APPLICATION FOR PERMIT TO DRIL DEEPEN, OR PLUG BACK  IN. TYPE OF WALL  AND		-AND M	AN 40K	M 011 (	Cons <sub>su</sub> Correct of the	Picate*	Form approv	eđ. u No 42 R1425	
APPLICATION FOR PERMIT TO DRILL DEEPEN, OR PLUG BACK  18. TITER OF WALK  DEEPEN   PLUG BACK    19. THE OF WALK  OF THE OF WALK	Form 9-331 C (May 1963)	CONT	ENSTATES	rawer l Entagie	OD (Other instruction of the same of the s	ons on	Dudget Dates	1/5F	
APPLICATION FOR PERMIT TO DRILL DEEPEN, OR PLUG BACK  12. TITE OF WORK  DRILL DEEPEN DRILL DEEPE		<b>DEPONIE</b>	THE Y	NTERIO	or ostro	ľ	5. LEASE DESIGNATION	AND SERIAL NO.	
APPLICATION FOR PERMIT TO DRILE   DESCRIPTION OR PLUG BACK   T. ORIF AGREEMENT MAKE   T. ORIF		S V GEOLD				<u></u>			
DRILL  DESCRIPTION THE PLUG BACK  MCKAY OIL COFPORATION  MCKAY OIL COFFORATION  MCCAY OIL COFFORATION  MCKAY OIL C	APPLICATION	FOR PERMIT T	O DRILE,	DEEPEN	I, OR PLUG BA	\CK	6. IF INDIAN, ALLOTTI	e or tribe name	
This space for Program of the Progra	la. TYPE OF WORK					1.	7. UNIT AGREEMBNT	FAMB	
McKay Oil Corporation  3. Appeals not overlands  5. Appeals not overlands  5. Appeals not overlands  5. Appeals not overlands  4. Location of wall, (Report location clearly and in accordance with applies response to the first of the state					S. FARM OR LEASE NAME				
MCKAY Oil Corporation  RECEIVED BY  10. Figure and Pool, of Window  10. Figure and Pool, of Window  10. Figure and Pool, of Window  10. C. D.  ARTESIA, OFFICE  11. DIFFACE THE PROPERTY OF A DESCRIPTION NAMED TOWN OF POOT OFFICE  12. DIFFACE THE PROPERTY OF A DESCRIPTION OF POOT OFFICE  13. COUNTY OF A DESCRIPTION OF POOL NAMED TOWN OF POOT OFFICE  14. DIFFACE THE PROPERTY OF A DESCRIPTION OF POOT OFFICE  15. DIFFACE THE PROPERTY OF A DESCRIPTION OF POOT OFFICE  16. DIFFACE THE PROPERTY OF A DESCRIPTION OF POOT OFFICE  17. DIFFACE THE PROPERTY OF A DESCRIPTION OF POOT OFFICE  18. DIFFACE THE PROPERTY OF A DESCRIPTION OF POOT OFFICE  19. DIFFACE THE PROPERTY OF A DESCRIPTION OF POOT OFFICE  10. DIFFACE THE PROPERTY OF A DESCRIPTION OF POOT OFFICE  10. DIFFACE THE PROPERTY OF A DESCRIPTION OF A POOT OF A POOL OF A POO		EL CO OFFICE						eral	
P.O. BOX 2014. Roswell, New Mexico 88200 (Report location clearly and in accordance with any Control of William (Report location clearly and in accordance with any Control of William (Report location clearly and in accordance with any Control of State (Report location clearly and in accordance with any Control of State (Report location for Reases) (Reases) (Report location for Reases) (Reases) (Reas	McKay Oil	RE	CEIVED BY		1 1				
At proposed prod. 200e Same  ARTESIA. OFFICE  AT PROPOSED PROCESTOR FROM NAMEST TOWN ON FOR COPYCES  15. DISTANCE IN MILES AND DISCRIPT FOR NAMEST TOWN ON FOR COPYCES  25 miles northwest of Roswell, New Mexico  16. No. OF ACESE IN LANGE 17. COUNTY OF PARIBLE TOWN ON FOR THE PROPOSED TO					10. PIELD AND POOL, OR WILDCAT				
At proposed prod. some Same  At proposed prod. some Same  ARTESIA. OFFICE  Sec. 19-65-22E  18. DISTARCE FIN MILES AND DISECTION FROM NEAREST TOWN OR POST OFFICE?  25 miles northwest of Roswell, New Mexico  16. DISTARCE FROM PROPOSED. 16. No. of ACRES IN LEASES  17. No. OFFICE OFFIC					th and EC rendre 1986)				
ARTESIA. OFFICE  14. DISTARCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE  15. COUNTY OF PARLET  25 miles northwest of Roswell, New Mexico  16. No. of ACRES IN LARSE  17. NO. OF ACRES IN LARSE  18. NO. OF ACRES IN LARSE  19. NO. OF ACRES IN LARSE  19. NO. OF ACRES IN LARSE  10. NO. OF ACRES IN LARSE  11. NO. OF ACRES IN LARSE  11. NO. OF ACRES IN LARSE  11. NO. OF ACRES IN LARSE  12. NO. OF ACRES IN LARSE  12. NO. OF ACRES IN LARSE  13. NO. OF ACRES IN LARSE  14. NO. OF ACRES IN LARSE  15. NO. OF ACRES IN LARSE  16. NO. OF ACRES IN LARSE  16. NO. OF ACRES IN LARSE  16. NO. OF ACRES IN LARSE  17. NO. OF ACRES IN LARSE  18. NO. OF ACRES IN LARSE  19. NO. OF ACRES IN LARSE  19. NO. OF ACRES IN LARSE  10. NO. OF ACRES IN LARSE  11. NO. OF ACRES IN LARSE  12. CHAVALOR IN LARSE  12. OF ACRES IN LARSE  12. OF	At surface 1980	FEL & 1980'FS	L		ocn with		AND SURVEY OR	ARMA	
