

NM OIL CO COMMISSION
Artesia, NEW MEXICO
UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYSUBMIT IN TRIP (TE)
(Other instructions on reverse side)30-005-62152
Form approved.
Budget Bureau No. 42-R1425.

C/S 7

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM-26679		
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
2. NAME OF OPERATOR McKay Oil Corporation			7. UNIT AGREEMENT NAME		
3. ADDRESS OF OPERATOR P.O. Box 2014, Roswell, New Mexico 88202			8. FARM OR LEASE NAME McKay-Sundance Federal		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At surface 1980' FWL 1980' FSL At proposed prod. zone same			9. WELL NO. 1		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 13 air miles east of Roswell, New Mexico			10. FIELD AND POOL, OR WILDCAT wildcat - Lurian		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1980'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 24-11S-26E		
16. NO. OF ACRES IN LEASE 160			12. COUNTY OR PARISH Chaves		
17. NO. OF ACRES ASSIGNED TO THIS WELL 40			13. STATE NM		
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None			14. ROTARY OR CABLE TOOLS Rotary		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3623 GR			22. APPROX. DATE WORK WILL START* ASAP		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"	#42 H-40	400'	400 sx circ. to surface
12 1/4"	8 5/8"	#24 J-55	1300'	525 sx circ. to surface
7 7/8"	4 1/2"	#10.5 J-55	TD	350 sx Class C Cement

Propose to drill to 6300' to test Devonian formation and immediate formations.

Set casing thru any commercial productive zone. Complete by perforating and treating favorable zones.

3000# Double Ram BOP will be installed and tested before drilling below 8 5/8" casing. Test BOP rams daily.

See attached Supplemental Drilling Data and NTL-6 requirements.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED James L. Schults TITLE Landman DATE 4-10-84
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY Harmer S. Meyer TITLE Acting Area Manager DATE 4-16-84
CONDITIONS OF APPROVAL, IF ANY: _____

Post. & R. 2
DD-107, P. 102
4-20-84

All distances must be from the outer boundaries of the Section.

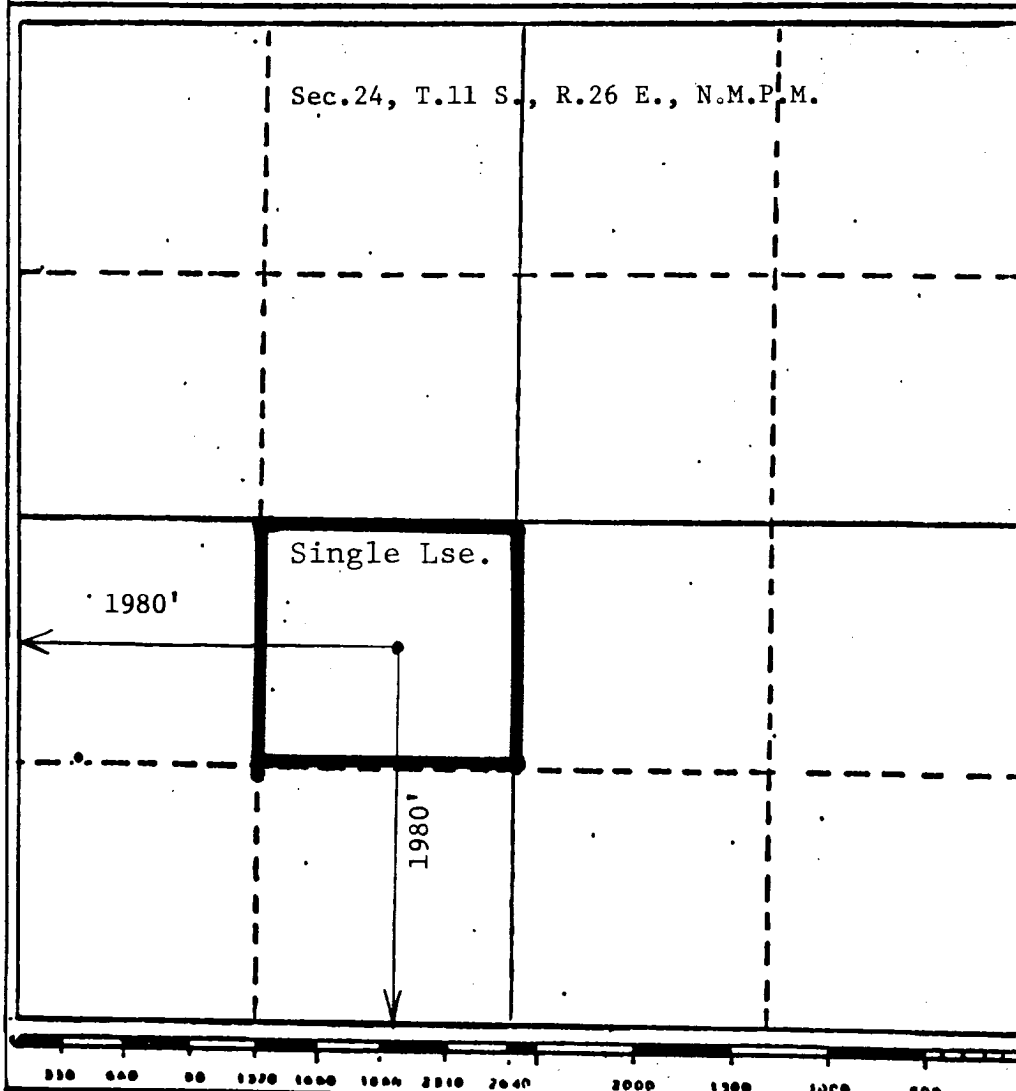
Operator McKay Oil Corp.			Lease McKay Sundance Federal		Well No. #1
Unit Letter K	Section 24	Township 11 South	Range 26 East	County Chaves	
Actual Postage Location of Well:					
1980 feet from the South line and		1980 feet from the West line			
Ground Level Elev. 3623	Producing Formation Devonian		Pool W/C <i>Devonian</i> undesignated	Dedicated Acreage 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
James L. Schultz

