

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

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 88202

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

At surface

1780 FNL & 660 FWL

2080

330

At proposed prod. zone

same

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

Approx. 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)

660'

18. DISTANCE FROM PROPOSED LOCATION\*

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

1/2 mile

16. NO. OF ACRES IN LEASE

2,207.51

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.)

4261 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 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 production 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

*Jan Schultzy*

TITLE

Landman

DATE

9-17-86

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

S/Phil Kirk

TITLE

Area Manager

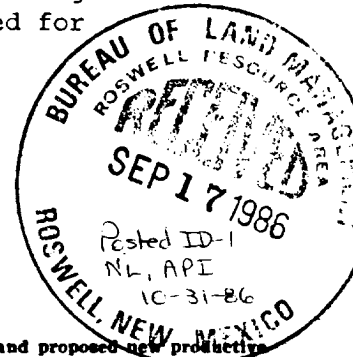
DATE

10-21-86

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL OF THIS APPLICATION DOES NOT WARRANT OR CERTIFY THAT THE APPLICANT HOLDS LEGAL OR EQUITABLE TITLE TO THOSE RIGHTS IN THE SUBJECT LEASE WHICH WOULD ENTITLE THE APPLICANT TO CONDUCT OPERATIONS THEREON.

5. LEASE DESIGNATION AND SERIAL NO.  
NM-36193  
6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
7. UNIT AGREEMENT NAME  
8. FARM OR LEASE NAME  
Four Mile Draw Fed.  
9. WELL NO.  
5  
10. FIELD AND POOL, OR WILDCAT  
W. Pecos Slope Abo  
11. SEC. T., R., M., OR BLK.  
AND SURVEY OR AREA  
Sec. 14-6S-22E  
12. COUNTY OR PARISH  
Chaves  
13. STATE  
NM



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

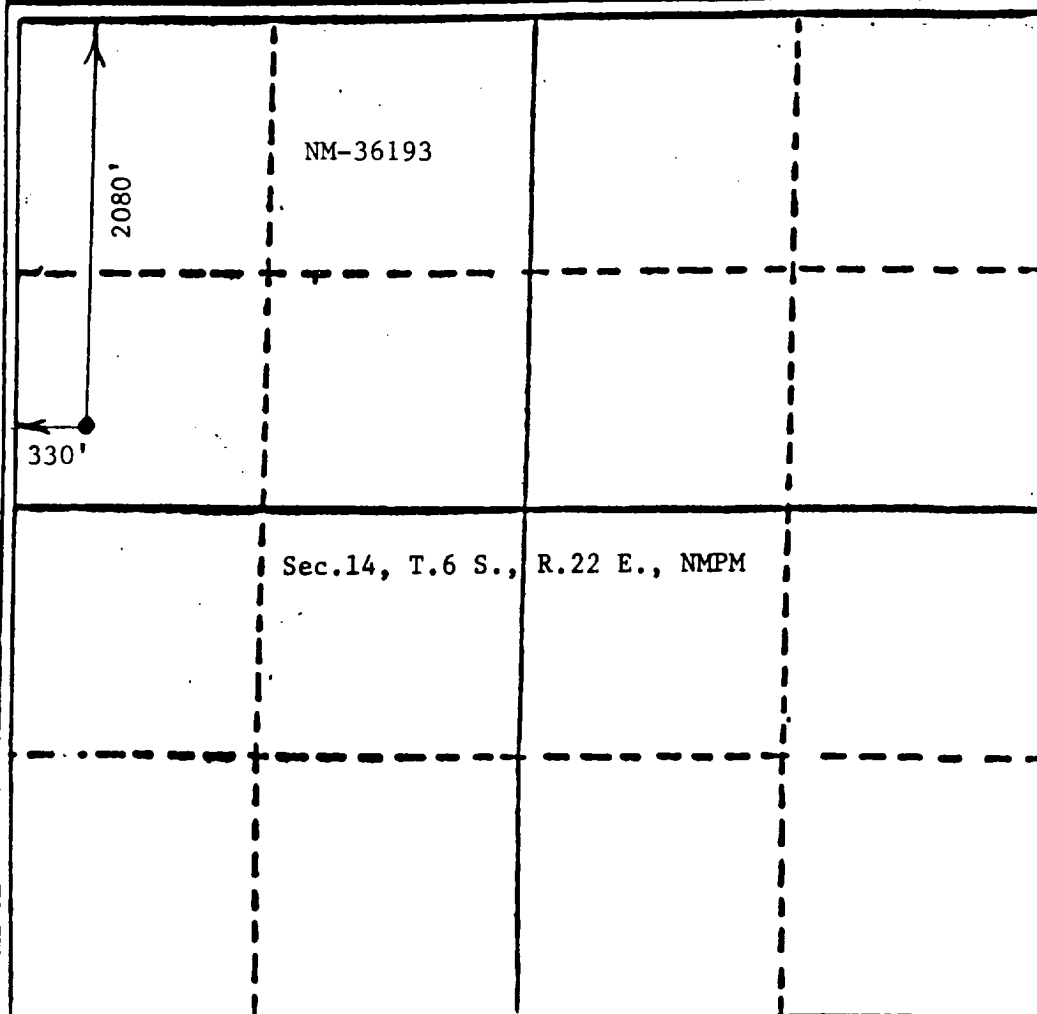
|                                                                                                  |                            |                                 |                                |                  |
|--------------------------------------------------------------------------------------------------|----------------------------|---------------------------------|--------------------------------|------------------|
| Licensor<br>McKay Oil Corp. ✓                                                                    |                            | Lease<br>Four Mile Draw Federal |                                | Well No.<br>#5   |
| Unit Letter<br>E                                                                                 | Section<br>14              | Township<br>6 South             | Range<br>22 East               | County<br>Chaves |
| Actual Footage Location of Well<br>2080 feet from the North line and 330 feet from the West line |                            |                                 |                                |                  |
| Ground Level Elev.<br>4264                                                                       | Producing Formation<br>Abo | Pool<br>W. Pacos Slope Abo      | Dedicated Acreage<br>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.

