

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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 960' FWL & 1650' FNL At proposed prod. zone Same		9. WELL NO. 2
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 drig. unit line, if any) 960'		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		14. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4100' GL		22. APPROX. DATE WORK WILL START* Dec. 15, 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 cf 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 James L. Schell TITLE Landman DATE 11-20-84
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY S/DR KIRK TITLE Asst. Dir. DATE 1-3-85
CONDITIONS OF APPROVAL, IF ANY:

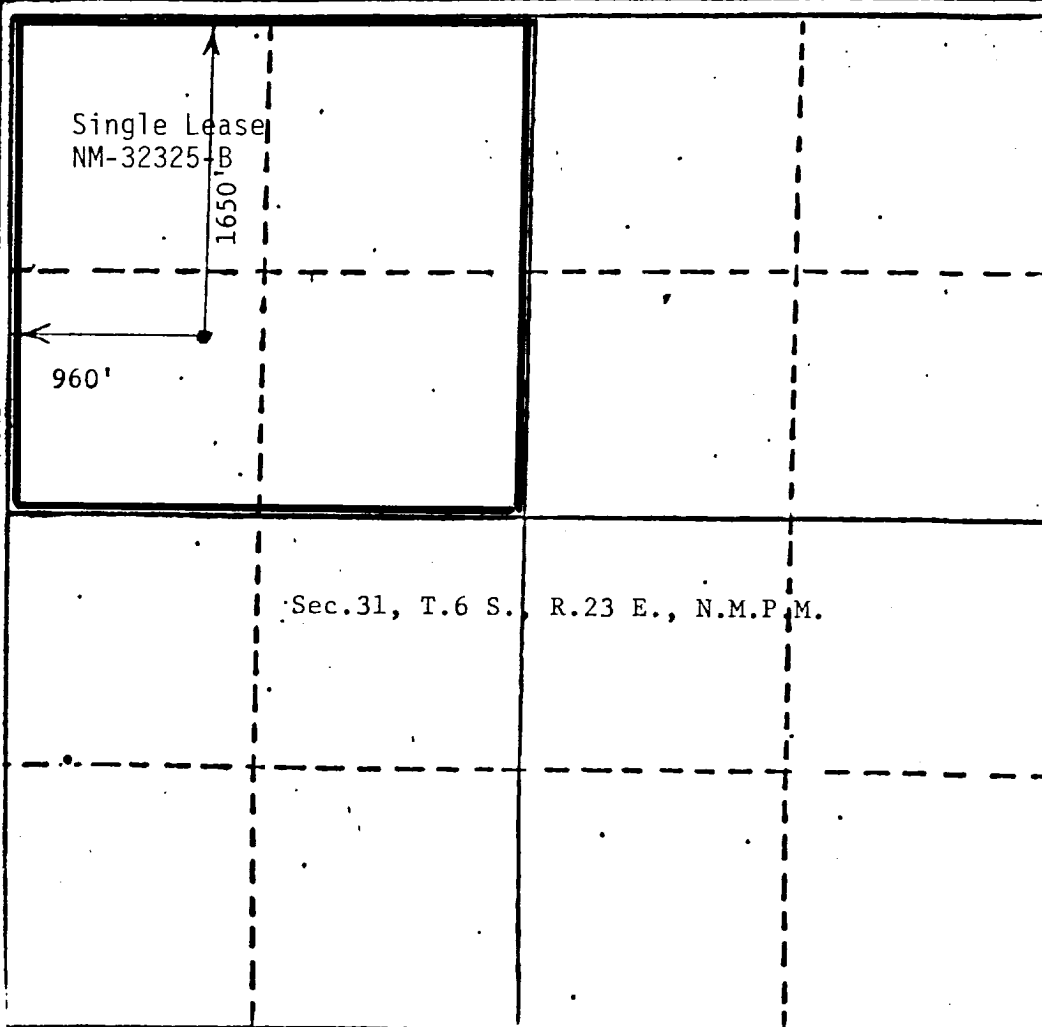
All distances must be from the outer boundaries of the section.

Operator McKay Oil Corp.			Lease China Draw Federal		Well No. #2
Unit Letter E	Section 31	Township 6 South	Range 23 East	County Chaves	
Actual Footage Location of Well 1650 feet from the North line and 960 feet from the West line					
Ground Level Elev. 4100	Producing Formation Abo	Pool undesignated		Dedicated Acreage 160 Acres	

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.