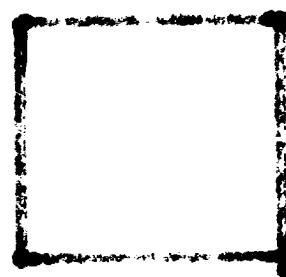
Position
Landman

Company
McKay Oil Corporation

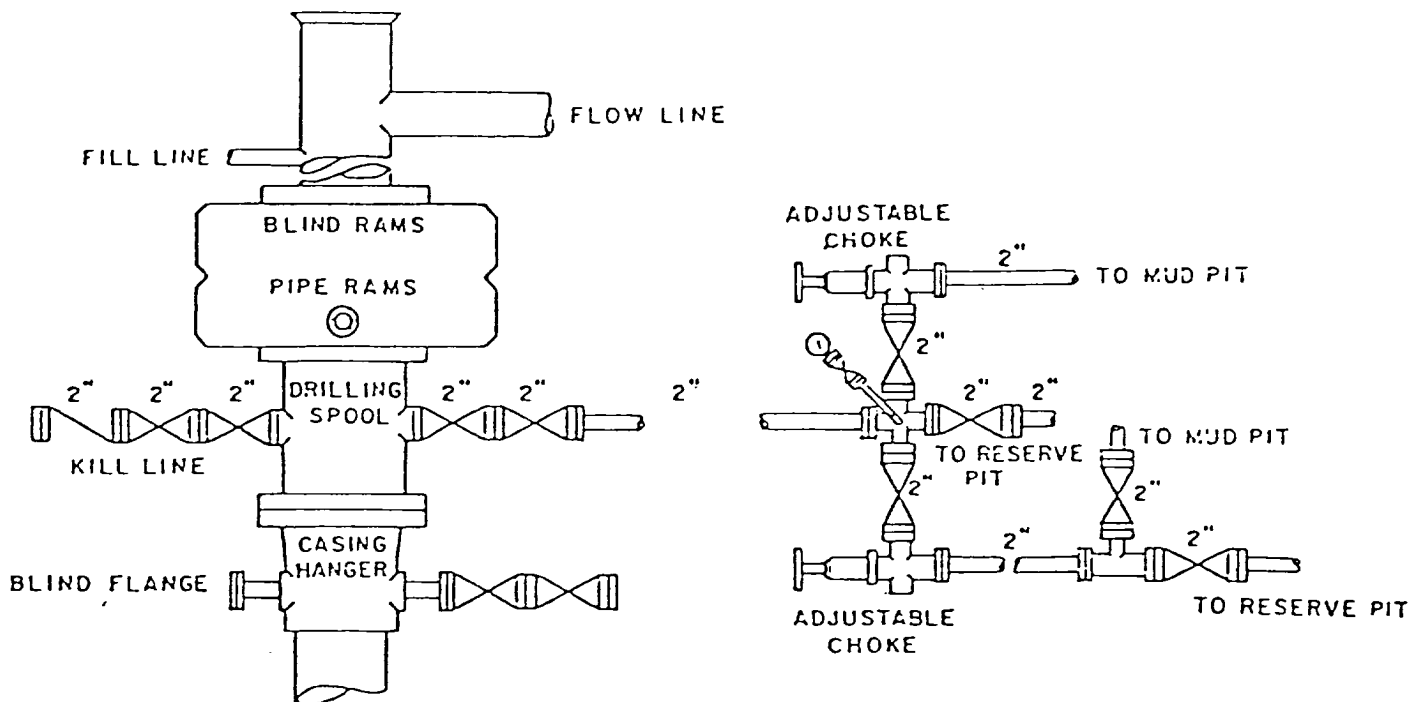
Date
4-10-84

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 knowledge and belief.

JOHN D. JACQUES
Date Surveyed
March 30, 1984
6290
Investigated & Approved
and as to the signature of the Surveyor
JOHN D. JACQUES, P.E. & L.S.
Certificate No.
6290



MCKAY OIL CORPORATION
MCKAY-SUNDANCE FEDERAL #1
NE/4SW/4 Sec. 24-11S-26E
CHAVES COUNTY, NEW MEXICO



BOP DIAGRAM

3000# Working Pressure
Rams Operated Daily

SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION
McKay-Sundance Federal #1
NE¹/₄SW¹/₄ Sec.24-11S-26E
Chaves County, N.M.

NM 26679

The following items supplement Form 9-331C in accordance with instructions contained in NTL-6.

1. SURFACE FORMATION: Permian Detrital
2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Queen	-	650'
San Andres	-	910'
Yeso	-	2210'
Abo	-	4390'
Wolfcamp	-	5118'
Cisco	-	5740'
Fusselman	-	5990'
Devonian	-	6090'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh water	-	In surface formations above 300' and 1200'
Oil	-	In Queen formations below 650'
Gas	-	In Abo formation below 4390'
Oil	-	In Devonian formation below 6000'
4. PROPOSED CASING PROGRAM: See Form 9-331C
5. PRESSURE CONTROL EQUIPMENT: Blowout preventer stack will consist of at least a double-ram blowout preventer rated to 3000#WP. A sketch of the BOP is attached.
6. CIRCULATING MEDIUM:

0'- 400'	Lime and gel, spud mud, viscosity 32 to 34 seconds.
400'-4300'	Fresh water
4300'-TD	Salt water mud, control for viscosity and water loss.
7. AUXILIARY EQUIPMENT: full-opening kelly cock, to fit the drill string in use, will be kept on the rig floor at all times.

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Roswell, New Mexico
SERIAL NO.: NM-26679

and hereby designates

NAME: McKay Oil Corporation
ADDRESS: P. O. Box 2014

Roswell, NM 88202

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

Township 11 South, Range 26 East

Section 24: SW $\frac{1}{4}$

Chaves County, NM

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.

SUNDANCE OIL EXPLORATION COMPANY,
formerly Sundance Oil Company

By:.....