Name  
James L. Schultz

Position  
Landman

Company  
McKay Oil Corporation

Date  
9-26-86

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.

JOHN D. JAGGERS  
NEW MEXICO  
Date Surveyed  
September 23, 1986  
Surveyed by  
JOHN D. JAGGERS, P.E. & L.S.  
6290

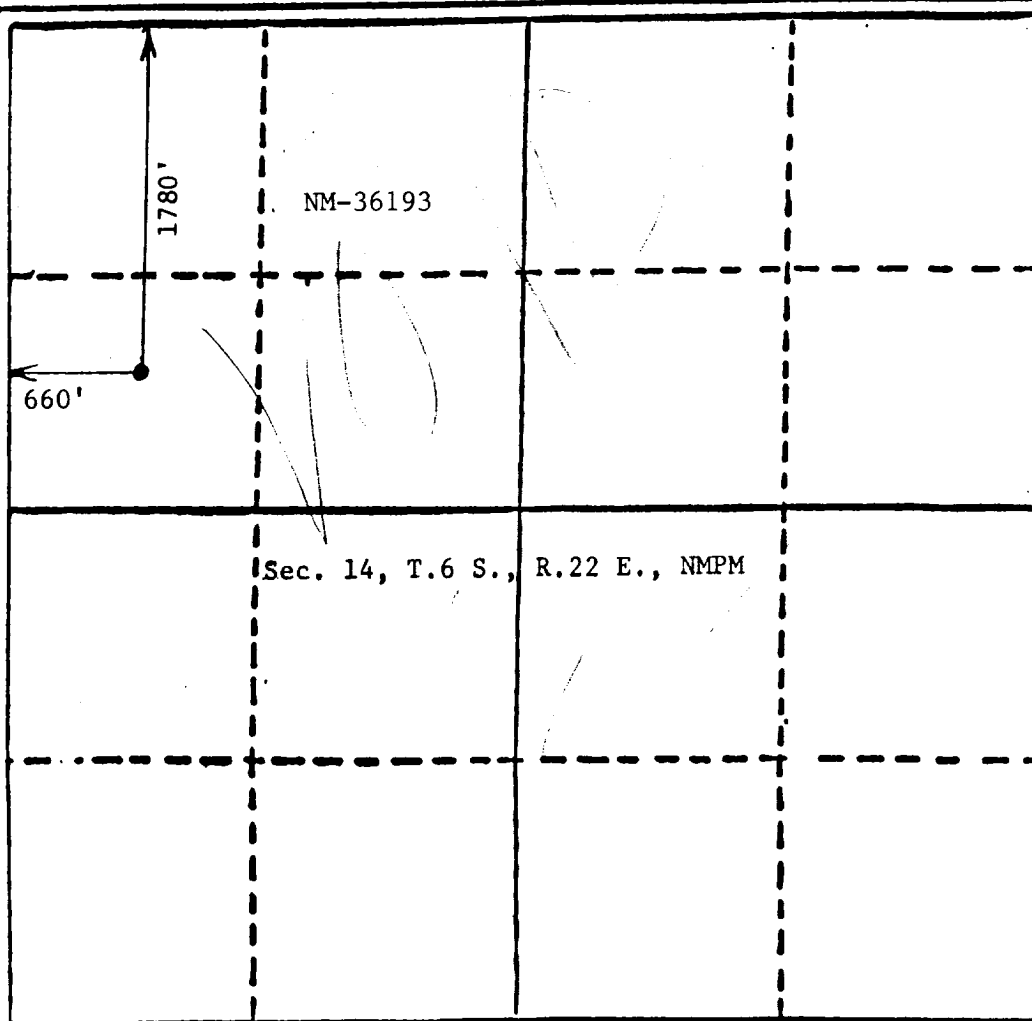
All distances must be from the outer boundaries of the Section.

