

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYNEW OIL CONSERVATION
Division
Draper DD
Alameda, NM 88210

30-005-62233

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 32325-B	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" 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 China Draw Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 846' FWL & 660' FSL At proposed prod. zone same			9. WELL NO. 1	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approx. 20 miles north of Roswell, New Mexico			10. FIELD AND POOL, OR WILDCAT wildcat	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 31-6S-23E	
16. NO. OF ACRES IN LEASE 895.79			12. COUNTY OR PARISH Chaves	
17. NO. OF ACRES ASSIGNED TO THIS WELL 160			13. STATE NM	
18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A			20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4135 GL			22. APPROX. DATE WORK WILL START* Dec. 1, 1984	

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24.0 J-55	1000' ±	850 cr cement circulated
7-7/8"	4 1/2"	10.5 J-55	TD	1200 cf cement including
				480 cf to tie in 4 1/2" to
				8 5/8" from 1500' to 800'.

We propose to drill and test the Abo formation. Approximately 1000' of surface casing will be set and cemented to surface. If commercial, 4 1/2" production casing will be run and cemented with adequate cover, perforated and stimulate as needed for production.

MUD Program: See Supplemental Drilling Data which is attached.

BOP Program: BOP will be installed on 8 5/8" casing and tested daily.

Gas is not dedicated.

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 <u>James L. Shultz</u>		TITLE <u>Landman</u>	DATE <u>11-20-84</u>
(This space for Federal or State office use)			
PERMIT NO. _____	APPROVAL DATE _____		
APPROVED BY <u>S/Phil Kirk</u>	TITLE <u>Area Manager</u>		
CONDITIONS OF APPROVAL, IF ANY:	DATE <u>1-2-85</u>		

All distances must be from the outer boundaries of Section.

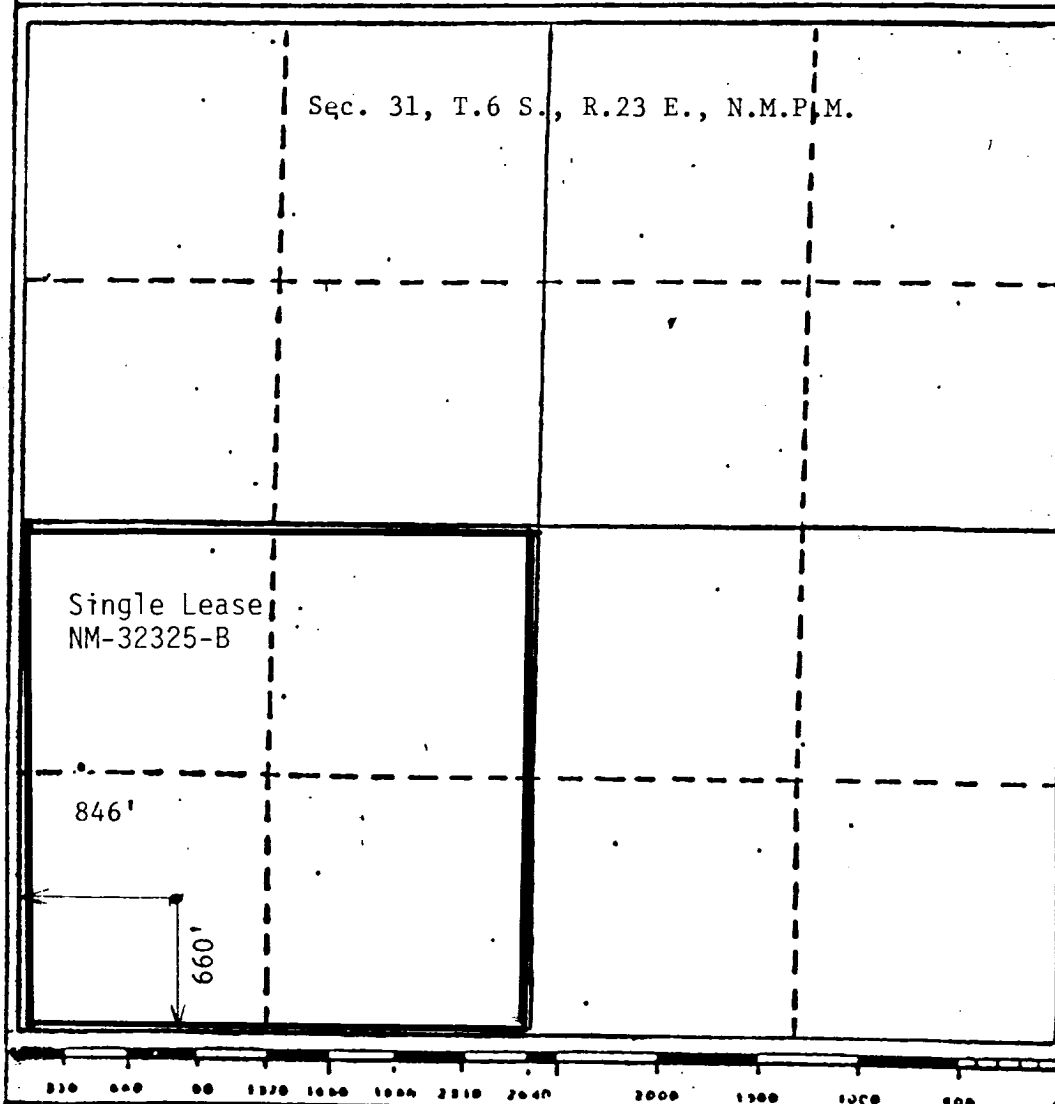
Operator McKay Oil Corp.			Lease China Draw Federal			Well No. #1		
Unit Letter M	Section 31	Township 6 South	Range 23 East	County Chaves				
Actual Footage Location of Well 660 feet from the South line and 846 feet from the West line								
Ground Level Elev. 4135		Producing Formation Abo		Pool undesignated		Dedicated Acreage 160		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 Corp.

