - 2 2009

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

5 Lease Serial No
NM 361907 36195

6 If Indian, Allottee or Tribe Name

7 If Unit or CA/Agreement, Name and/or No

8 Well Name and No.
Remmele B Fed. #5

9 API Well No.
30-005-63173

10 Field and Pool, or Exploratory Area
W. Pecos ABO Slope

11 County or Parish, State
Chaves, NM

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1 Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2 Name of Operator
McKay Oil Corporation

3a Address
PO Box 2014, Roswell, NM 88202-2014

3b Phone No (include area code)
595.623.4735

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)
2130'FSL & 330'FWL, Unit L, Sec. 25, T6S, R22E

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 type="checkbox"/> Other
	<input checked="" 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 Describe 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)

Operator intends to move the location from 2310'FSL & 660'FWL to 2310'FSL & 330'FWL. Attached is a new C-102, Pertinent Information, Supplemental Drilling Data, maps, pipeline route and rig plat.

DENIED

14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

James L. Schultz

Title Agent

Signature

Date

09/17/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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

Assistant Field Manager,
Land and Minerals

Office

ROSWELL FIELD OFFICE

Title 18 USC Section 1001 and Title 43 USC Section 1212, make 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

(Instructions on page 2)

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W GRAND AVENUE, ARTESIA, NM 88210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name REMMELE "B" FEDERAL	Well Number 5
OGRID No.	Operator Name MCKAY OIL CORPORATION	Elevation 4180'

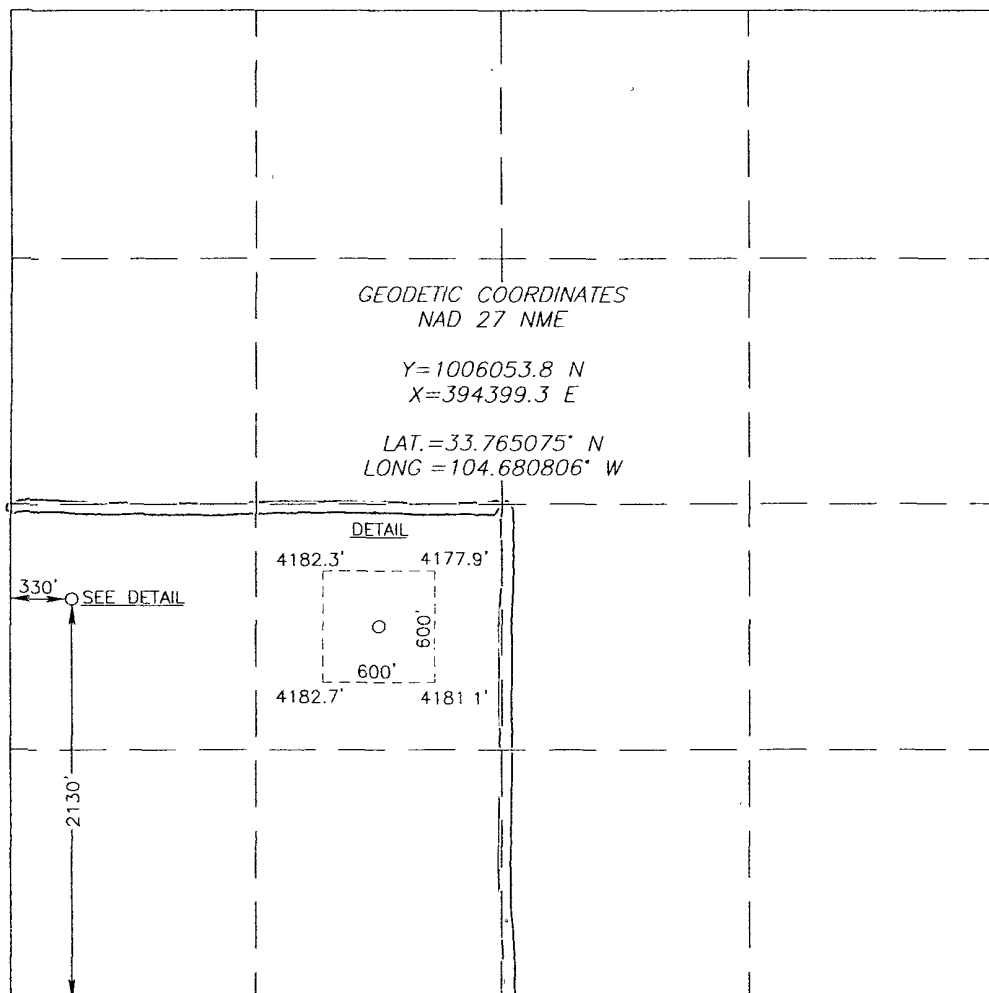

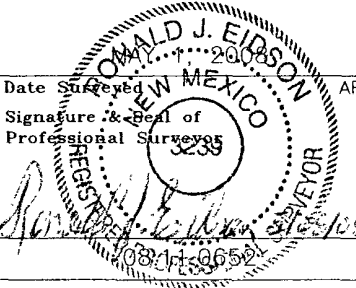
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	25	6-S	22-E		2130	SOUTH	330	WEST	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 160	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

 <p>GEODETIC COORDINATES NAD 27 NME Y=1006053.8 N X=394399.3 E LAT.=33.765075° N LONG =104.680806° W</p> <p>DETAIL 4182.3' 4177.9' 600' 600' 4182.7' 4181.1'</p> <p>330' SEE DETAIL 2130'</p>		OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  9-17-08 Signature Date James L. Schultz, Agent Printed Name
		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 Signature & Seal of Professional Surveyor Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239