15. DIRTAKEPIN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE'  25 miles northwest of Roswell, New Mexico  10. DIRTAKE FROM PROPULED: 10. DIRTAKE FROM PROPULED: 11. NO. OF ACRES IN MARSE  12. NO. OF ACRES IN MARSE  13. NO. OF ACRES IN MARSE  14. NO. OF ACRES IN MARSE  15. NO. OF ACRES IN MARSE  16. NO. OF ACRES IN MARSE  16. NO. OF ACRES IN MARSE  17. NO. OF ACRES ASSESSMENT  18. DIRTAKE FROM PROPUSED LOCATION: 18. DIRTAKE FROM PROPOSED LOCATION: 18. DIRTAKE FROM PROPOSED LOCATION: 19. DIRTAKE FROM PROPOSED LOCATION: 19. DIRTAKE FROM PROPOSED LOCATION: 19. DIRTAKE FROM PROPOSED CASING AND CEMENTING PROGRAM  12. ACRES TOWN WHich THE FROM PROPOSED ASSING AND CEMENTING PROGRAM  12. ACRES TOWN WHILE FROM PROPOSED ASSING AND CEMENTING PROGRAM  12. ACRES TOWN PROPOSED LAST OF CARDS.  12. ACRES TOWN WHILE FROM PROPOSED ASSING AND CEMENTING PROGRAM  12. ACRES TOWN PROPOSED CASING AND CEMENTING PROGRAM  12. ACRES TOWN PROPOSED FROM PROPOSED PROGRAM: 12. ACRES TOWN PROPOSED FROM PROPOSED PROGRAM: A 1/2" TOWN PROGRAM: See Supplemental Drilling Data Which is Attached.  15. NAMOYE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen of plug back, give data on present productive some and proposed new proposed are proposed in the directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give by Proposed is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give by Proposed is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give by Proposed is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give by Proposed In the Proposed is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give by Proposed In the Pr	At proposed prod. zone same				ARTESIA, OFFICE		Sec. 10-6S-22E		
25 miles northwest of Roswell, New Mexico  15. District FROM PROPOSED*  15. District FROM PROPOSED*  15. District FROM PROPOSED*  16. No. of ACRES IN LEASE IN LEASE IN THE LEASE PROPOSED TO THIS VELL. IN 16. 0. 1	14. DISTANCE IN MILES A	ND DIRECTION FROM NEAR	REST TOWN OR POS			<b></b>	12. COUNTY OR PARIS	H 13. STATE	
10. DETAINCE FROM PRODUCTION 10. CALLES THOSE FOR THE PROPERTY TO LEASE LINE, FT. 10. DETAINS FOR THE LEASE, LINE, FT. 10. DETAINS FOR THE LEASE, THE PROPERTY TO LEASE LINE, FT. 10. DETAINS FOR THE LEASE, THE PROPERTY TO LEASE LINE, FT. 10. DETAINS FOR THE LEASE, TH. 11. DETAINS (Show whether DF, RT. GR. etc.) 4293' GL  22. APPROPRIED CASING AND CEMENTING PROGRAM  23. PROPOSED CASING AND CEMENTING PROGRAM  24. APPROPRIED CASING AND CEMENTING PROGRAM  25. APPROPRIED CASING AND CEMENTING PROGRAM  26. APPROPRIED CASING AND CEMENTING PROGRAM  27. APPROPRIED CASING AND CEMENTING PROGRAM  28. APPROPRIED CASING AND CEMENTING PROGRAM  29. APPROPRIED CASING AND CEMENTING PROGRAM  20. ANTITY OF CEMENT  ASAP  20. APPROPRIED CASING AND CEMENTING PROGRAM  20. APPROPRIED CASING CEMENT WILL BY ASAP  27. APPROPRIED CASING AND CEMENTING PROGRAM  28. APPROPRIED CASING AND CEMENTING PROGRAM  29. APPROPRIED CASING CASING CASING CEMENT WILL BY ASAP  29. APPROPRIED CASING CAS						12 22		NM NM	
Alio to served drig unit line, if any   1900   10. Figure   10. Figu	LOCATION TO NEAREST	į		TO T	TO THIS WELL				
TO REFLIEST WELL, BRILLING, THE BLAKE, PR. none 3,400' Rotary  21. EIEVATIONS (Show whether DF, ET, CR. etc.)  4293' GL  22. AFFROX. DATE WORK WILL ST. ASAP  23. PROPOSED CASING AND CEMENTING PROGRAM  BIZE OF HOLE SIZE OF CANING WEIGHT PER POOT SETTING DEPTH QUANTITY OF CEMENT  12 1/4" 8 5/6" 24.0 J-55 900 <sup>±</sup> 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" 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 adequated 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.  IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive some and proposed new production. If proposel is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give by preventer program, if ADT.  10 APPROVAL DATE  APPROVAL DATE  APPROVAL DATE  22. AFFROX. DATE WORK WILL ST. ASAP  23. ASAP  24. ASAP  24. ASAP  25. AFFROX. DATE WORK WILL ST. ASAP  26. ASAP  27. ASAP  27. ASAP  28. CEMENT TOP. OF CEMENT  480 cf to tie in 4 1/2" production  4	(Also to nearest drlg, unit line, if any) 1900								