|                                                                                                  |                            |                                 |                        |                |
|--------------------------------------------------------------------------------------------------|----------------------------|---------------------------------|------------------------|----------------|
| Operator<br>McKay Oil Corp.                                                                      |                            | Lease<br>Four Mile Draw Federal |                        | Well No.<br>#5 |
| Unit Section<br>E 14                                                                             | Township<br>6 South        | Range<br>22 East                | County<br>Chaves       |                |
| Actual Footage Location of Well<br>1780 feet from the North line and 660 feet from the West line |                            |                                 |                        |                |
| Ground Level Elev.<br>4261                                                                       | Producing Formation<br>Abo | Pool<br>W. Pecos Slope          | Dedicated Acres<br>160 |                |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plot 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 Corporation

Date  
9-15-86

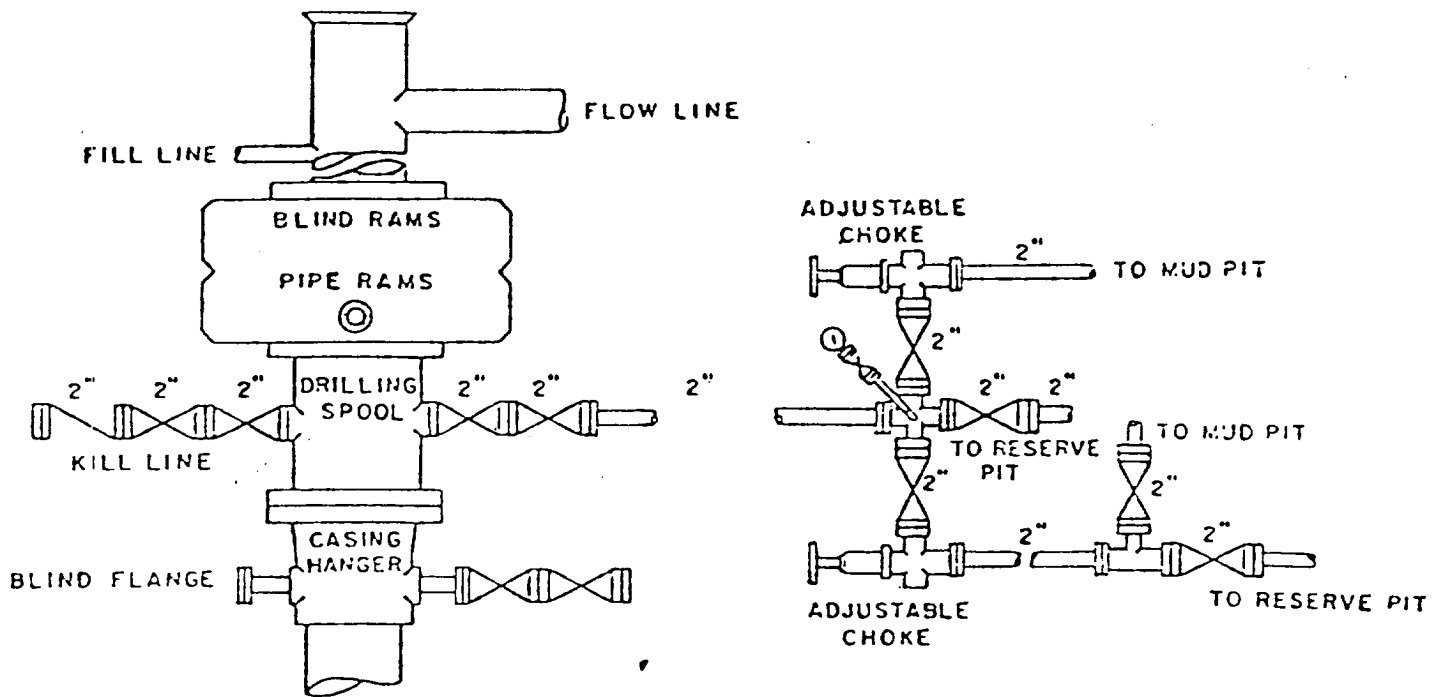
I hereby certify that the well location shown on this plot was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
September 8, 1986