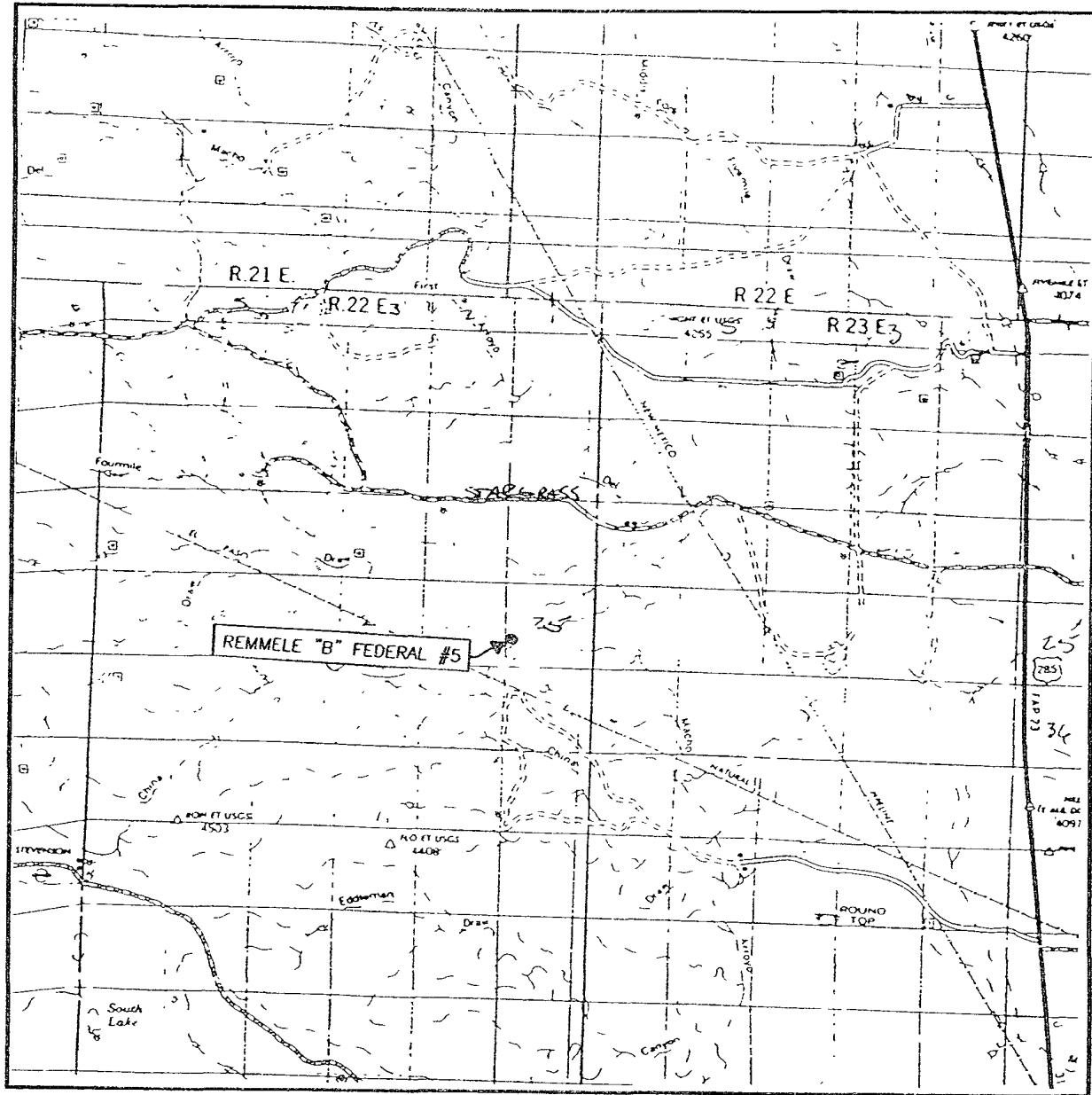
PERTINENT INFORMATION

FOR
MCKAY OIL CORPORATION
REMMELE B FEDERAL 5
2130' FSL & 330' FWL Sec. 25, T6S, R22E

Chaves County, New Mexico

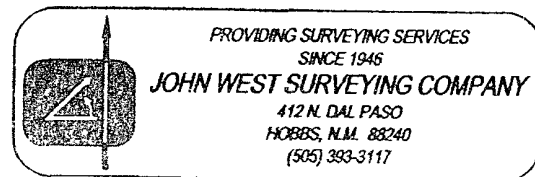
<u>LOCATED:</u>	25 air miles Northwest of Roswell, NM.
<u>LEASE NUMBER:</u>	NM 36190
<u>LEASE ISSUED:</u>	8/8/1978
<u>RECORD LESSEE:</u>	McKay Petroleum Corporation
<u>BOND COVERAGE:</u>	Operator's \$25,000 Statewide
<u>AUTHORITY TO OPERATE:</u>	Assignment of Operating Rights
<u>ACRES IN LEASE:</u>	1800.00
<u>SURFACE OWNERSHIP:</u>	Federal
<u>OWNER:</u>	USA-BLM
<u>POOL RULES:</u>	General Statewide Rules
<u>EXHIBITS:</u>	A. Road and Well Map B. Contour Map C. Rig Layout D. BOP Diagram E. Lease Map