Date

11-20-84

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.

Date Surveyed

November 22, 1984

Registered Professional Landman and/or Surveyor

John D. Jaquess, P.E. & L.S.

Certificate No.

6290

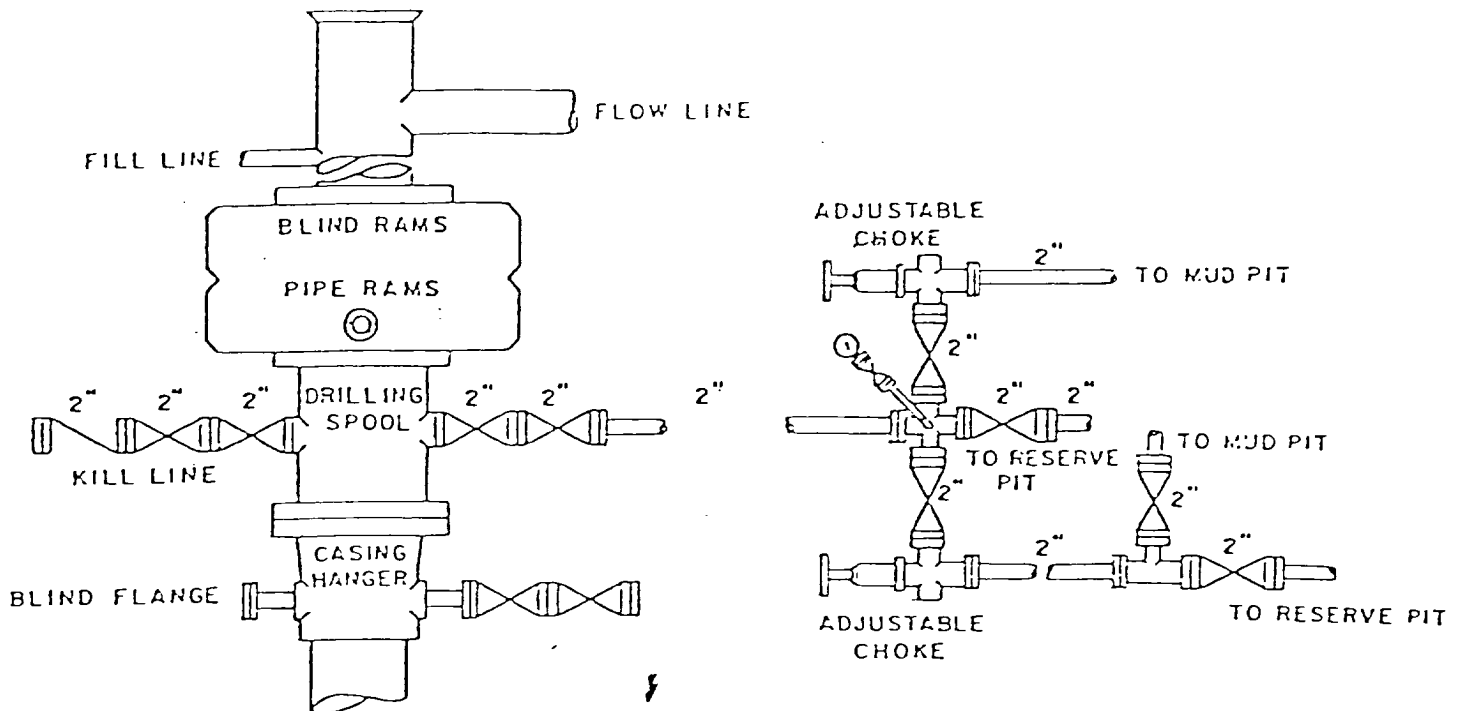
PERTINENT INFORMATION

For

McKAY OIL CORPORATION
China Draw Federal #1
SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 31-6S-23E
Chaves County, N.M.

<u>LOCATED:</u>	20 air miles north of Roswell, New Mexico
<u>LEASE NUMBER:</u>	NM 32325-B
<u>LEASE ISSUED:</u>	November 1, 1978
<u>RECORD LESSEE:</u>	McKay Oil Corporation Transwestern Gas Supply Hunt Oil Company J.N. Oil & Gas
<u>BOND COVERAGE:</u>	Lessee's \$25,000 Statewide
<u>AUTHORITY TO OPERATE:</u>	Designation of Operator
<u>ACRES IN LEASE:</u>	895.79 acres more or less
<u>SURFACE OWNERSHIP:</u>	Federal
<u>GRAZING PERMITTEE:</u>	Bronson Corn Trust
<u>POOL RULES:</u>	General Statewide Rules
<u>EXHIBITS:</u>	A. Road and Well Map B. Contour Map C. Rig Layout D. BOP Diagram

MCKAY OIL CORPORATION
China Draw Federal #1
SW $\frac{1}{4}$ SW $\frac{1}{2}$ Sec. 31-6S-23E
Chaves County, New Mexico



BOP DIAGRAM

3000# Working Pressure
Rams Operated Daily

Drilling Spool will be installed is necessary.

EXHIBIT D

SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION
China Draw Federal #1
SW1/4SW1/4 Sec.31-6S-23E
Chaves County, N.M.