22. AFFECT DATE WORK WILL BY ASAP  23. PROPOSED CASING AND CEMENTING PROGRAM  PROPOSED CASING AND CEMENTING PROGRAM  SEZE OF HOLE SIZE OF CASINI WEBSHT PER POOT SETTING DEPTH QUANTITY OF CEMENT 12 1/4" 8 5/8" 24.0 J-55 900± 850 cf cement circulated 17 7/8" 4 1/2" 10.5 J-55 TD 1200 cf cement including 480 cf to tie in 4 1/2" t 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 adequated 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 some and proposed new productive program, if Any.  24.  SIGNED STATE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive some and proposed new productive program, if Any.  24.  SIGNED STATE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive some and proposed new productive program, if Any.  24.  SIGNED STATE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive some and proposed new productive program, if Any.  24.  SIGNED STATE Landman DATE 11-12-86	TO STARRET WELL, DRILLING, COMPLETED,						Rotary		
PROPOSED CASING AND CEMENTING PROGRAM    SIZE OF ROLE		ther DF, RT, GR, etc.)		<u>- '                                   </u>				VORK WILL START*	
SIZE OF MOLE   SIZE OF CASING   WEIGHT PER FOOT   SETEING DEPTH   QUANTITY OF CEMENT							ASAP		
12 1/4"  8 5/8"  24.0 J-55  900 <sup>±</sup> 850 cf cement circulated  12 1/4"  8 5/8"  10.5 J-55  TD  1200 cf cement including  480 cf to tie in 4 1/2" t  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 adequated 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 PROFOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive some and proposed new production. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give bin preventer program. If Any.  24.  SHONED  APPROVAL DATE  APPROVAL DATE  APPROVAL DATE  APPROVAL DATE	23.	1	PROPOSED CASI	ING AND	CEMENTING PROGRAI				
TO 1200 of cement including 480 of to tie in 4 1/2" to 85/8" 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 adequated 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 rone and proposed new productive program. If any.  11 ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive program. If any.  124.  135 Approval Date  Appr	SIZE OF HOLE	SIZE OF HOLE SIZE OF CASING WEIGHT PER							
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 adequated 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 produce. If proposel is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give by preventer program. If any.  11-12-86		3 3 7 3							
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 adequated 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 produce. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give bi preventer program, if any.  SIGNED  (This space for Federal or State office use)  PERMIT NO.  APPROVAL DATE  APPROVAL DATE  APPROVAL DATE	7 7/8"	4 1/2"	10.5 3-55	P	TD				
casing will be set and cemented to surface. If commercial, 4 1/2" production casing will be run and cemented with adequated 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 program. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give bit preventer program, if any.  24.  SIGNED  TITLE Landman  DATE  11-12-86				1	•				
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. If proposal is to drill or decipen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give big preventer program, if any.  24.  SIGNED  TITLE Landman  DATE  11-12-86	casing will be casing will be as needed for p	set and cement run and cement production.	ed to surfed with ad	ace. leguate	If commercial, d cover, perfo	4 1/2 rated	" production		
IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new prod zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give bl preventer program, if any.  24.  SIGNED  TITLE Landman  DATE  11-12-86  PERMIT NO.  APPROVAL DATE							idliy.		
TITLE Landman  (This space for Federal or State office use)  PERMIT NO	Gas is not ded	icated.					1	13 to 80	
(This space for Federal or State office use)  PERMIT NO	zone. If proposal is to preventer program, if an	drill or deepen direction	proposal is to denally, give pertine	eepen or pl ent data o	ing back, give data on pin subsurface locations an	resent pro id measur			
PERMIT NOAPPROVAL DATE	SIGNED	S Shot office use	(L)   1	TITLE _La	ındman		DATS		
PERMIT SO.	(This space for Fede	riai vi diait vidit use)							
MOV OR 100R					APPROVAL DATE		NOV	2 6 1986	
APPROVED BY SILEVI Deike, Acting TITLE Area Manager DATE NUV 2 0 1900	S/Lev	i Deike, Acting	1	TITLE	Area Manager		DATE	& U 130U	