VICINITY MAP

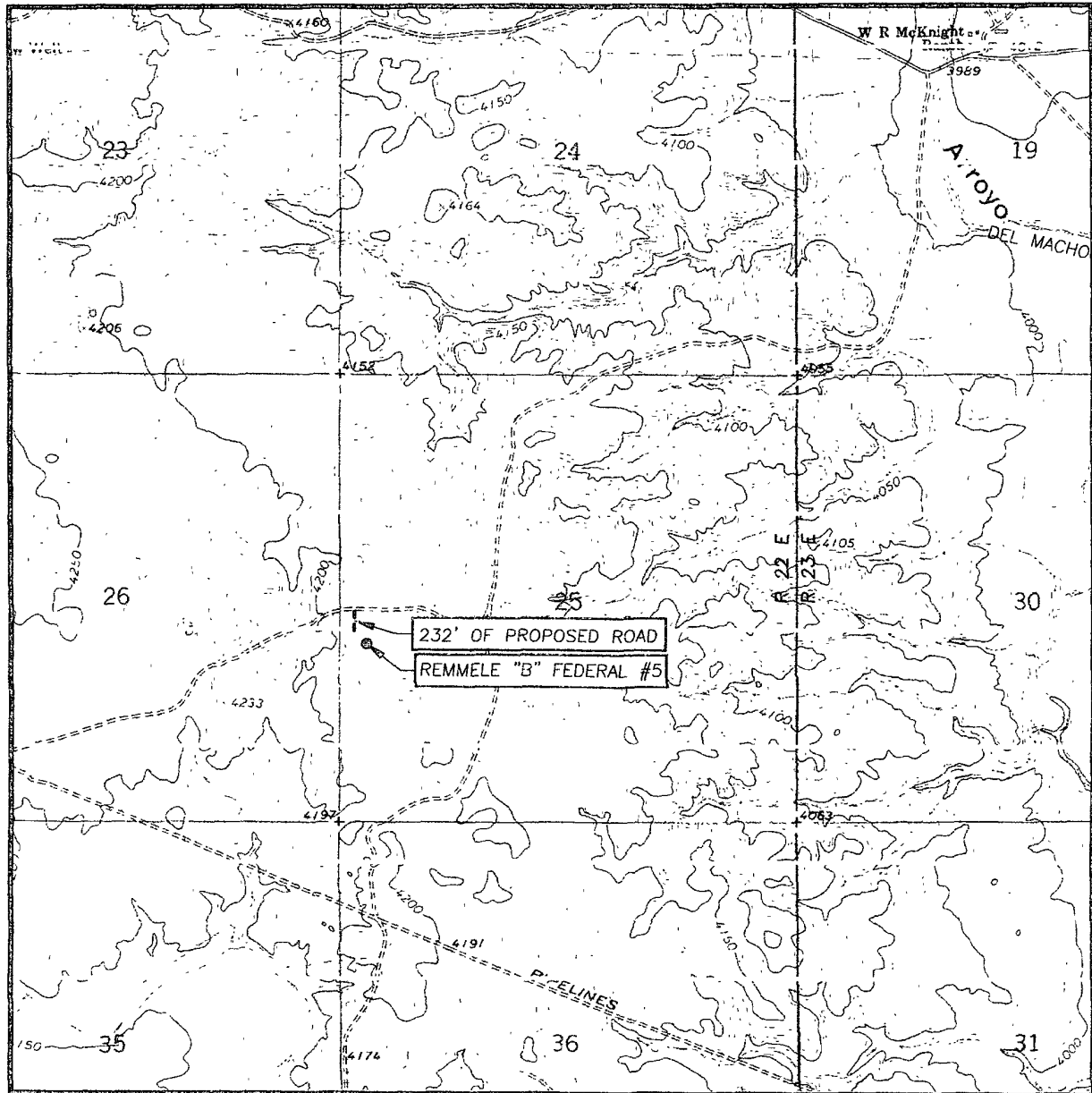


SCALE: 1" = 2 MILES

SEC. 25 TWP. 6-S RGE. 22-E
 SURVEY N.M.P.M.
 COUNTY CHAVES STATE NEW MEXICO
 DESCRIPTION 2130' FSL & 330' FWL
 ELEVATION 4180'
 OPERATOR MCKAY OIL CORPORATION
 LEASE REMMELE "B" FEDERAL



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MESA SW, N.M. - 10'

SEC. 25 TWP. 6-S RGE. 22-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

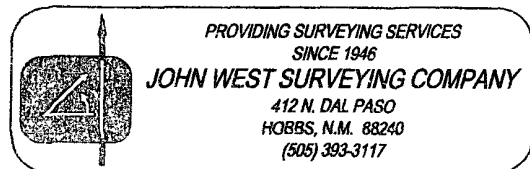
DESCRIPTION 2130' FSL & 330' FWL

ELEVATION 4180'