NM 32325-B

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

1. SURFACE FORMATION: San Andres
2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

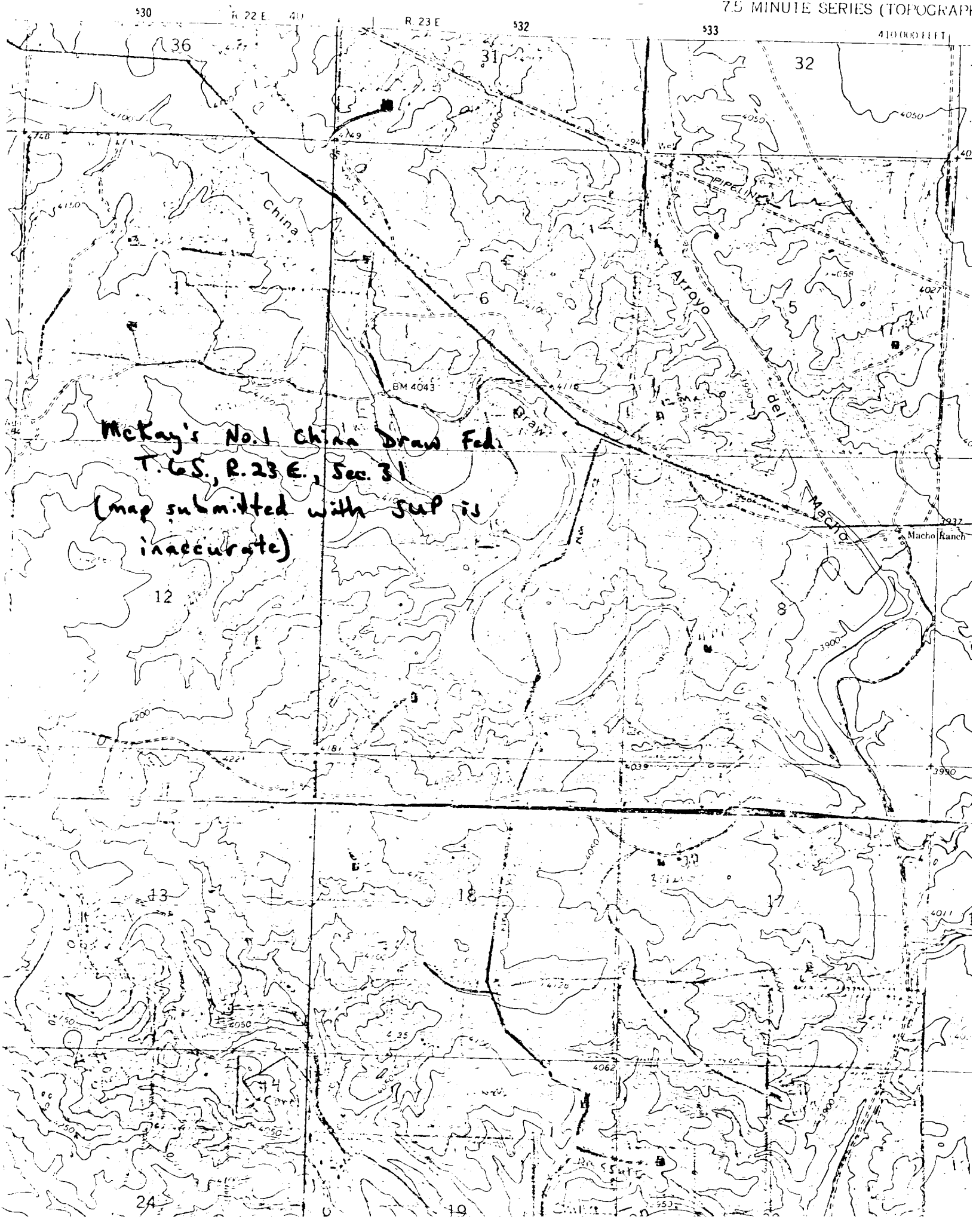
Yeso	- 686'
Tubb	- 2216'
Abo	- 2896'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh water	- In surface formations above 600'
Gas	- In Abo formation below 2896'
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:

