

*McKay Oil Corporation*

ROY L. MCKAY, PRESIDENT HOME OFFICE, P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

(DFW) OFFICE FIRST CITY TOWER, SUITE 590

201 E. ABRAM, ARLINGTON, TX 76010 817-265-5515

OIL  
&  
GAS

June 18, 1986

ROY L. MCKAY

New Mexico Oil Conservation Division  
P.O. Drawer DD  
Artesia, New Mexico 88210



Re: Filing for Determination  
of Price Under the Natural  
Gas Policy Act  
#5 China Draw Federal Comm  
Section 30-6S-23E  
Chaves County, New Mexico

Gentlemen:

Please find enclosed a copy of the revised FERC 121 forms  
under Section 103(c) and 107(c) of the NGPA, as filed by McKay  
Oil Corporation for the captioned well.

Yours very truly,

MCKAY OIL CORPORATION

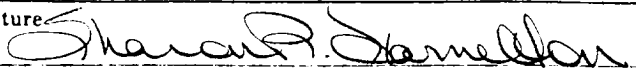
Sharon R. Hamilton  
Land Coordinator

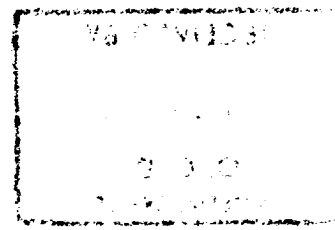
Enclosures

|                                    |
|------------------------------------|
| RECEIVED BY                        |
| JUN 23 1986                        |
| UNITED STATES                      |
| DEPARTMENT OF THE INTERIOR         |
| ARTESIA OFFICE                     |
| SUPPLEMENTARY APPLICATION FOR      |
| NATURAL GAS CATEGORY DETERMINATION |

FORM APPROVED  
OMB NO. 1004-0149  
Expires: January 31, 1986

This form is required by the Bureau of Land Management (BLM) and the Minerals Management Service (MMS) the jurisdictional agencies charged with under the Natural Gas Policy Act of 1978, P.L. 95-621, for Federal, Indian, and OCS lands. The data requested is a requirement of the Federal Energy Regulatory Commission regulation 18 CFR 274, Determinations by Jurisdictional Agencies. All such data must be forwarded to the Federal Energy Regulatory Commission by the Authorized Officer.

|  |  |  |  |
|--|--|--|--|
| 11. Applicant<br>McKay Oil Corporation   |  | 1. API Well No.<br>30-005-62325  |  |
| Address (Including zip code)<br>P. O. Box 2014, Roswell, NM 88201  |  | 2. Lease No.<br>NM-32325-B   |  |
| Telephone (Including area code)<br>505/623-4735  |  | 3. Lease Name and Well No.<br>China Draw Federal Comm #5   |  |
| 12. Request Category for Determination   |  | 4. Sec., T. & R.<br>Section 30-6S-23E  |  |
| <input type="checkbox"/> Section 102(c)(1)(B), New Onshore Wells   |  | 5. Area and Block (OCS)  |  |
| <input type="checkbox"/> Section 102(c)(1)(C), New Onshore Reservoirs  |  | 6. Field<br>West Pecos Slope Abo   |  |
| <input type="checkbox"/> Section 102(d), New Reservoirs on Old OCS Leases  |  | 7. Reservoir<br>Abo sand   |  |
| <input checked="" type="checkbox"/> Section 103(c), New Onshore Production Well  |  | 8. State, District, and County<br>NM, Roswell, Chaves  |  |
| <input checked="" type="checkbox"/> Section 107(c), High-Cost Natural Gas  |  | 9. Operator<br>McKay Oil Corporation   |  |
| <input type="checkbox"/> Section 108(b), Stripper-Well Natural Gas   |  | 10. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well |  |
| 13. Person Responsible for Answering Questions<br>Sharon R. Hamilton   |  |  |  |
| Address (Including zip code)<br>P. O. Box 2014, Roswell, NM 88201  |  |  |  |
| Telephone (Including area code)<br>505/623-4735  |  |  |  |
| 14. Newspaper, City, State, and Date (or expected date) of Notice<br>Roswell Daily Record, Roswell, NM   |  | 6-25-86  |  |
| 15. Gas Purchaser<br>New Mexico Gas Marketing, Inc.  |  |  |  |
| Address (Including zip code)<br>P. O. Box 2014, Roswell, NM 88201  |  |  |  |
| Gas Purchaser  |  |  |  |
| Address (Including zip code)   |  |  |  |
| 16. Colessee and/or Working Interest Owner<br>See attached Exhibit "A"   |  |  |  |
| Address (Including zip code)   |  |  |  |
| Colessee and/or Working Interest Owner   |  |  |  |
| Address (Including zip code)   |  |  |  |
| 17. Attach the Appropriate Checklist and Support Data (See instructions)<br>I certify that the foregoing and the checklist attached are true and correct to the best of my knowledge as determined from available records.                                 |  |  |  |
| Title 18 U.S.C. Section 1001, makes 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. |  |  |  |
| Name<br>Sharon R. Hamilton   |  | Title<br>Land Coordinator  |  |
| Signature<br>   |  | Date<br>June 18, 1986  |  |