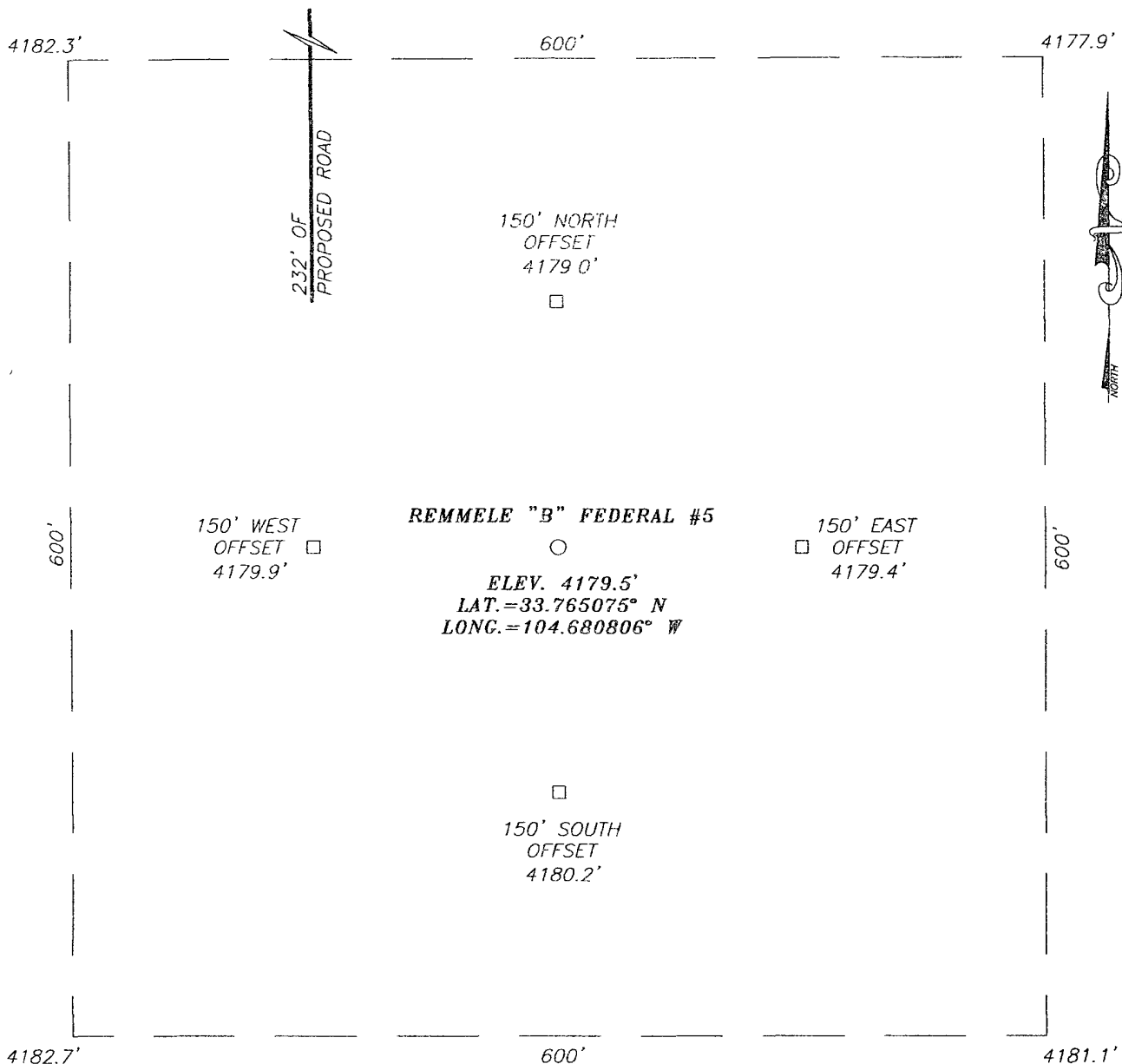
OPERATOR MCKAY OIL CORPORATION

LEASE REMMELE "B" FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
MESA SW, N.M.

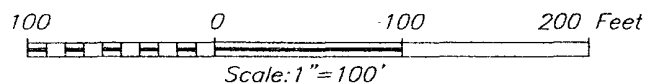


SECTION 25, TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



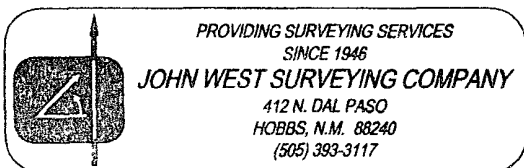
DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #285 AND CO. RD. #40 (STARGRASS RD.), GO WEST ON CO. RD. #40 APPROX. 5.0 MILES TO MCKNIGHT RANCH. CONTINUE WEST PASS ARROYO DEL MACHO APPROX. 0.1 MILE. TURN LEFT AND GO SOUTH APPROX. 0.7 MILES. TURN RIGHT AND GO WEST APPROX. 0.8 MILES. BEND LEFT AND GO SOUTH APPROX. 0.5 MILES. TO A "Y" INTERSECTION. TURN RIGHT AND GO WEST APPROX. 0.2 MILES. THIS LOCATION IS APPROX. 385 FEET SOUTH.



MCKAY OIL CORPORATION

REMMELE "B" FEDERAL #5 WELL
 LOCATED 2130 FEET FROM THE SOUTH LINE
 AND 330 FEET FROM THE WEST LINE OF SECTION 25,
 TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.



Survey Date: 5/01/08	Sheet 1 of 1 Sheets
W.O. Number: 08.11.0652	Dr By: AR
Date: 5/05/08	Disk: 08110652
	Rev 1: N/A
	Scale: 1"=100'