James L. Schultz
Name
James L. Schultz

Position
Landman

Company
McKay Oil Corp.

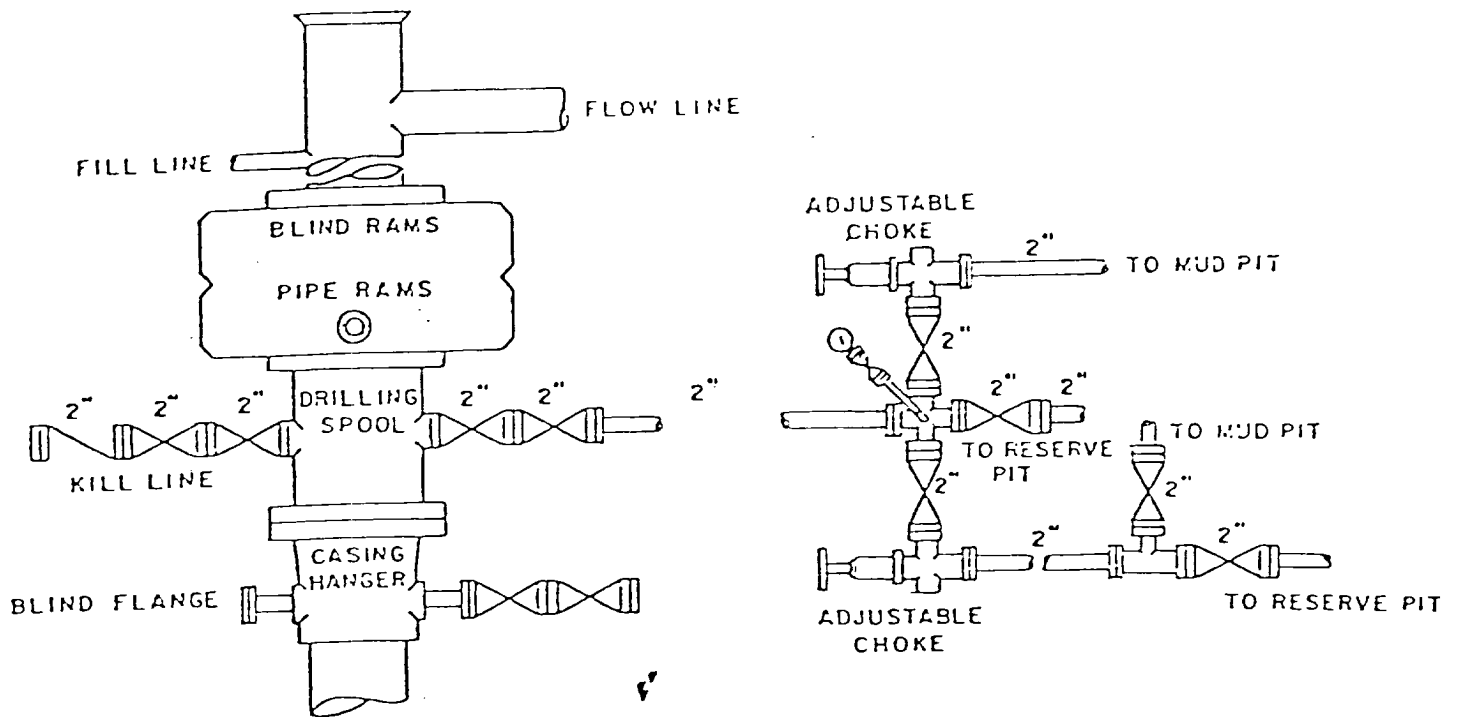
Date
11-20-84

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 15, 1984
Registered Professional Engineer and/or Land Surveyor
6290
John D. Jaquess
John D. Jaquess
Certification No. 6290 PROFESSIONAL ENGINEER L.S.

110 640 88 1270 1680 1894 2040 2200 1500 1000 800

MCKAY OIL CORPORATION
 China Draw Federal #2
 SW1/4NW1/4 Sec. 31-6S-23E
 Chaves County, New Mexico



BOP DIAGRAM

3000# Working Pressure
 Rams Operated Daily

Drilling Spool will be installed if necessary.

SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION
China Draw Federal #2
SW1/4NW1/4 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	- 651'
Tubb	- 2181'
Abo	- 2861'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh water	- In surface formations above 600'
Gas	- In Abo formation below 2861'
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.