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

# STATE OF NEW MEXICO

1970 1400 1900 2910

# P. O. HOX 2088

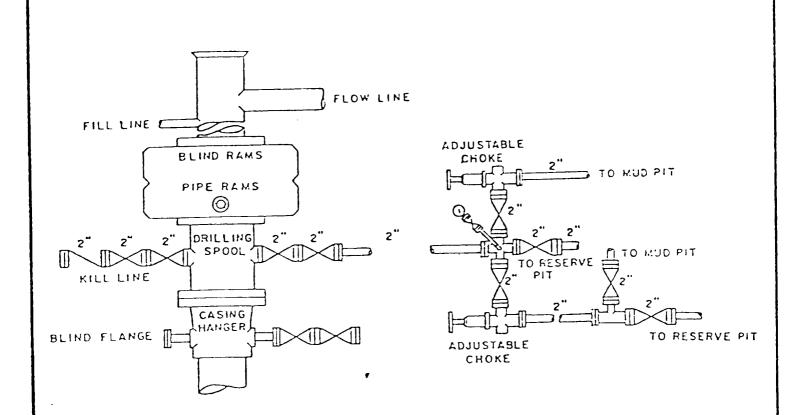
fore (-14: Berlind 10

SANTA FE. NEW MEXICO 87501 ENERGY AND MINERALS DEPARTMENT All distances must be from the outer boundaries of the Section. Well Me. Character! #1 Lookout Federal McKay Oil Corp. Unit Letter Chaves 22 East 6 South 10 Actual l'ustuat East 1980 South fret Iron the 1980 line would be set the 160 W. Pecos Slope Abo 4293 Abo ACTOP 1. Outline the account dedicated to the subject well by colored pencil or hachure merks on the plat below. 2. If more than one leans to dedicated to the well, outline each and identify the awaership thereof (both as to working interest and regaligh 2. If more then are lease of different ownership is dedicated to the well, have the interests of all owners been consults dated by communitization, unitization, force-pooling. ete? - If enswer is "yes;" type of consolidation. If ensurer is "ac," list the owners and tract descriptions which have actually been consolidated. (Use reverue side of this lum if accessory.)\_\_\_ No allurable 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 Sec.10, T.6 S., R.22 E., NMPM I benefy certify that the information co taired herein is true and complete best of my knowledge and belief. Sam Shackelford Postuce gent McKay Oil Corp. Dete 11-12-86 NM-36192 1980' my supermeter, and that the same e and convert to the best of my 980

1 200

1000

MCKAY OIL CORPORATION
Lookout Federal #1
NW1/4SE1/4 Sec. 10-6S-22E
Chaves County, N.M.



### BOP DIAGRAM

3000# Working Pressure Rams Operated Daily

#### SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION Lookout Federal #1  $NW_{4}SE_{4}$  Sec. 10-6S-22EChaves County, N.M.