Exhibit C
Remmel B. Fed. #5

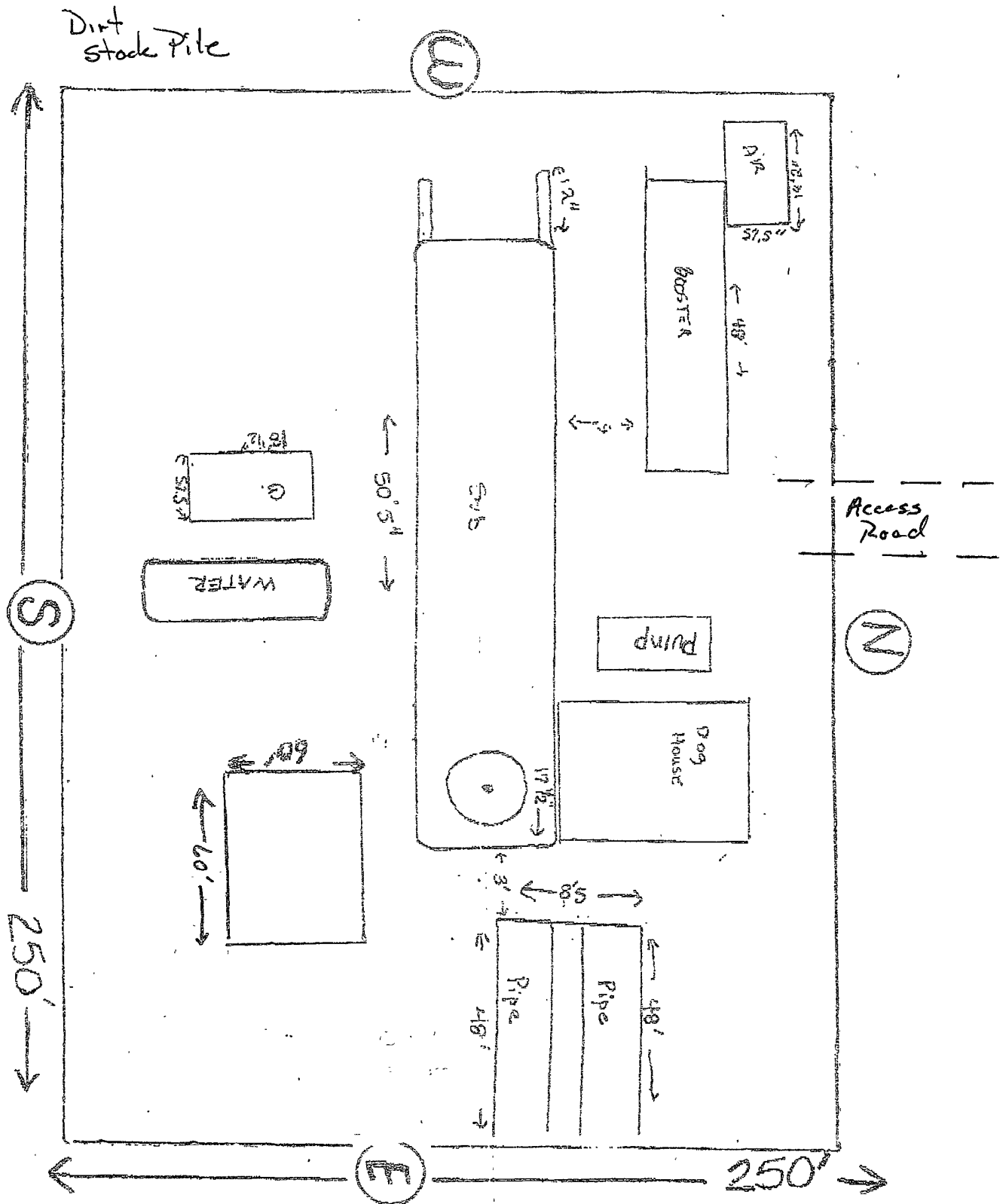
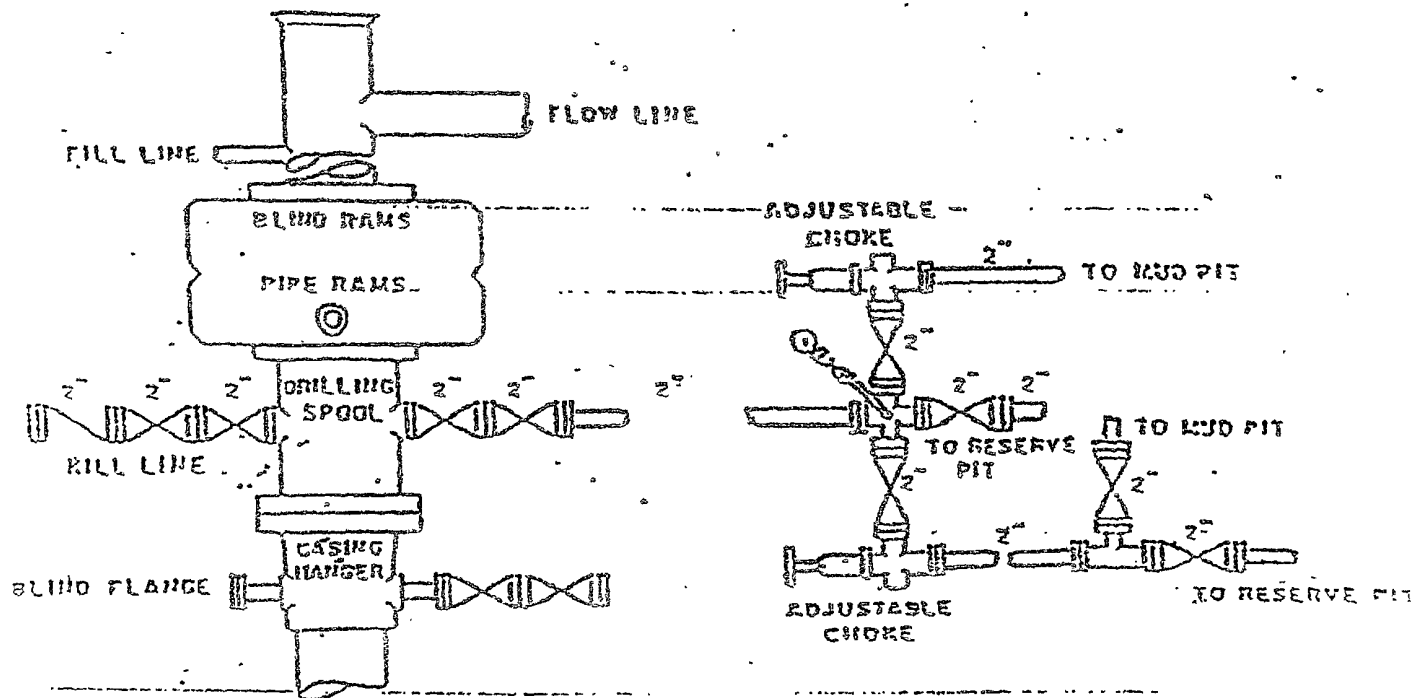
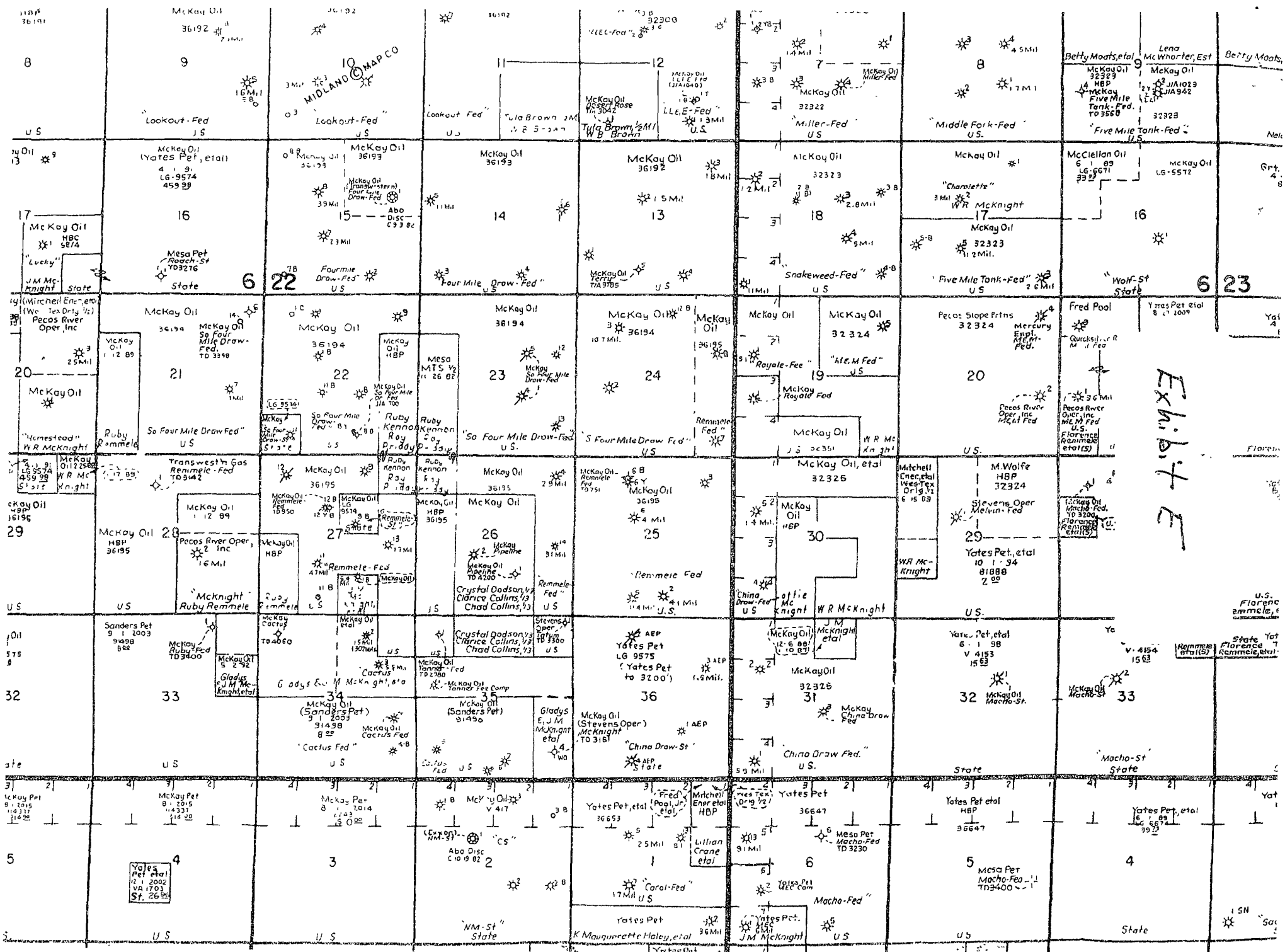


