For Section 103(c), New Onshore Production Well

Mark below to indicate the materials reviewed and relevant to the request. Attach accordingly. Every blank should be checked to indicate that support data is attached or marked N/A indicate not applicable.

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In conformance with Office of Management and Budget guidelines, data of a specific nature such as a Bureau of Land Management form, a directional drilling survey, etc., which has already been submitted to the Authorized Officer for another purpose, shall not be submitted again as a requirement but may be submitted voluntarily. If such data is not submitted, the applicant shall so indicute below that the data is on file with the Authorized Officer.

- 3. Revised Form FERC 121, "Application for Determination of the Maximum Lowful Price Under the Natural Gas Policy Act." = V
- Statements under oath as required by 18 CFR 274.204, as amended, for each application.
- 3. A statement that completed copies of revised Form FERC 121 have been forwarded to the purchaser(s) and to the colessee(s) and/or the working-interest owners.
- Form 9-330* "Well Completion or Recompletion Report and Log."

- 5. A plat locating and identifying the well of interest and the outline of the promation unit. Also, identification and explanation of any other wells within the promation unit.
- A copy of the State Spacing Order or, as applicable, the appropriate reference to a State regulation and/or a Federal units agreement.
- 7. For a new well which was spudded on or after February 19, 1977, and drilled as an additional well into an existing protation unit, a copy of the record developed prior to the commencement of drilling (as reasonably possible to do so), with geological and engineering support data included, sufficient to support a finding that the new well is necessary or a copy of the State Spacing Order allowing the exception well within the spaced area. Also, support data acquired after commencement of drilling, as appropriate.

8. Other:

#Will be renumbered within BLM 3162 series following conversion of operating regulations from Title 30 to Title 43 of the CFR.

Mc Kay Oil Corporation__

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



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January 22, 1987

Roswell Daily Record 2301 North Main Street Roswell, New Mexico 88201

Attention: Legal Advertising

Gentlemen:

McKay Oil Corporation desires to place a public notice in your newspaper for one day. The notice is attached.

Please place this notice in your paper on February 6th and forward a copy of it along with your billing to:

McKay Oil Corporation P.O. Box 2014 Roswell, New Mexico 88201

Your assistance in this matter is appreciated.

Yours very truly,

MCKAY OIL CORPORATION

Kelton

Assistant to the President

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Attachment

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<u>NOTICE</u>

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McKAY OIL CORPORATION hereby gives notice that it has filed with the United States Department of the Interior, Bureau of Land Management, Assistant District Manager for Minerals, in Roswell, New Mexico, for a category determination under Section 103(c) and Section 107(c) of the Natural Gas Policy Act of 1978 on the following property. · .

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Well:	South Four Mile Draw Fed. #5
Location:	Section 23, T6S-R22E
County:	Chaves County, New Mexico

Written comments will be accepted by the Authorized Officer commencing with the publication date and continuing for at least 21 days following the placement of a preliminary category determination in the State BLM or Regional MMS Public Records Office.

APPLICATION PURSUANT TO SECTION 103(c) of THE NATURAL GAS POLICY ACT (NEPA) OF 1978

AFFIDAVIT

STATE OF NEW MEXICO

COUNTY OF CHAVES

BEFORE ME, the undersigned authority, duly commissioned and qualified within and for the State and County aforesaid, preso-nally came and appeared Cindy L. Kelton, who, being by me first duly sworn, deposed and said:

That she is the Assistant to the President of McKay Oil Corporation, the applicant for the well as described heretofore in this application, and in that capacity, she is requesting the appropriate Authorized Officer to determine the eligibility of said well for wellhead pricing purpose pursuant to the rules and regulations of the Bureau of Land Management and the Federal Energy Regulatory Commission (FERC) and to the NGPA.

That to the best of her informati:n and knowledge the surface drilling of the well for which she seeks a determination was begun after February 18, 1977, and that the well satisfies any applicable Federal or State well-spacing requirements.

She further states that application is made pursuant to 18 CFR 274.204(d) and that the well is not within a State law prora-tion unit: (1) which was in existence at the time the surface drilling to the well began; (2) which as applicable to the reservoir from which natural gas is produced; and (3) which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which began before February 18, 1977, and was thereafter capable of producing natural gas in commercial quantities.

That she has concluded that to the best of her information and knowledge, the natural gas for which she seeks a determination is produced from a new onshare production well, and that he has no knowledge of any other information not described in the application which is inconsistant with this conclusion.

She further states that she has mailed, or caused to be mailed, postage prepaid, a copy of the completed revised Form FERC 121, "Application for Determination of the Maximum Lawful Price Under the Natural Gas Policy act," to the purchaser(s) and the colessee(s) and/or working interest owners, which are listed separately.

To the best of her knowledge and belief, all information contained in this application for category determination, pursuant to the NGPA, is true and correct including all documents, testimony, and evidence submitted with the application.

Ci dy L. Kelton Aspistant to the President Signed

Mc CAY OIL CORPORATION

Subscribed in my presence and duly sworn to before me, this 22nd day of January, 1987.