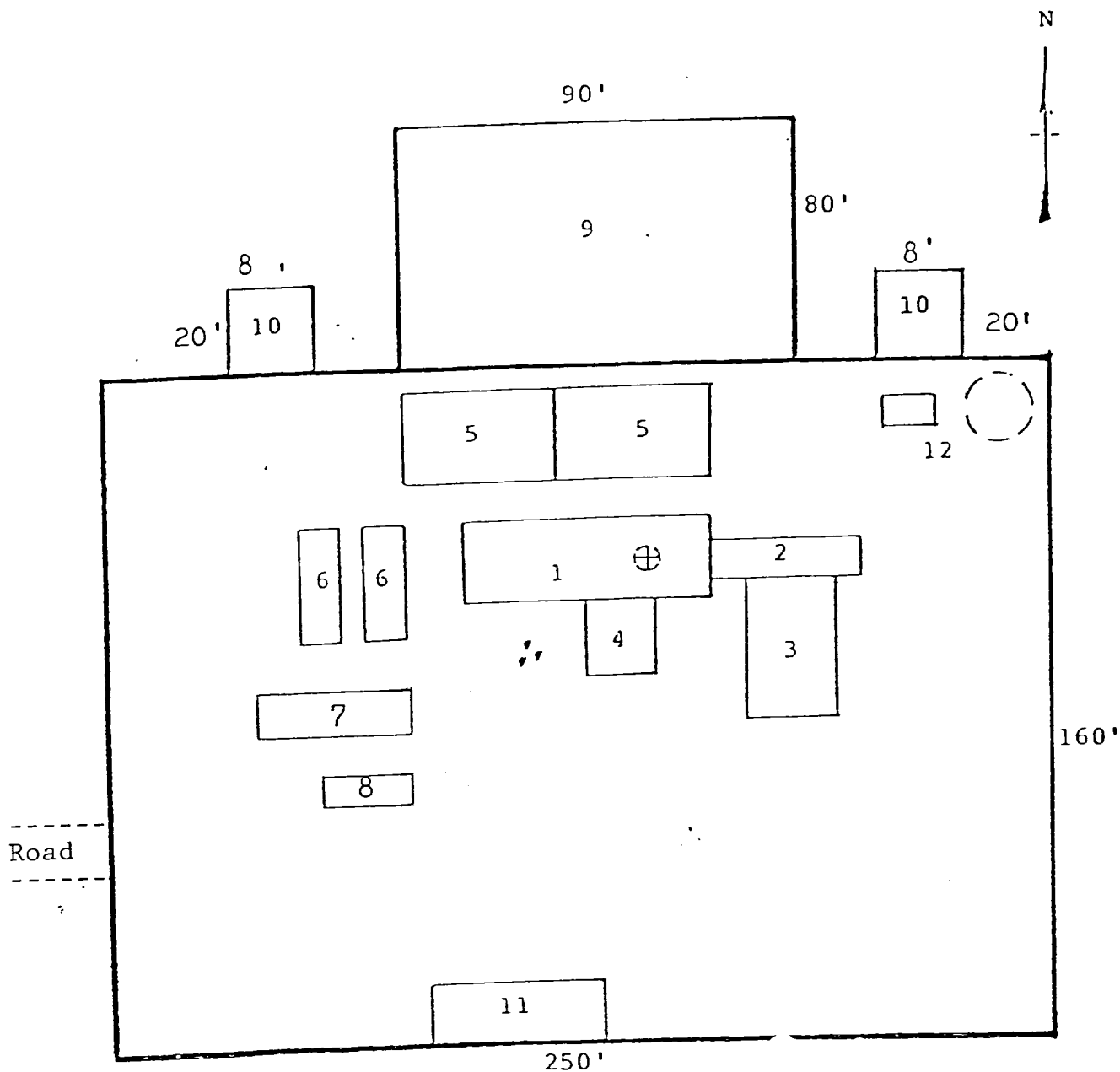
0'- 600'	Lime and gel, spud mud, viscosity 32 to 34 seconds.
600'- 2800'	Fresh water
2800'- TD	Start mudding up at 3300'; viscosity 36 to 38 seconds; water loss 10 cc or less; 3-5% Diesel; 2 KCL

Mud additives will be used to control 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.

8. TESTING, LOGGING AND CORING PROGRAM:
Samples: Catch samples form surface to TD.
DST'S: None
Logging: GR-CNL, Dual Lateral MSFL from
surface to TD.
Coring: None
9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:
None anticipated.
10. ANTICIPATED STARTING DATE: On or before December 1,
1984. Drilling should be completed within 14 days.
Completion operations (perforations and stimulation)
will follow drilling operations.



MCKAY OIL CORPORATION
 China Draw Federal #1
 SW1/4SW1/2 Sec. 31-6S-23E
 Chaves County, New Mexico



RIG LAYOUT

- | | |
|-----------------|---------------------------|
| 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 |