EXHIBIT "D"





DRILLING PROCEDURE

MCKAY OIL CORPORATION
REMMELE B FEDERAL #5
2130' FSL & 330' FWL, Sec. 25, T6S, R22E

Chaves County, New Mexico

1. SURFACE FORMATION: San Andres

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Yeso - 921'
Tubb - 2417'
Abo - 2877'
Abo Pay - 2930'

3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATIONS:

Fresh Water - Approx. 500'
Gas - In Abo Formation below 2930'

4. PROPOSED CASING PROGRAM:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight</u>	<u>Depth</u>
12-1/4"	8-5/8" J-55	#24	1000' ±
7-1/2 "	5-1/2" K-55	#15.5	2935' ±

McKay Oil Corporation proposes to air drill the well and open hole test the ABO formation. Approximately 1,000' of surface casing (8-5/8" - 24# J-55) will be set and cemented to surface. WOC a total of 18 hours before drilling out. Pressure test casing and BOP to 1000 psi before drilling out. 5-1/2", 1.5# K-55 seamless casing will be set to approximately 2,935'. Use a guide shoe, float collar, and 3 centralizers (on 1st, 3rd and 5th joints from bottom). Cement with 50/50 pozmix. Top of Cement should be brought up to 660' above the top of the Abo, or to about 2,220'. Note: Fresh water is to be used to pump the cementing plug down. Pressure test casing to 3000 psi after WOC a minimum of 18 hours. The water will later be displaced with air before drilling out with air and mist for an open-hole completion

5. PROPOSED CEMENTING PROGRAM:

8-5/8" - 600 sks 35% Poz/65% C, with 6% gel, 8#Gisonite/sk ¼# Cellflake/sk, all with 3% CACL and circulated to surface.
5-1/2" - 50/50 pozmix back up to 600' above top of Abo (Approx. 2200')

6. PROPOSED DRILLING PROGRAM:

0-1000' Drill with 2% KCL foam. If problem occurs, pump polymer or super sweep to address sticking problem.

1000-2905' Drill with air and foam mist, using anionic clay-swelling inhibitor. Use no water or KCL in this interval. Casing will be set at 2920'

2920'-3100' This interval will be drilled with 2-2/3" tubing and a 4-5/8" bit. Install drilling head and stripper before drilling out. Drill out shoe joint and continue drilling with the air and foam mist (anionic inhibitor) as above. It is anticipated that a strong flow of gas will occur within this interval. At this time, air and mist injection should be shut down, and the well secured and shut in. The purpose of this operation is to discover if, by allowing no water to contact the pay zone, an open-hole natural completion can result in a commercially successful gas well. NOTE: If drilling problems develop that prevents further air drilling, the option would be to continue to maximum depth of 3100' with drilling mud.

7. PRESSURE CONTROL EQUIPMENT: Blowout preventer will consist of 2 ram, 2M system. A sketch of the BOP is attached.

8. CIRCULATION MEDIUM: Air Drilling (See above)

9. AUXILIARY EQUIPMENT: Full-opening drill string safety valve fit for the drill string in use, will be kept on the rig floor at all times.

10. TESTING, LOGGING AND CORING PROGRAM:

Samples: None.

DST's: None.

Logging: None as offset well logs are available

Coring: None.

11. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:

None anticipated.

12. ANTICIPATED STARTING DATE: October 1, 2008. Drilling should be completed within 10 days. Completion operations (perforations and stimulation) will follow drilling operations.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MCKAY OIL CORPORATION
REMMELE B FEDERAL 5
2130' FSL & 330' FWL Sec. 25, T6S, R22E

Chaves County, New Mexico

NM 36190

This plan is submitted with the application for permit to drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS:

A. Exhibit "A" is a portion of a road map showing the location of the proposed well is staked. The well is approximately 25 miles north of Roswell, NM.

B. Directions: from the intersection for U.S. Highway #285 and County Road #40 (Stargrass Road) go west of County Road #40 approximately 5.0 miles to the David Corn Ranch. Continue west pass Arroyo Del Macho approximately 0.1 mile. Turn left and go south approximately 0.7 miles. Turn right and go west approximately 0.8 miles. Bend left and go south approximately 0.5 miles. Turn a "Y" intersection. Turn right and go west approximately 0.2 miles. This location is approximately 385 feet south.

2. PLANNED ACCESS ROAD:

A. Length and Width: 232' long and 20' wide.

B. Surface Materials: Sand, gravel and caliche where needed.

C. Turnouts: None

D. Maximum Grade: No more than 3%.

E. Drain Design: Road will have drainage ditches on both sides and a crowned top, with culverts and/or low water crossings as necessary.

F. Culverts: None.

G. Cuts and Fill: None.

H. Gates, Cattle guards: None needed. Already in place.

I. Top Soil: Very little.

3. LOCATION OF EXISTING WELLS:

A. A map indicating the location of adjacent wells is attached.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A: See Exhibit "E" for location of existing lease wells. If the well is commercial, production facilities and tank battery will be constructed.