Notary Public Jonell

My Commission Expires: <u>1-30-88</u>

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ETATE OF NEW MEXICO INERTY AND MINEPALS DEPARTMENT

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OIL CONSERVATION COMMISSION

LAND COMMISSIONER JIM BACA, MEMBER STATE PETROLEUM ENCINEER JOE D. RAMEY, MEMBER AND DIRECTOR, OIL CONSERVATION DIVISION

ED KELLEY DIRECTOR, MINING AND MINERALS DIVISION AND MEMBER

PAUL BIDERMAN

SECRETARY

OIL CONSERVATION DIVISION

PRINCIPAL OFFICE: STATE LAND OFFICE BLDG., OLD SANTA FE TRAIL, SANTA FE MALLING ALDRESS: P. O. EOX 2083, SANTA FE, NEW MEXICO 87501

TELEPHONE: (505) 827-5800

JOE D. RAMEY, DIRECTOR

PECHNICAL SUPPORT CHIEF RICHARD C. STRUSTS 4 WATER FESOURCE SPECIALIST OSCAR A. SIRUSCU

Gatefal Coursel. Perfy Peapol

DISTRICT OFFICES

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A. M. Costlebury
D. Catanact
E. W. Seay
A. A. Plattamicr
O. W. Wink

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1000 Rio Brazos Poad Telephone: (005) 034-6173

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 J. A. Elmaster, Geologist and Dry sty Oil & Gas Inspector

C. C. Cholson, Deputy Oil & Gas Inspector

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DISTRICT II - ARTESIA 88210

P. O. DRAWLE ED Telephone: (505) 748-1283

L. A. Clements, Supervisor and Cil & Cas Luper, s

Larry Drocks, Geologist's Datama Oil & Gas Intplot t

Deputy Cil 2 Ges Inspectato:

M. B. Williams

B. W. Weaver

M. C. Stubblefield

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P. O. Box 2088 Telephone: (505) 827-5800

C. G. Ulvog, Geologist and Oil & Gas Inspector

R. E. Johnson, Geologist and Deputy Oil & Gas Inspector

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GEOLOGISTS CARL G. ULVOG ROY E. JOHNSON

ENGINEERS MICHAEL E. STOCNER GILBERT QUINTANA 11. Sim Lum, K. Mrsthy, and Sunderval Continue

(a) Wildeat Gas Wells

In San Juan, Rio Arriba, and condoval Counties, a wildcat well which is projected to a gasproducing horizon shall be located on a designated drilling tract consisting of 160 surface contiguous arres, tore or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

In the event oil production is encountered in a well which was projected to a gas-projucing horizon and which is located accordingly but does not conform to the oil well location rule below, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of oil can be given.

(b) Wildcat Oil Wells

A wildcat well which is projected to an oil-producing horizon as recognized by the Division shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of square which is a legal subdivision of the U.S. Public Land Surveys, or on a governmental quarter-quarter section or lot, and shall be located not closer than 330 feet to any boundary of such tract.

In the event gas production is encountered in a well which was projected to an oil-producing horizon and which is located accordingly but does not conform to the above gas well location rules, it shall be accessary for the operator to bring the matter to a hearing before approval for the production of gas can be given.

III. All counties except Lea, Chaves, Eddy, Roosevelt, San Juan, Rio Arriba, and Sandoval

Any wildon well which is projected as an cil well in any county other than Lea, Chaves, Eddy, Roosevelt, Star Cura, Flo Arriba; and Sandoval shall be located on a tract consisting of approximately 40 surface contiguous acres othetentially in the form of a square which is a legal subdivision of the U.S. Public Land Surveys, or on a governmental quarter-quarter section or lot and shall be located not closer than 330 feet to any brandary of a bur to sta

Any willost well which is projected as a gas well to a formation and in an area which, in the opinion of the Division representative oppr ving the application to drill, may reasonably be presumed to be projective of gob rether than all shall be lighted on a drilling tract consisting of 160 surface contiguous area, more or loos, sense really on the form of a spore which is a quarter section, being # legal sublivision of the W.S. Popler to the section of usell the lattest report than 660 feet to any other boundary of such tract ner close track to see the projection section or realized form of close track

C. ACRIACE AND SALL ICLATICS REQUIREMENTS FOR LEVELOPMINT WALLS

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II. Gas Wells

(a) Lea, Chaves, Ediv, and Recsevelt Counties

Unless otherwise provided in special pool rules, each development well for a defined for soul in a formation yrunger than the Welfcamp formation, or in the Welfcamp formation which was created and defined by the Edvision prior to Neverber 1, 1975, or in a Pennsylvanian age or older formation which was created and defined by the Edvision prior to June 1, 1964, shall be located on a designated drilling tract consisting of 160 surface continuous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision for the nearest well drilling to or capable of producing from the same publ.

Unless otherwise provided in the special pool rules, each development well for a defined gas pool in the Wolfcarp formation which was created and defined by the Division after November 1, 1975, or of Pennsylvanian age or older which was created and defined by the Division after June 1, 1964, shall be located on a designated drilling tract consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U.S. Public Land Surveys. Any such well having more than 160 acres dedicated to it shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. (For the purpose of this rule, "side" boundary and "end" boundary are as defined in Section B I(a) of this rule.)

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