#### NM 36192

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

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

- 730**'** Yeso - 2160' Tubb Abo - 2941'

- 3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION: Fresh water - In surface formations above 600' - In Abo formation below 2941' Gas
- 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:

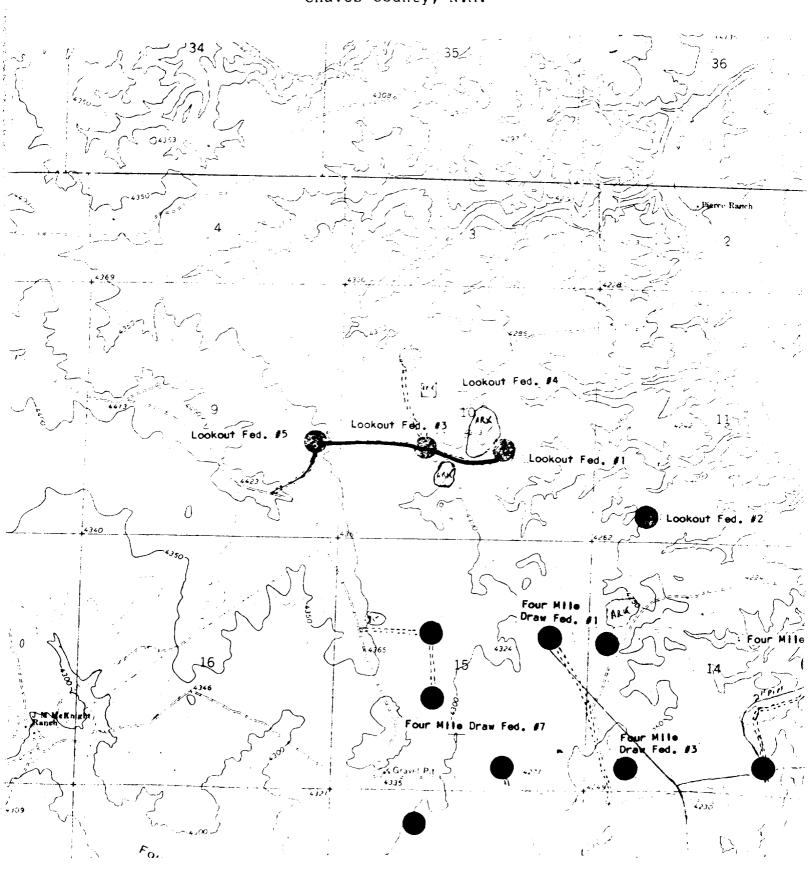
0'- 600'

Lime and gel, spud mud, viscosity 32 to 34 seconds. 600'- 2850' Fresh water 2850'- TD Start mudding up at 2850'; 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
Lookout Federal #1
NW1/4SE1/4 Sec. 10-6S-22E
Chaves County, N.M.

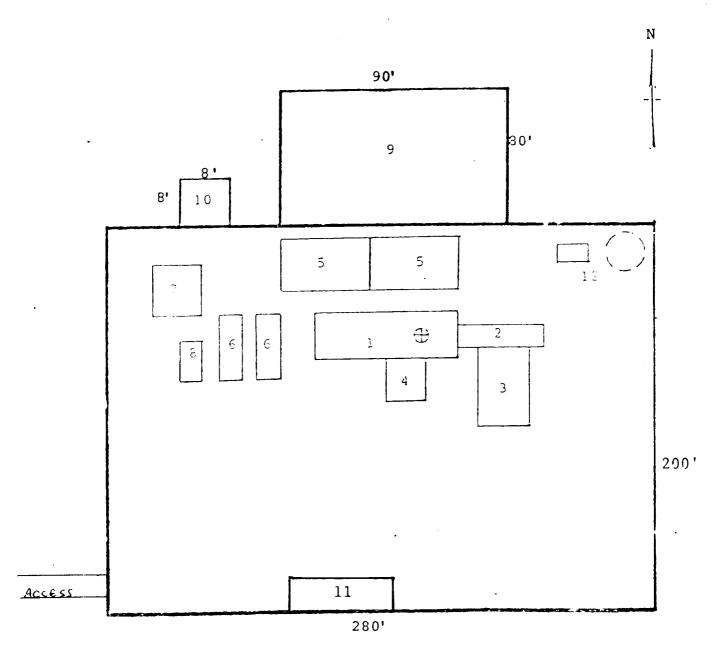


New Access Road

Existing Road

Exhibit "B"

MCKAY OIL CORPORATION Lookout Federal #1 NW1/4SE1/4 Sec. 10-6S-22E Chaves County, N.M.



### RIG LAYOUT

- 1. Substructure
- 2. Catwalk
- 3. Pipe Rack
- 4. Doghouse
- 5. Mud Pits
- 6. Mud Pumps

- 7. Water Tank
- 8. Light Plant
- 9. Reserve Pit
- 10. Trash Pit
- 11. Trailer House
- 12. Production Facilities