MCKAY OIL CORPORATION
China Draw Federal #2
SW1/4NW1/4 Sec. 31-6S-23E
Chaves County, New Mexico

China Draw Fed. #2

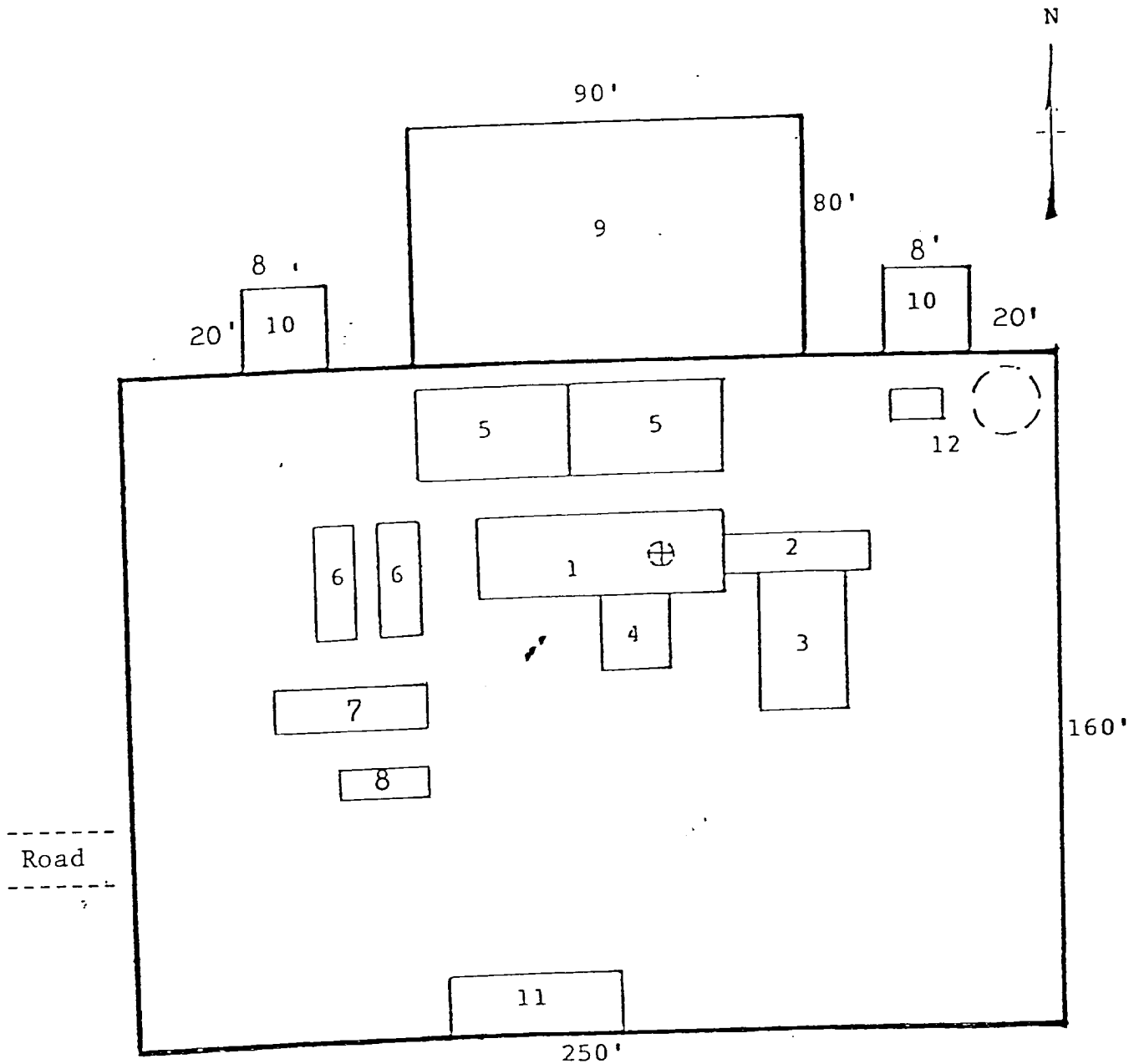
Roswell, NM
18 miles

Access Road

(Exhibit A

C18 SLO

MCKAY OIL CORPORATION
 China Draw Federal #2
 SW1/4NW1/4 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 |