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O. C. D.

ARTESIA OFFICE

EXHIBIT "A"

McKay Oil Corporation  
China Draw Federal Comm #5  
Section 30-6S-23E  
API No. 30005-62325  
Chaves County, New Mexico

Working Interest Owners

McKay Oil Corporation  
P.O. Box 2014  
Roswell, New Mexico 88202

Royale Petroleum Corporation  
Imperial Bank Tower  
701 B Street, Suite 2060  
San Diego, California 92101

The McKay Children's Trust  
P. O. Box 2014  
Roswell, New Mexico 88201

Gas Purchaser

New Mexico Gas Marketing, Inc.  
P. O. Box 2014  
Roswell, New Mexico 88201

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U.S. DEPARTMENT OF ENERGY  
O. C. D. Federal Energy Regulatory Commission  
ARTESIA, OFFICE Washington, D.C. 20426

APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL  
PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)  
(Sections 102, 103, 107 and 108)

PLEASE READ BEFORE COMPLETING THIS FORM:

General Instructions:

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA. A separate application is required for each well. If any reservoir qualifies for a category which differs from the category applicable to the producing well, separate applications must be made for the producing well and the reservoir. Complete each appropriate item on the reverse side of this page. The code numbers used in items 4.0 and 6.0 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Enter any additional remarks in the space below.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 270.103. If there are any questions, call (202) 275-4539.

Specific Instructions for Item 2.0, Type of Determination:

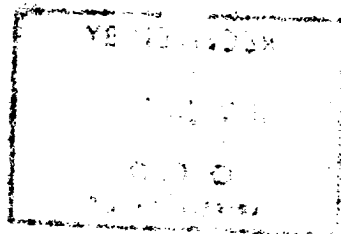
| <u>Section of NGPA</u> | <u>Category Code</u> | <u>Description</u>                        |
|------------------------|----------------------|---|
| 102                    | 1                    | New OCS Lease                             |
| 102                    | 2                    | New onshore well (2.5 mile test)          |
| 102                    | 3                    | New onshore well (1,000 feet deeper test) |
| 102                    | 4                    | New onshore reservoir                     |
| 102                    | 5                    | New reservoir on old OCS Lease            |
| 103                    | —                    | New onshore production well               |
| 107                    | —                    | High cost natural gas                     |
| 108                    | —                    | Stripper well                             |

Other Purchasers/Contracts:

| <u>Contract Date</u><br>(Mo. Day Yr.) | <u>Purchaser</u> | <u>Buyer Code</u> |
|---------------------------------------|------------------|-------------------|
| _____                                 | _____            | _____             |
| _____                                 | _____            | _____             |
| _____                                 | _____            | _____             |

Remarks:

McKay Oil Corporation  
China Draw Federal Comm #5



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ERC-121

JUN 23 1986

|  |  |         |   |                                  |
|--|--|---------|---|----------------------------------|
| 1.0 API well number:<br>(If not available, leave blank. 14 digits.)  | 30-005-62325   |         |   |                                  |
| 2.0 Type of determination being sought:<br>(Use the codes found on the front of this form.)                                  | 103<br>Section of NGPA   |         | (c)<br>Category Code                              |                                  |
| 3.0 Depth of the deepest completion location:<br>(Only needed if sections 103 or 107 in 2.0 above.)                          | 2943 feet  |         |   |                                  |
| 4.0 Name, address and code number of applicant:<br>(35 letters per line maximum. If code number not available, leave blank.) | McKay Oil Corporation<br>Name<br>P. O. Box 2014<br>Street<br>Roswell, NM 88201<br>City State Zip Code                                      |         |   |                                  |
| 5.0 Location of this well: [Complete (a) or (b).]<br>(a) For onshore wells<br>(35 letters maximum for field name.)           | West Pecos Slope Abo<br>Field Name<br>Chaves NM<br>County State  |         |   |                                  |
| (b) For OCS wells:   | Area Name Block Number<br>Date of Lease:<br>Mo. Day Yr. OCS Lease Number   |         |   |                                  |
| (c) Name and identification number of this well: (35 letters and digits maximum.)  | China Draw Federal Comm #5   |         |   |                                  |
| (d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)  | Abo sand   |         |   |                                  |
| 6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)   | New Mexico Gas Marketing, Inc.<br>Name Buyer Code  |         |   |                                  |
| (b) Date of the contract:  | 0,3,2,8,6,<br>Mo. Day Yr.  |         |   |                                  |
| (c) Estimated annual production:   | 150,000 MMcf.  |         |   |                                  |
|  | (a) Base Price<br>(\$/MMBTU)   | (b) Tax | (c) All Other<br>Prices [Indicate<br>(+) or (-).] | (d) Total of (a),<br>(b) and (c) |
| 7.0 Contract price:<br>(As of filing date. Complete to 3 decimal places.)  | 1.05   | .22     | ---   | 1.27                             |
| 8.0 Maximum lawful rate:<br>(As of filing date. Complete to 3 decimal places.)   | 3.099  | .305    | +.093   | 3.497                            |
| 9.0 Person responsible for this application:   | Sharon R. Hamilton Land Coordinator<br>Name Title<br>Signature<br>June 18, 1986 505/623-4735<br>Date Application is Completed Phone Number |         |   |                                  |
| Agency Use Only  |  |         |   |                                  |
| Date Received by Juris. Agency   |  |         |   |                                  |
| Date Received by FERC  |  |         |   |                                  |

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C-121

|  |  |                    |   |                                  |
|--|--|--------------------|---|----------------------------------|
| 1.0 API well number:<br>(If not available, leave blank. 14)  | 30-005-62325   |                    |   |                                  |
| 2.0 Type of determination being sought:<br>(Use the codes found on the front of this form.)                                | 107  |                    | (c)   |                                  |
|  | Section of NGPA  |                    | Category Code                                     |                                  |
| 3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)                           | 2943 feet  |                    |   |                                  |
| 4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)  | McKay Oil Corporation<br>Name<br>P. O. Box 2014<br>Street<br>Roswell, NM 88201<br>City State Zip Code                                      |                    |   |                                  |
| 5.0 Location of this well: [Complete (a) or (b).]<br>(a) For onshore wells<br>(35 letters maximum for field name.)         | West Pecos Slope Abo<br>Field Name<br>Chaves NM<br>County State  |                    |   |                                  |
| (b) For OCS wells:   | Area Name Block Number<br>Date of Lease:<br>Mo. Day Yr. OCS Lease Number   |                    |   |                                  |
| (c) Name and identification number of this well: (35 letters and digits maximum.)  | China Draw Federal Comm #5   |                    |   |                                  |
| (d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)  | Abo sand   |                    |   |                                  |
| 6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.) | New Mexico Gas Marketing, Inc.<br>Name Buyer Code  |                    |   |                                  |
| (b) Date of the contract:  | 01 31 21 81 81 61<br>Mo. Day Yr.   |                    |   |                                  |
| (c) Estimated annual production:   | 150,000 MMcf.  |                    |   |                                  |
|  | (a) Base Price<br>(\$/MMBTU)   | (b) Tax            | (c) All Other<br>Prices [Indicate<br>(+) or (-).] | (d) Total of (a),<br>(b) and (c) |
| 7.0 Contract price:<br>(As of filing date. Complete to 3 decimal places.)  | 1 0 5<br>- . - - -   | 2 2<br>- . - - -   | - . - - -   | 1 2 7<br>- . - - -               |
| 8.0 Maximum lawful rate:<br>(As of filing date. Complete to 3 decimal places.)   | 6 1 9 8<br>- . - - -   | 4 3 9<br>- . - - - | + 1 8 6<br>- . - - -                              | 6 8 2 3<br>- . - - -             |
| 9.0 Person responsible for this application:   | Sharon R. Hamilton Land Coordinator<br>Name Title<br>Signature<br>June 18, 1986 505/623-4735<br>Date Application is Completed Phone Number |                    |   |                                  |
| Agency Use Only  |  |                    |   |                                  |
| Date Received by Juris. Agency   |  |                    |   |                                  |
| Date Received by FERC  |  |                    |   |                                  |