Registered Professional Engineer and/or Land Surveyor

*John D. Sanders*  
John D. Sanders, P.E. & L.S.  
Certification No. PROFESSIONAL ENGINEER 6290

MCKAY OIL CORPORATION  
Four Mile Draw Federal #5  
NW/4 Sec. 14-6S-22E  
Chaves County, New Mexico



BOP DIAGRAM

3000# Working Pressure  
Rams Operated Daily

EXHIBIT D

SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION  
Four Mile Draw Fed. #5  
SW1/4NW1/4 Sec.14-6S-22E  
Chaves County, N.M.

NM 36193



The following items supplement Form 9-331C in accordance with instructions contained in NTL-6.

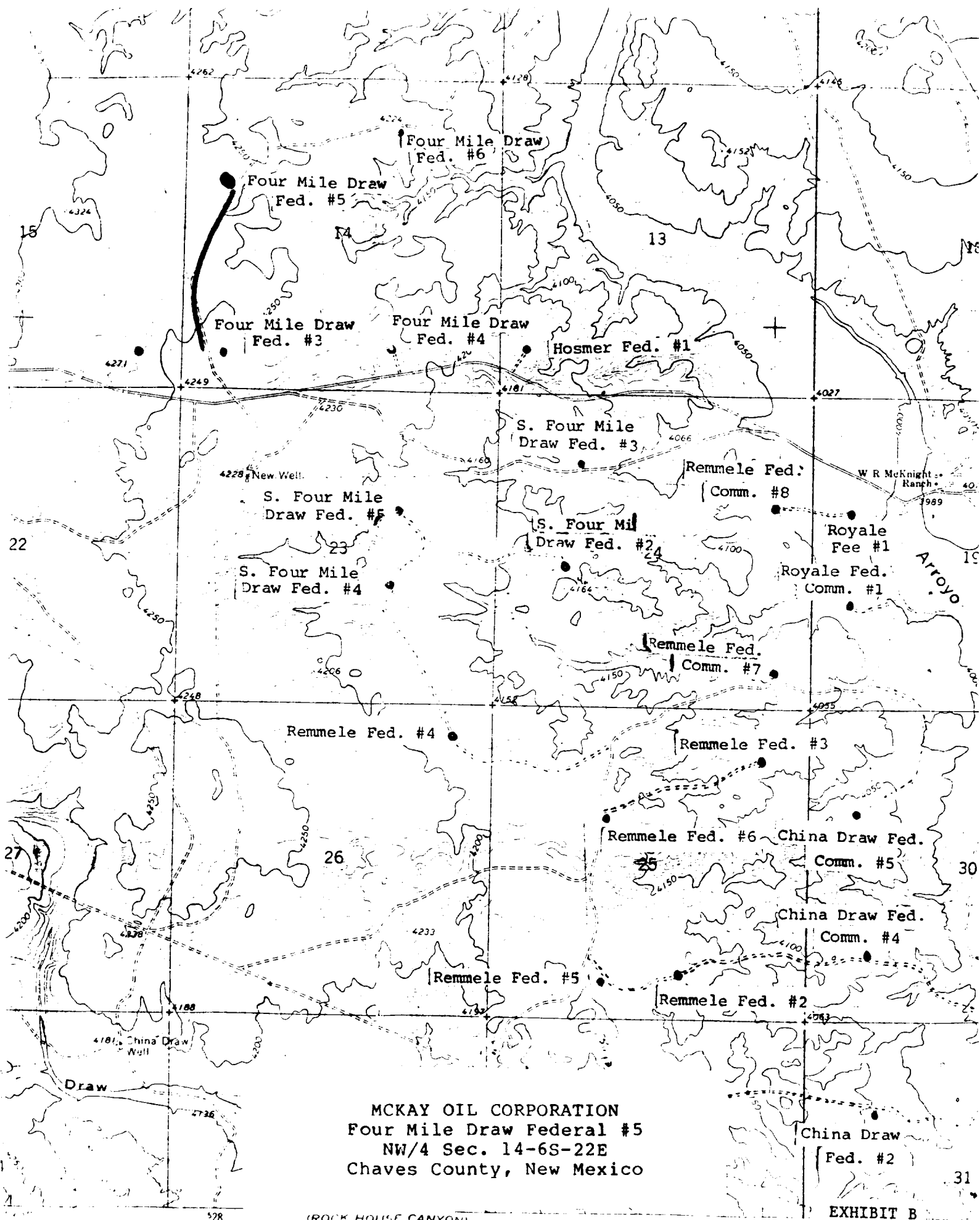
1. SURFACE FORMATION: San Andres
2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

|      |         |
|------|---------|
| Yeso | - 812'  |
| Tubb | - 2342' |
| Abo  | - 3022' |
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