(Signature of lessee)
J. R. Urquhart, Vice-President

March 29, 1984
(Date)

1675 Larimer, Suite 800, Denver, CO 80202
(Address)

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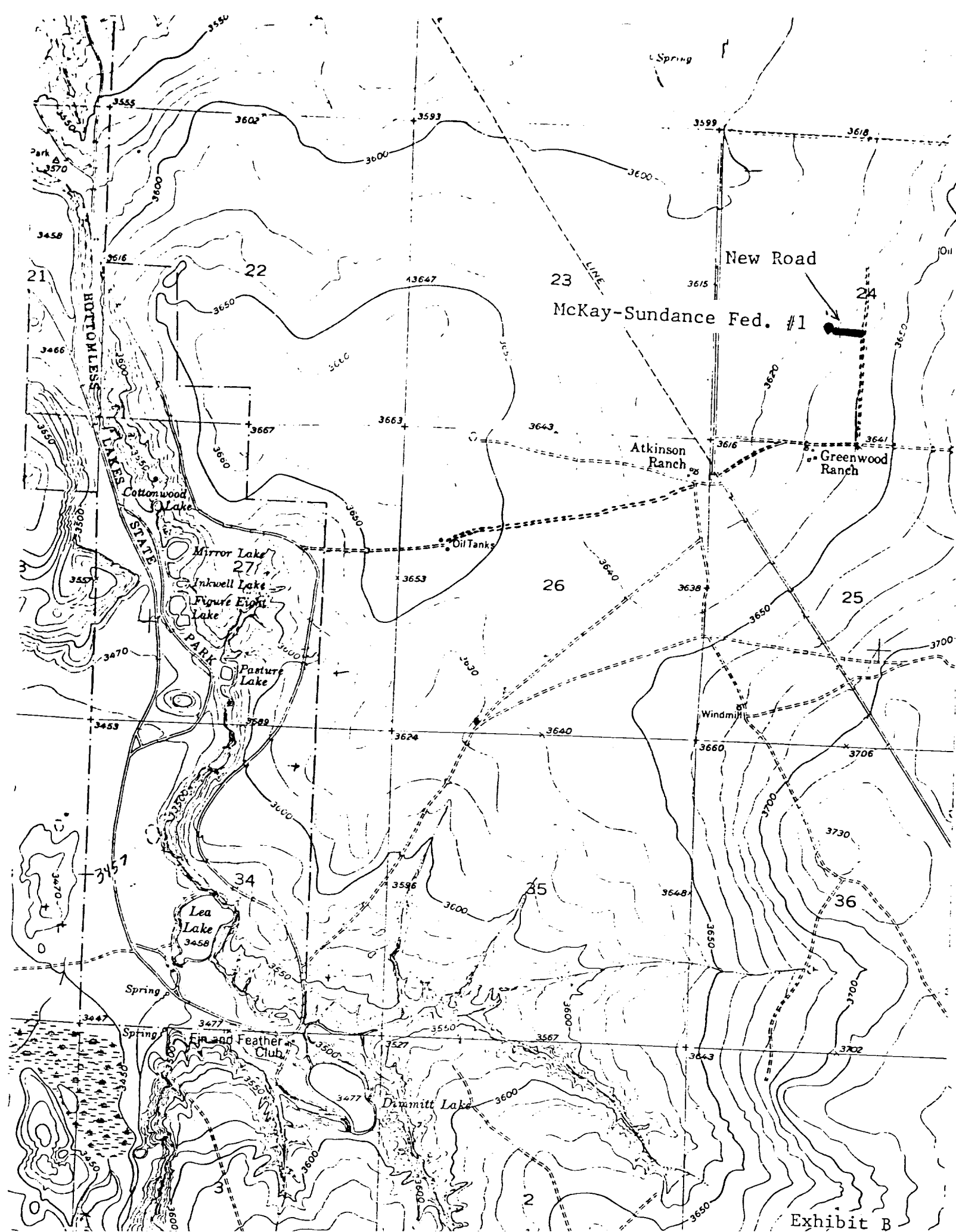
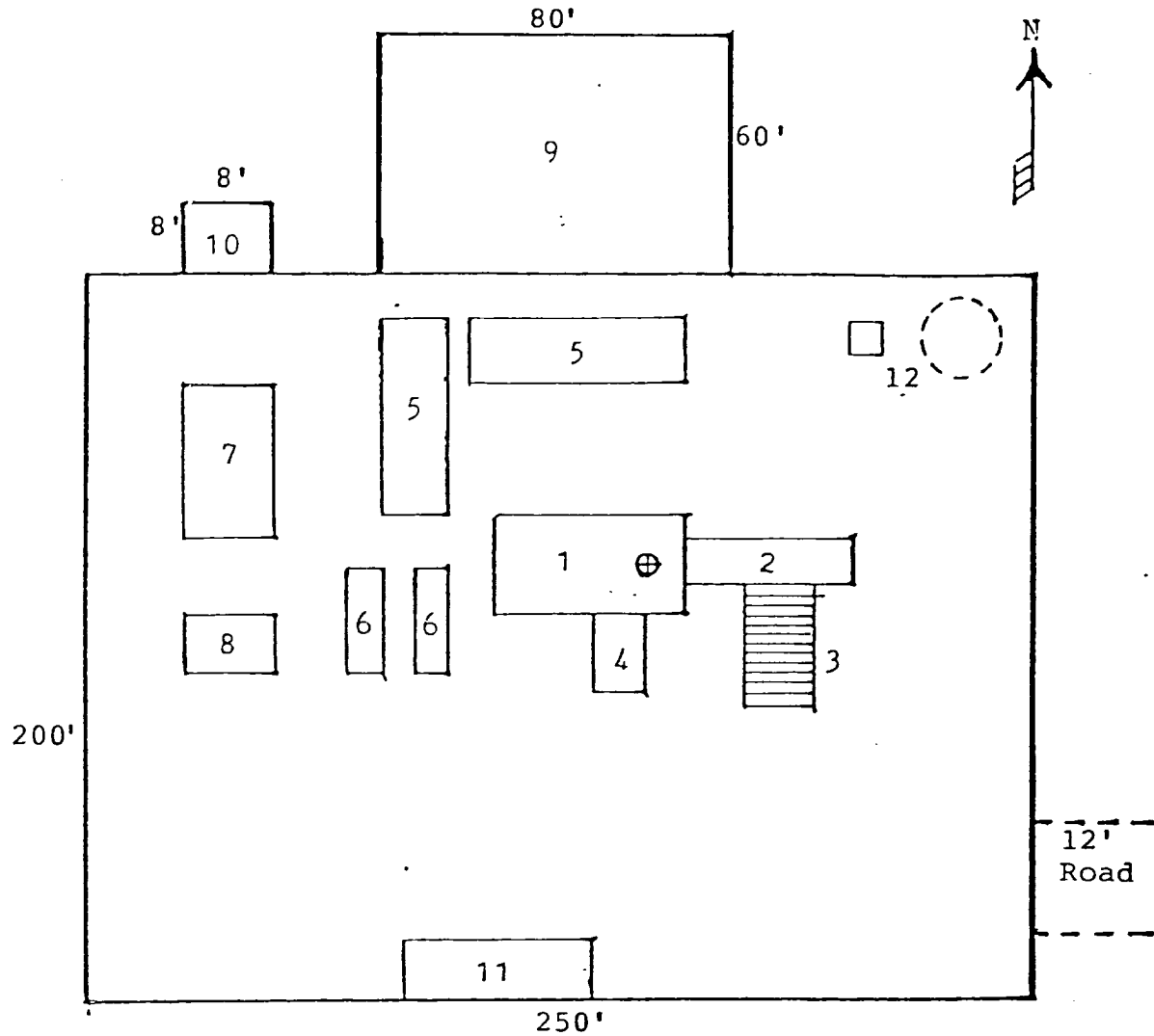


Exhibit B

McKay Oil Corporation
 McKay Sundance Federal #1
 NE1/4SW1/4 Sec. 24-11S-26E
 Chaves County, New Mexico



- | | |
|-----------------|---------------------------|
| 1. Substructure | 7. Water Tank |
| 2. Catwalk | 8. Light Plant |
| 3. Pipe Rack | 9. Reserve Pit |
| 4. Doghouse | 10. Trash Pit |
| 5. Mud Pits | 11. Trailer House |
| 6. Mud Pumps | 12. Production Facilities |