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UNITED STATES
DEPARTMENT OF THE INTERIOR
SUPPLEMENTARY APPLICATION FOR
NATURAL GAS CATEGORY DETERMINATION

RECEIVED BY
JAN 14 1987
O. C. D.
ARTESIA, OFFICE

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

This form is to be submitted to the Bureau of Land Management (BLM) and the Minerals Management Service (MMS), the jurisdictional agencies charged with under the Natural Gas Policy Act of 1975, 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. This data must be forwarded to the Federal Energy Regulatory Commission by the Authorized Officer.

A. Applicant McKay Oil Corporation	1. API Well No. 30-005-62328
B. Address (including zip code) P. O. Box 2014, Roswell, NM 88201	2. Lease No. NM-36195
C. Telephone (including area code) 505/623-4735	3. Lease Name and Well No. Remmele Fed. Comm. #8
D. Request Category for Determination ☐ Section 102(c)(1)(B), New Onshore Wells ☐ Section 102(c)(1)(C), New Onshore Reservoirs ☐ Section 102-1, New Reservoirs on Old OCS Leases ☒ Section 102(e), New Onshore Production Well ☒ Section 107(c), High-Cost Natural Gas ☐ Section 108(a), Stripper-Well Natural Gas	4. Sec., T. & R. Section 24-6S-22E
	5. Area and Block (OCS)
	6. Field West Pecos Slope Abo
	7. Reservoir Abo sand
E. Person Responsible for Answering Questions Cindy L. Kelton	8. State, District, and County NM, Roswell, Chaves
F. Address (including zip code) P. O. Box 2014, Roswell, NM 88201	9. Operator McKay Oil Corporation
G. Telephone (including area code) 505/623-4735	10. Type of Well ☐ Oil Well ☒ Gas Well

I, the undersigned, certify that the information and data on this form and the checklist attached are true and correct to the best of my knowledge as determined from available records.

I certify that the foregoing and the checklist attached are true and correct to the best of my knowledge as determined from available records.

Name Cindy L. Kelton Title Assistant to the President

Date January 12, 1987

EXHIBIT "A"

McKay Oil Corporation
Remmele Federal Comm. #8
Section 24-6S-22E
API No. 30005-62328
Chaves County, New Mexico

Working Interest Owners

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

Flagstaff Land Associates
2222 S. Dobson Road, Suite 6A
Mesa, AZ 85202

DENCO Oil & Gas Investments
2222 S. Dobson Road, Suite 6A
Mesa, AZ 85202

DENCO Oil Properties
2222 S. Dobson Road, Suite 6A
Mesa, AZ 85202

DENCO Oil Partners
2222 S. Dobson Road, Suite 6A
Mesa, AZ 85202

Gas Purchaser

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

U.S. DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission
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:

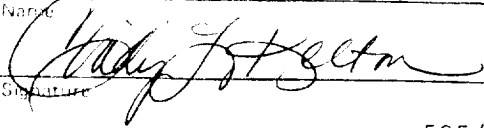
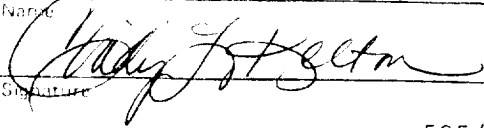
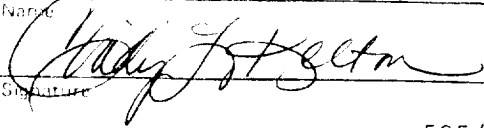
<u>Section of NGPA</u>	<u>Category Code</u>	<u>Description</u>
102	1	New OCS Lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1,000 feet deeper test)
102	4	New onshore reservoir
102	5	New reservoir on old OCS Lease
103		New onshore production well
107		High cost natural gas
108		Stripper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

Other Purchasers Contracts:

<u>Contract Date</u> (Mo., Da., Yr.)	<u>Purchaser</u>	<u>Buyer Code</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Remarks:

McKay Oil Corporation
Remmele Federal Comm. #8

1.0 API well number: (If not available, leave blank. 14 digits.)	30-005-62328						
2.0 Type of determination being sought (Use the codes found on the front of this form.)	103 Section of NGPA		(c) Category Code				
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	2894 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 Name: P. O. Box 2014 Seller Code: Street: Roswell NM 88201 City: State: Zip Code:						
5.0 Location of this well: [Complete (a) or (b).] (a) For onshore wells (35 letters maximum for field name.)	West Pecos Slope Abo Field Name: Chaves NM County: State:						
(b) For OCS wells:	Area Name: Block Number: Date of Lease: Mo. Day Yr. OCS Lease Number:						
(c) Name and identification number of this well: (35 letters and digits maximum.)	Remmele Federal Comm. #8						
(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. Name: Buyer Code:						
(b) Date of this contract:	032886 Mo. Day Yr.						
(c) Estimated annual production:	90,000 MMcf.						
		(a) Base Price (\$/MMBTU)	(b) Tax	(c) All Other Prices (Indicate (+) or (-))	(d) Total of (a), (b) and (c)		
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)		1.487	.166	.---	1.653		
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)		3.141	.169	+.094	3.404		
9.0 Person responsible for this application:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; vertical-align: top;"> Agency Use Only Date Received by Juris. Agency Date Received by FERC </td> <td style="width: 70%; vertical-align: top;"> Cindy L. Kelton Assistant to the Name: Title President  Signature: January 12, 1987 505/623-4735 Date Application is Completed Phone Number </td> </tr> </table>					Agency Use Only Date Received by Juris. Agency Date Received by FERC	Cindy L. Kelton Assistant to the Name: Title President  Signature: January 12, 1987 505/623-4735 Date Application is Completed Phone Number
Agency Use Only Date Received by Juris. Agency Date Received by FERC	Cindy L. Kelton Assistant to the Name: Title President  Signature: January 12, 1987 505/623-4735 Date Application is Completed Phone Number						

1.0 API well number: (If not available, leave blank. 14 digits.)	30-005-62328				
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	107 Section of NGPA		(c) Category Code		
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	2894 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 Name P. O. Box 2014 Street Roswell NM 88201 City State Zip Code				
5.0 Location of this well: (Complete (a) or (b).) (a) For onshore wells (35 letters maximum for field name.)	West Pecos Slope Abo Field Name Chaves NM County State				
(b) For OCS wells:	Area Name Block Number Date of Lease: Mo. Day Yr. OCS Lease Number				
(c) Name and identification number of this well: (35 letters and digits maximum.)	Remmele Federal Comm. #8				
(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. Name Buyer Code				
(b) Date of contract:	0 3 2 8 8 6 Mo. Day Yr.				
(c) Estimated annual production:	90,000 MMcf.				
		(a) Base Price (\$/MMBTU)	(b) Tax	(c) All Other Prices (Indicate (+) or (-).)	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)		1.487	.166	.---	1.653
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)		6.282	.175	+.188	6.645
9.0 Person responsible for this application:	Cindy L. Kelton Name Assistant to the Title President Signature January 12, 1987 505/623-4735 Date Application is Completed Phone Number				
Agency Use Only: Date Received by State Agency: Date Received by FERC:					