B. Cuts and Fills: Less than 5' of cut and fill will be required for the pad size of 250' x 250'. (See Exhibit "D")

C. Top Soil: Any topsoil which can sustain plant vegetation will be bladed and piled just off the SW corner of the wellpad for future rehabilitation.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water will be purchased from a commercial source and trucked to the location over existing and proposed access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Closest Pit to the location.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during test will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.

D. Current laws and regulations pertaining to the disposal of human waste will be complied with.

E. Trash, waste paper, garbage, and junk will be placed in portable receptacles and hauled from the location upon completion of drilling and completion operations.

F. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None necessary.

9. WELL SITE LAYOUT:

A. Exhibit "C" indicates the relation location and dimensions of the well pad, mud pits, reserve pit and major rig equipment.

B. The location slopes very slightly to the east and southeast.

C. The reserve pit will be lined with plastic to prevent loss of water.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing conditions as possible.

B. Any unguarded pits containing fluids will be fenced until they are filled.

C. If the well is non-productive or abandoned, the disturbed area will be rehabilitated using the preserved soil mentioned in 2.I. and 4.C.

11. OTHER INFORMATION:

A. Topography: The topography is a gradual slope to the south-east in the vicinity of the access road and south in the vicinity of the drill pad. Regional slope is east toward the Arroyo del Macho, which is northeast of the location.

B. Soil: Sandy loam with limestone outcropping.

C. Flora and Fauna: The flora consists of typical desert vegetation, such as yucca, cactus and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, deer and antelope.

D. Ponds and Streams: Arroyo del Macho northeast of the proposed location.

E. Residences and other Structures: The David Corn Ranch (old W.R. McKnight Ranch) is approximately 1-1/4 miles to the northeast.

F. Archaeological, Historical and Other Cultural Sites: An archaeological report from Southern New Mexico Archeological Services from Bent, NM will be filed under separate cover.

G. Land Use: Grazing.

H. Surface Ownership: USA-BLM.

12. OPERATOR'S REPRESENTATIVE:

Jim Robinson
Roswell, New Mexico
(505) 623-4735 (O)
(505) 626-8579 (C)

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exists; that the statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by MCKAY OIL CORPORATION and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.