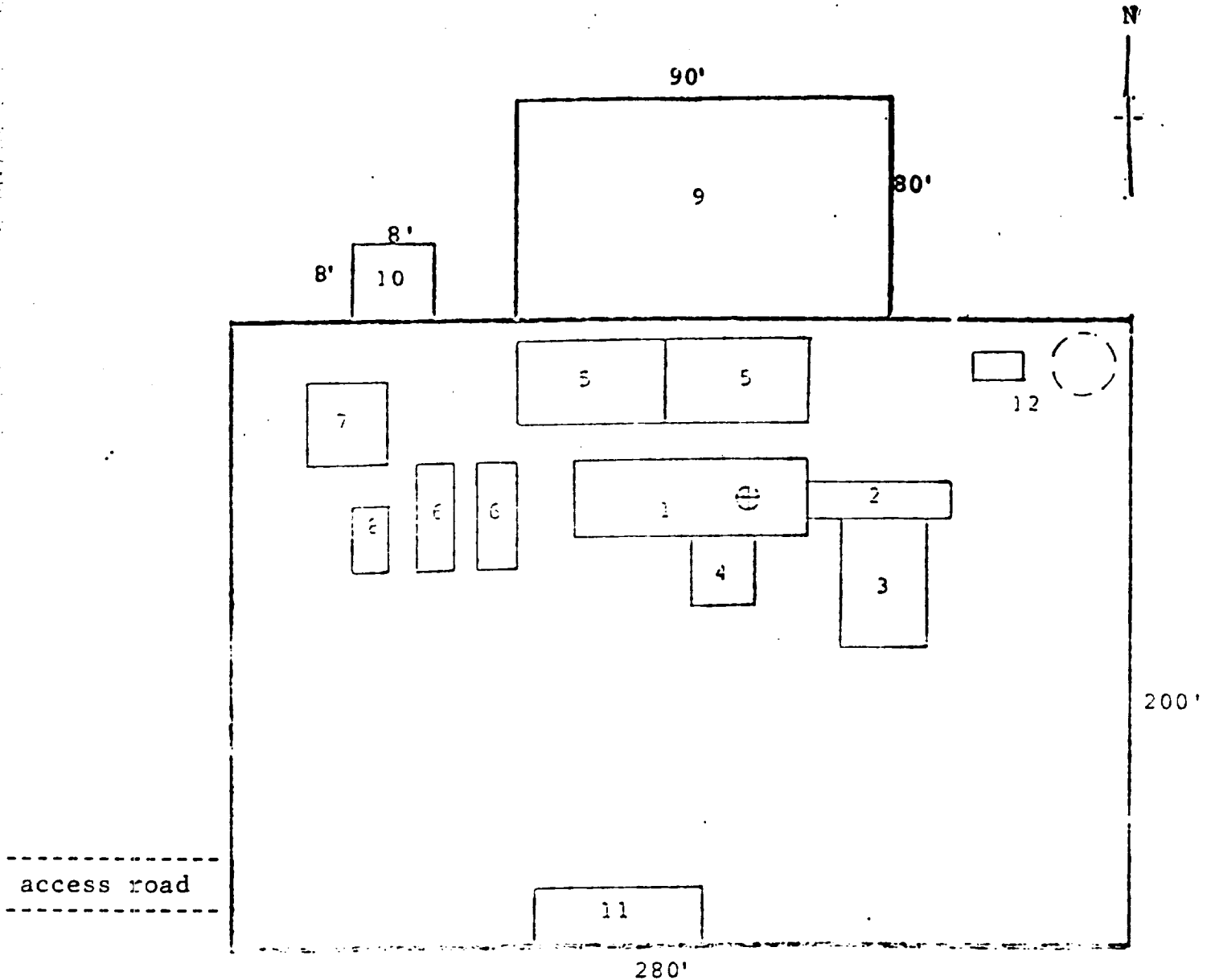
|             |                                    |
|-------------|------------------------------------|
| Fresh water | - In surface formations above 600' |
| Gas         | - In Abo formation below 3022'     |
4. PROPOSED CASING PROGRAM: See Form 9-331C
5. PRESSURE CONTROL EQUIPMENT: Blowout preventer 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  
 Four Mile Draw Federal #5  
 NW/4 Sec. 14-6S-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 |