

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-005-62330

5. LEASE DESIGNATION AND SERIAL NO.

NM-36194

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

S. Four Mile Draw Fed.

9. WELL NO.

#3

10. FIELD AND POOL, OR WILDCAT

W. Pecos Slope Abo

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA

Sec. 24-6S-22E

12. COUNTY OR PARISH

Chaves

13. STATE

NM

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

McKay Oil Corporation

3. ADDRESS OF OPERATOR

P.O. Box 2014, Roswell, New Mexico 88201

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1413'FWL and 1166'FNL

At proposed prod. zone

same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

25 Miles north of Roswell, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

1166'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

2 miles

16. NO. OF ACRES IN LEASE

2520.0

19. PROPOSED DEPTH

3400'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

4118'GL

22. APPROX. DATE WORK WILL START*

ASAP

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	900±	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 900' 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 stimulated as needed for production.

MUD PROGRAM: See Supplemental Drilling Data which is attached.

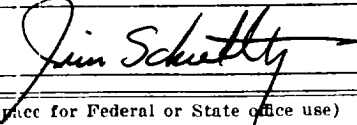
BOP PROGRAM: BOP will be installed on 8 5/8" casing and tested daily.

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



TITLE

Landman

DATE 4-28-86

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

S/Phil Kirk

TITLE

Area Manager

DATE 5-9-86

CONDITIONS OF APPROVAL, IF ANY:



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

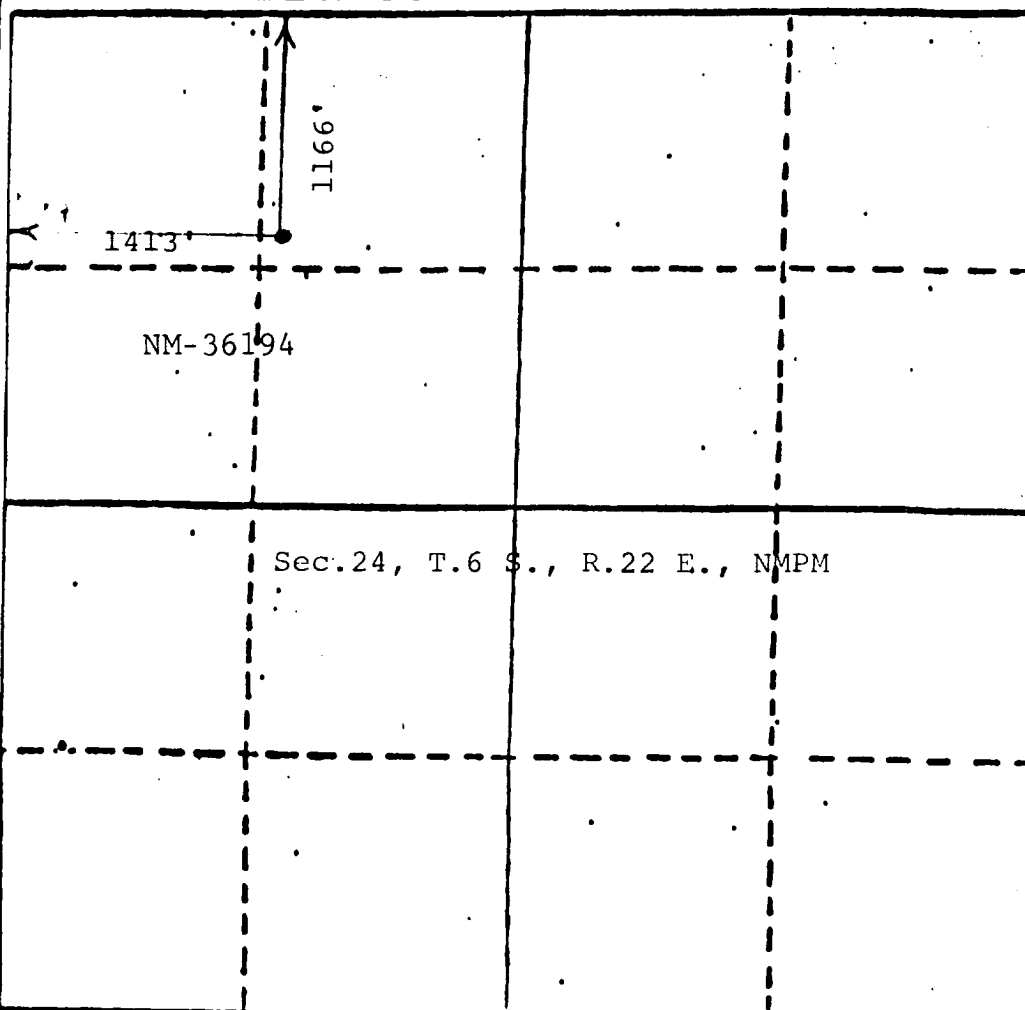
Operator McKay Oil Corp.			Lease South Four Mile Draw Fed.		Well No. #3
Unit Letter C	Section 24	Township 6 South	Range 22 East	County Chaves	
Actual Wellbore Location of Well					
1166 feet from the North		line and 1413 feet from the West		line	
Ground Level Elev. 4118	Producing Formation Abo	Pool W. Pecos Slope Abo		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.