SIGNATURE

9-17-08

DATE

MCKAY OIL CORPORATION
REMMEL B FEDERAL 5
2130' FSL & 330' FWL Sec. 25, T6S, R22E

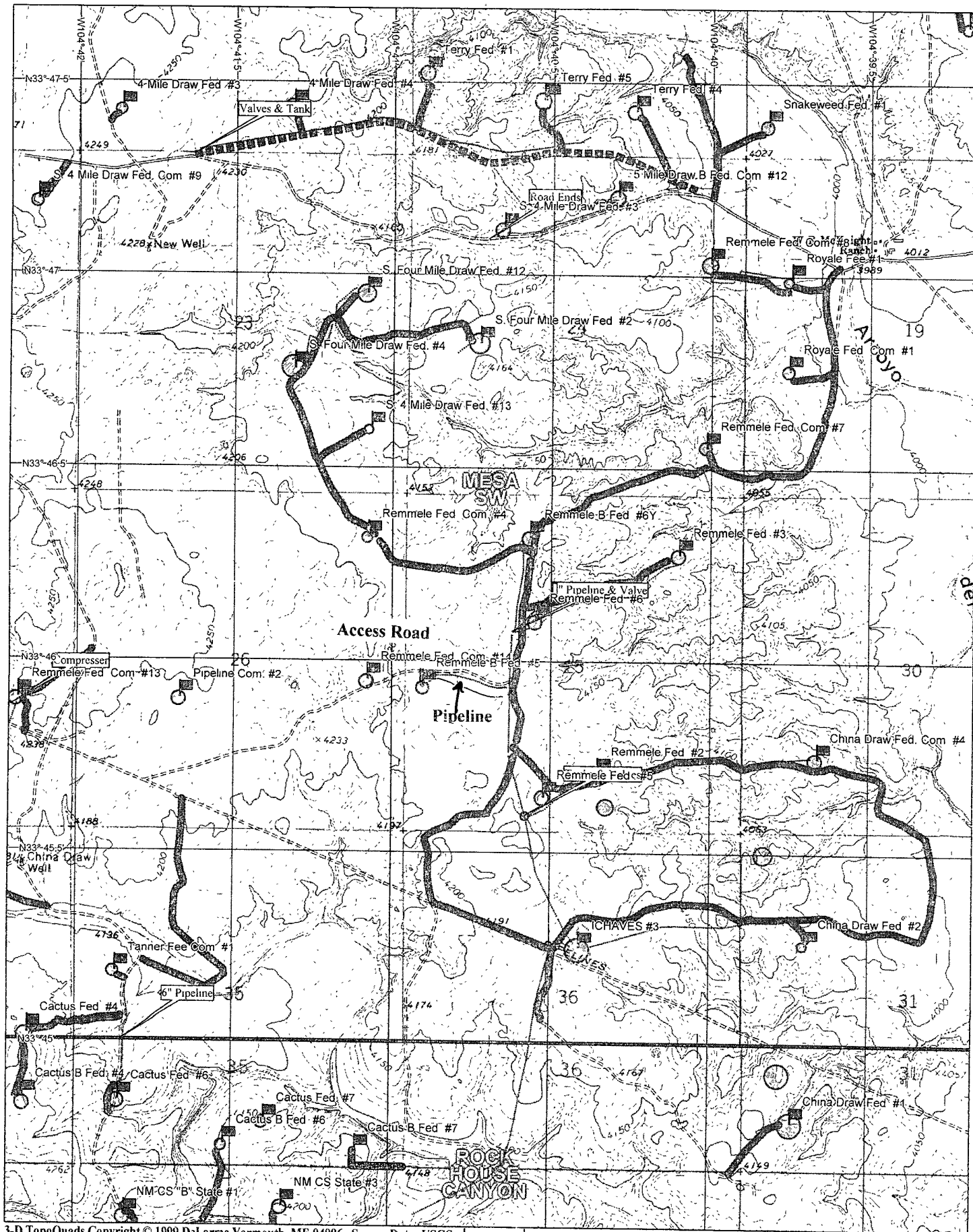
Chaves County, New Mexico

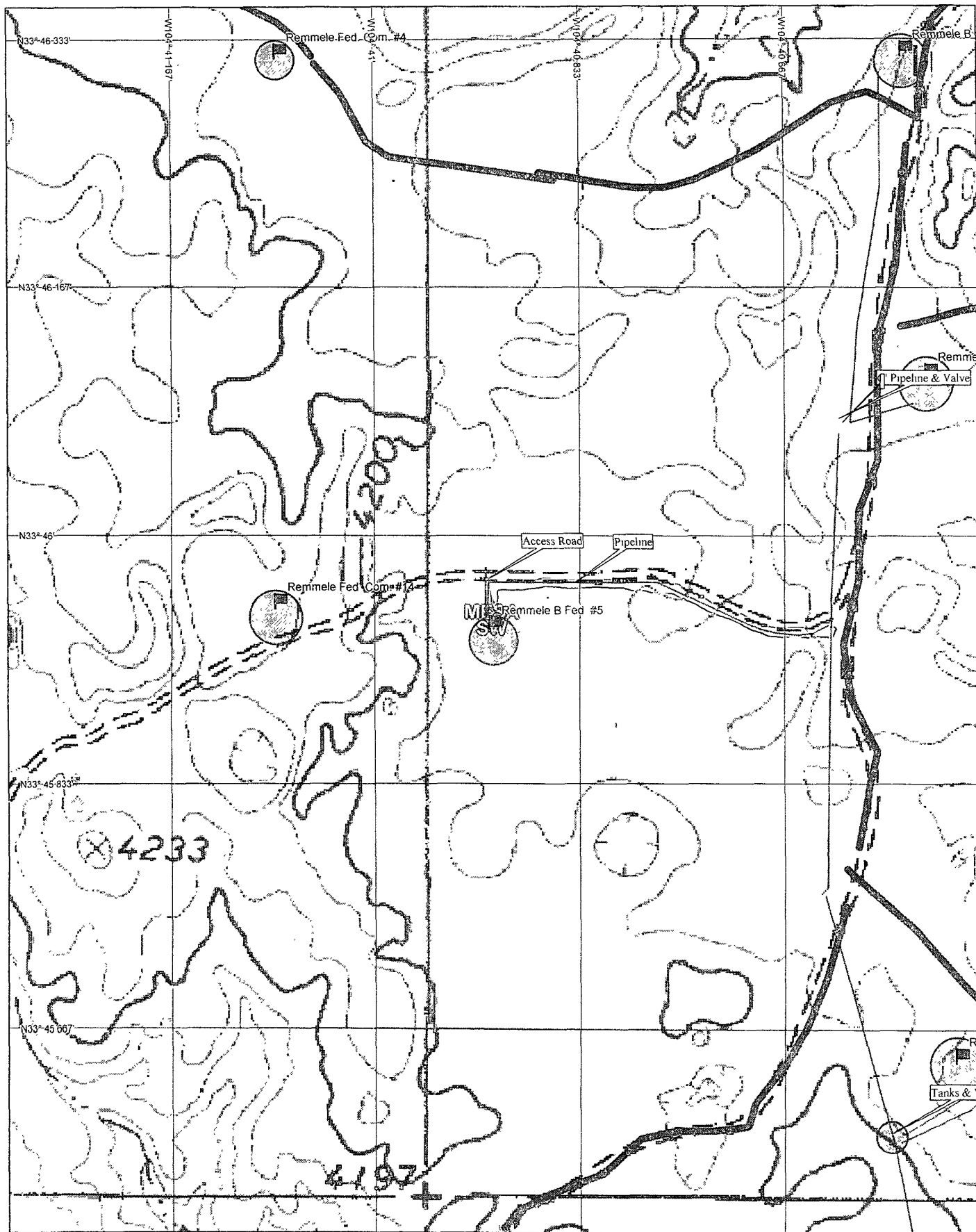
Other Specific Information and Plans

Proposed Pipeline

30' wide pipeline route, approximately 2,400' long, running on the east side of the new access road on south side of the existing road, as set forth on attached survey plat

A 2" polypipe, low pressure (30-50 psi), laid on surface.





MCKAY OIL CORPORATION
PO BOX 2014
ROSWELL, NM 88202-2014
505-623-4735

HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN FOR THE
REMMELE B FEDERAL 5
LOCATED IN UNIT L OF SEC 25, T6S, R22E IN
CHAVES COUNTY, NEW MEXICO

NO HYDROGEN SULFIDE OR OTHER HAZARDOUS GASES OR FLUIDS HAVE
BEEN ENCOUNTERED, REPORTED OR KNOWN TO EXIST AT THIS DEPTH IN
THIS AREA.

EMERGENCY PROCEDURES

In the case of a release of gas containing H₂S, the first responder must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder must evacuate any public spaces encompassed by the 100 ppm ROE. First responder must take care not to injure themselves during this operation. Company and or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries occur during the response.

IGNITION OF GAS SOURCE

Should control of the well be considered lost and ignition considered, take care to protect against exposure of sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

CHARACTERISTICS OF H₂S & SO₂

COMMON NAME	CHEMICAL FORMULA	SPECIFIC GRAVITY	THRESHOLD LIMIT	HAZARDOUS LIMIT	LETHAL CONCENTRATION
HYDROGEN SULFIDE	H ₂ S	1.189 AIR=1	10 PPM ₄	100 PPM/HR	600 PPM
SULFUR DIOXIDE	SO ₂	2.21 AIR=1	2 PPM	N/A	1000 PPM

CONTACTING AUTHORITIES

McKay Oil Corporation personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. be prepared with all information available. The following call list of essential and potential responders must be in coordination with the State of New Mexico's Hazardous Materials Emergency Response Plan (HMER).

MCKAY OIL CORPORATION CALL LIST

CHAVES COUNTY (505)	OFFICE	CELL PHONE	HOME PHONE
JIM ROBINSON	625-1154	626-8579	624-1093
ROY MCKAY	623-4735	626-8571	623-4735

CHAVES COUNTY (505) ROSWELL

STATE POLICE	622-7200
CITY POLICE	911 or 624-6770
SHERIFF'S OFFICE	624-6500
AMBULANCE	911
FIRE DEPARTMENT	624-6800
LEPC (Local Emergency Planning Committee)	Teresa Barncastle 624-6770 ext 129
NMOCD	748-1283
ENMMC (Hospital)	622-8170