

APPLICATION PURSUANT TO
SECTION 102 (C)(1)(B) of
THE NATURAL GAS POLICY ACT OF 1978 (NGPA)

AFFIDAVIT

STATE OF NEW MEXICO

COUNTY OF CHAVES

BEFORE ME, the undersigned authority, duly commissioned and qualified within and for the State and County aforesaid, personally came and appeared Kay L. Owen who, being by me first duly sworn, deposed and said:

That she is the Land Administrator of McKay Oil Corporation, the applicant for the well as described heretofore in this application, and, in that capacity, she is requesting the Director of the Minerals Management Service to determine the eligibility of said well for wellhead pricing purposes pursuant to the rules and regulations of the Geological Survey, Federal Energy Regulatory Commission, NGPA, and the New Mexico Oil Conservation Division.

That she has made, or has caused to be made, pursuant to her instructions, a diligent search of all records, (including but not limited to production, severance tax, royalty payment, and jurisdictional agency determination records) which are reasonably available and contain information relevant to the determination eligibility. Said search was made in the following manner:

Wells within 2 1/2 mile radius circle were checked to determine
if they produced hydrocarbons within the guideline of Section 102
of the NGPA.

The following records were examined and reviewed:

Scout tickets and volumes of the Annual Report of New Mexico
Oil and Gas Engineering Committee, Southeast New Mexico, since
1977 and through the most recent volume.

The following records may also contain relevant information to this application but were not searched by her or at her direction because she determined that they were not reasonably available to her:

None.

2.5 Mile-Test: Based upon the search and examination described above, she has concluded to the best of her information and knowledge that there is no marker well within a 2.5 mile radius of the well McKay-Harvey Federal #2, API No. 30005-62183 and that she has no knowledge of any other information not described in the application which is inconsistent with this conclusion.

1,000 Feet Deeper Test: Based upon the search and examination described above, she has concluded to the best of her information and knowledge that there is no marker well within a 2.5 mile radius of the well McKay-Harvey Federal #2, API No. 30005-62183, which has a completion location less than 1,000 feet above the completion location of the new well, and that she has no knowledge of any other information not described in the application which is inconsistent with this conclusion.