James L. Schultz
Name
James L. Schultz

Position
Landman

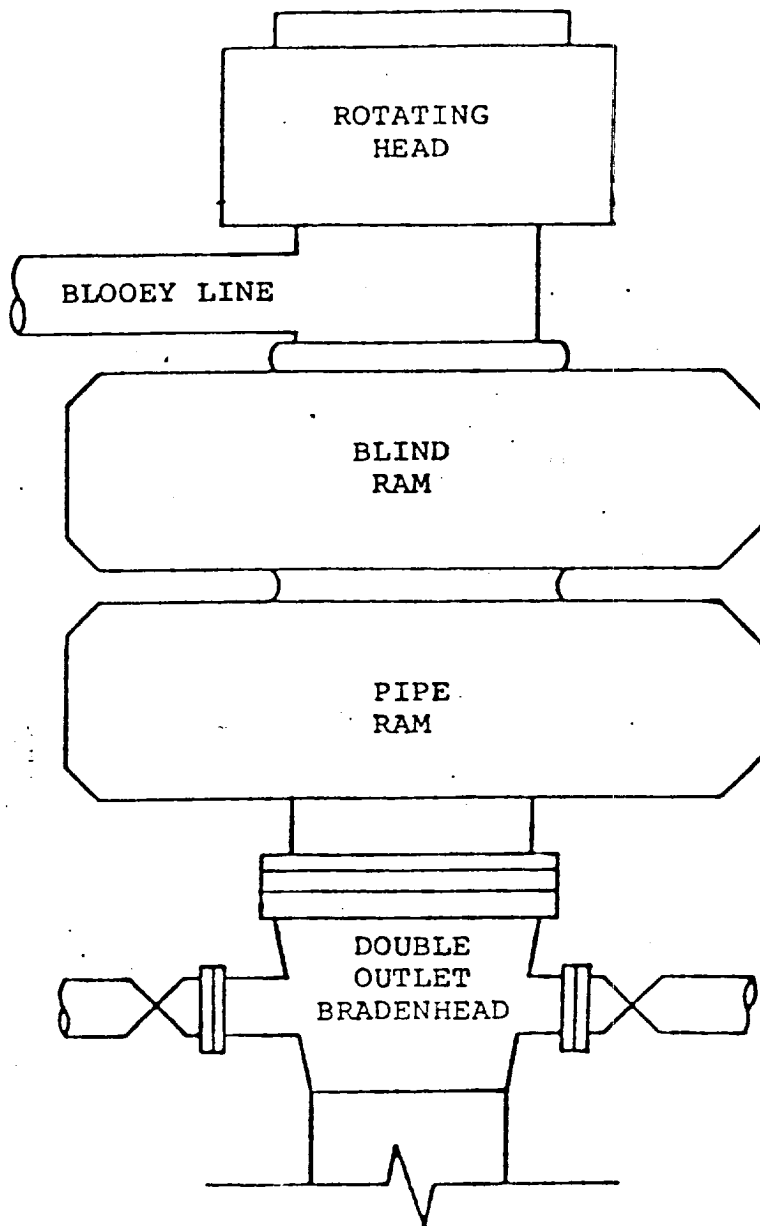
Company
McKay Oil Corp.

Date
4-28-86

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
March 26, 1986
Professional Engineer
John H. Hedges, P.E. & L.S.
Certification No. 2290

MCKAY OIL CORPORATION
South Four Mile Draw Fed. #3
NE/4NW/4 Sec. 24-6S-22E
Chaves County, New Mexico



BOP STACK

3000 PSI WORKING PRESSURE

SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION
South Four Mile Draw Fed. #3
NE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec.24-6S-22E
Chaves County, N.M.

NM 36194

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	- 671'
Tubb	- 2199'
Abo	- 2879'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh water	- In surface formations above 600'
Gas	- In Abo formation below 2879'
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 2800'; 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 drill string safety valve fit the drill string in use, will be kept on the rig floor at all times.

MCKAY OIL CORPORATION
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 Chaves County, New Mexico

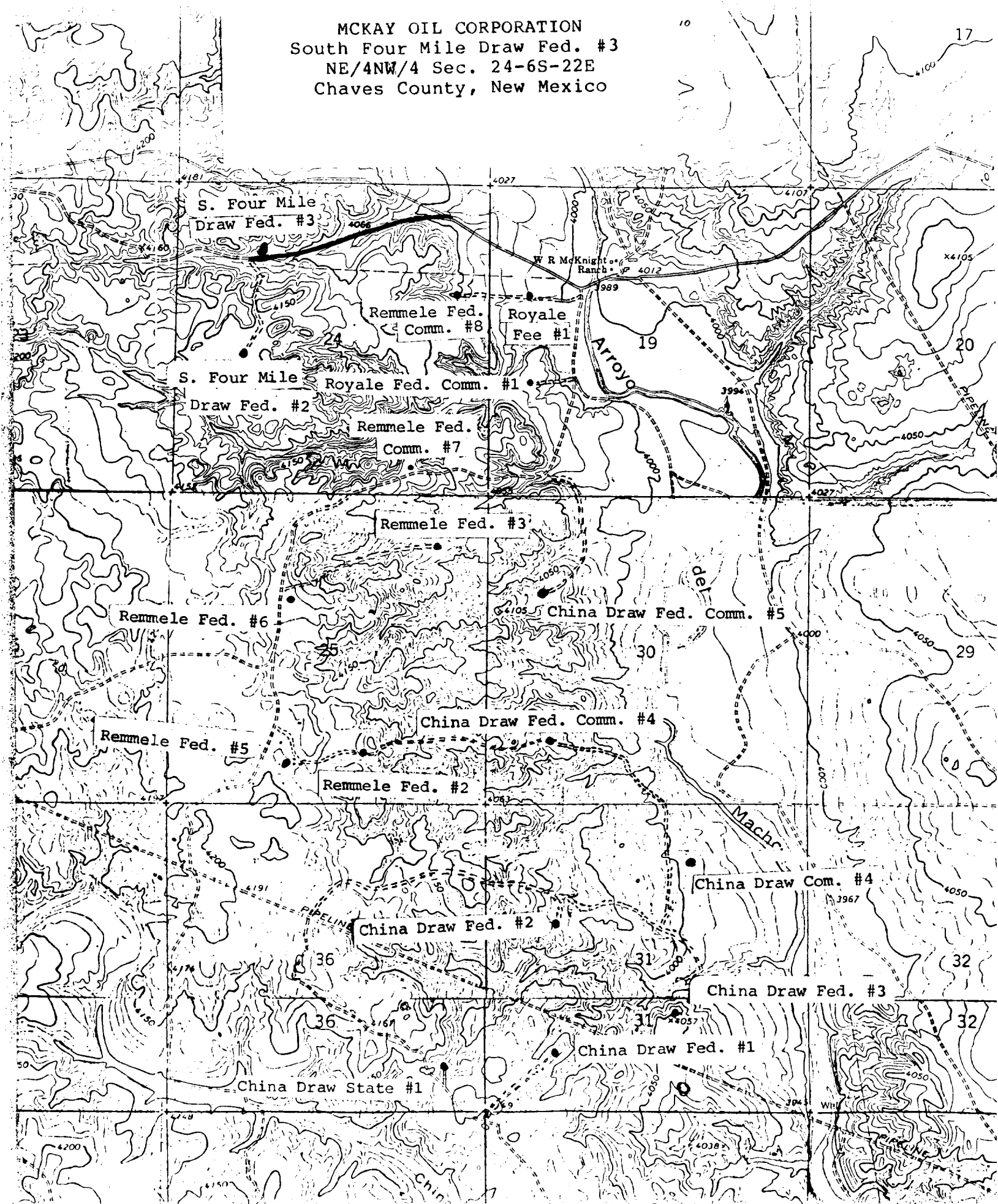
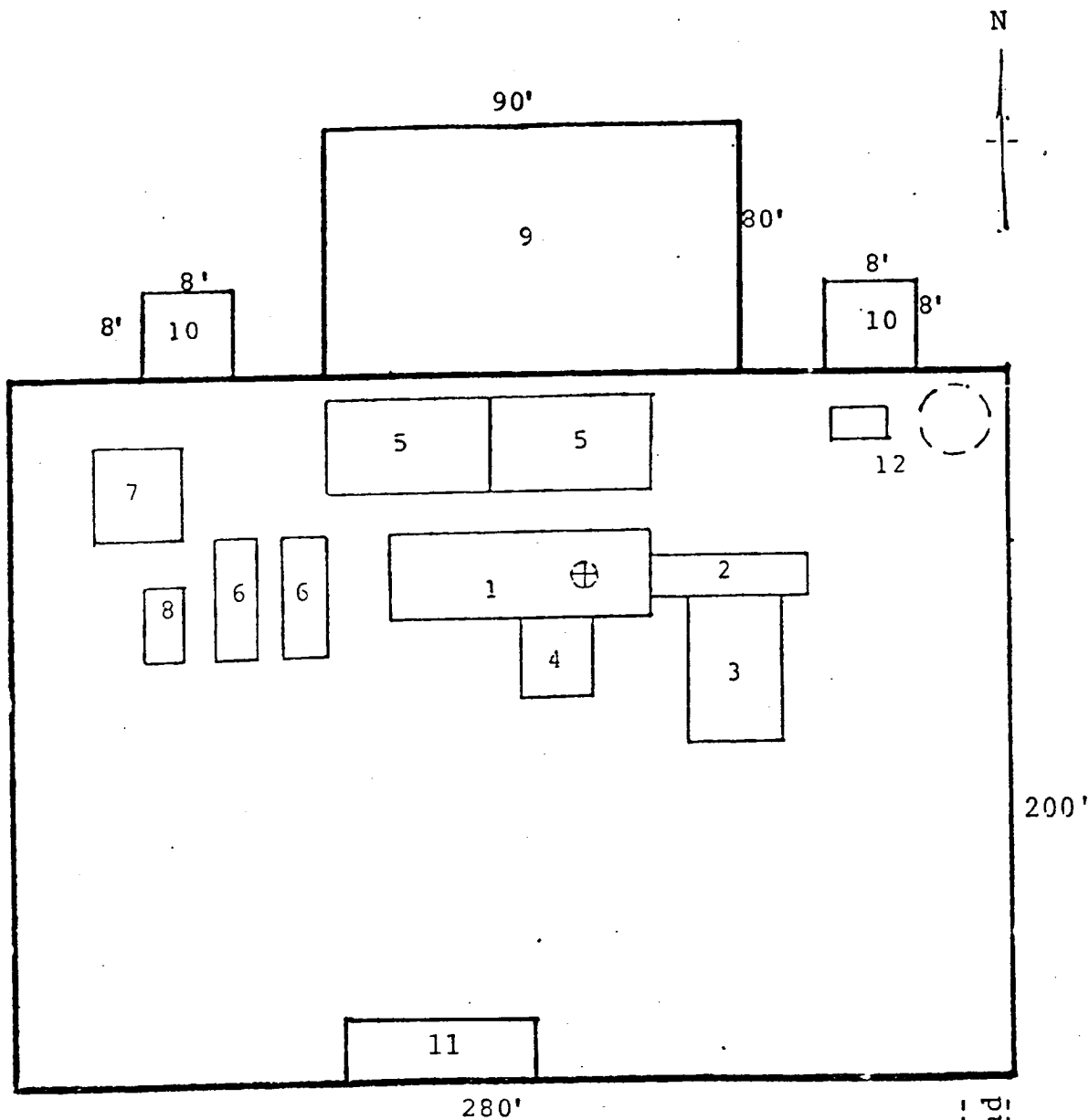


Exhibit "B"

MCKAY OIL CORPORATION
 South Four Mile Draw Fed. #3
 NE/4NW/4 Sec. 24-6S-22E
 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 |