

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 ☒ 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 requirements)
 At surface 1980' FEL & 1980' FSL
 At proposed prod. zone same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
 25 miles northwest of Roswell, New Mexico

10. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1980'

16. NO. OF ACRES IN LEASE 1760.0

17. NO. OF ACRES ASSIGNED TO THIS WELL 160

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. none

19. PROPOSED DEPTH 3,400'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4293' GL

22. APPROX. DATE WORK WILL START ASAP

5. LEASE DESIGNATION AND SERIAL NO.
 NM-36192

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Lookout Federal

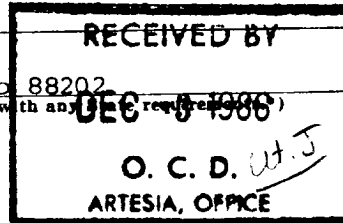
9. WELL NO.
 1

10. FIELD AND POOL, OR WILDCAT

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA
 W. Pecos Slope Abo
 Sec. 10-6S-22E

12. COUNTY OR PARISH Chaves

13. STATE NM



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 S. S. Shadoff TITLE Landman DATE 11-12-86
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY S/Levi Deike, Acting TITLE Area Manager DATE NOV 26 1986
 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

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

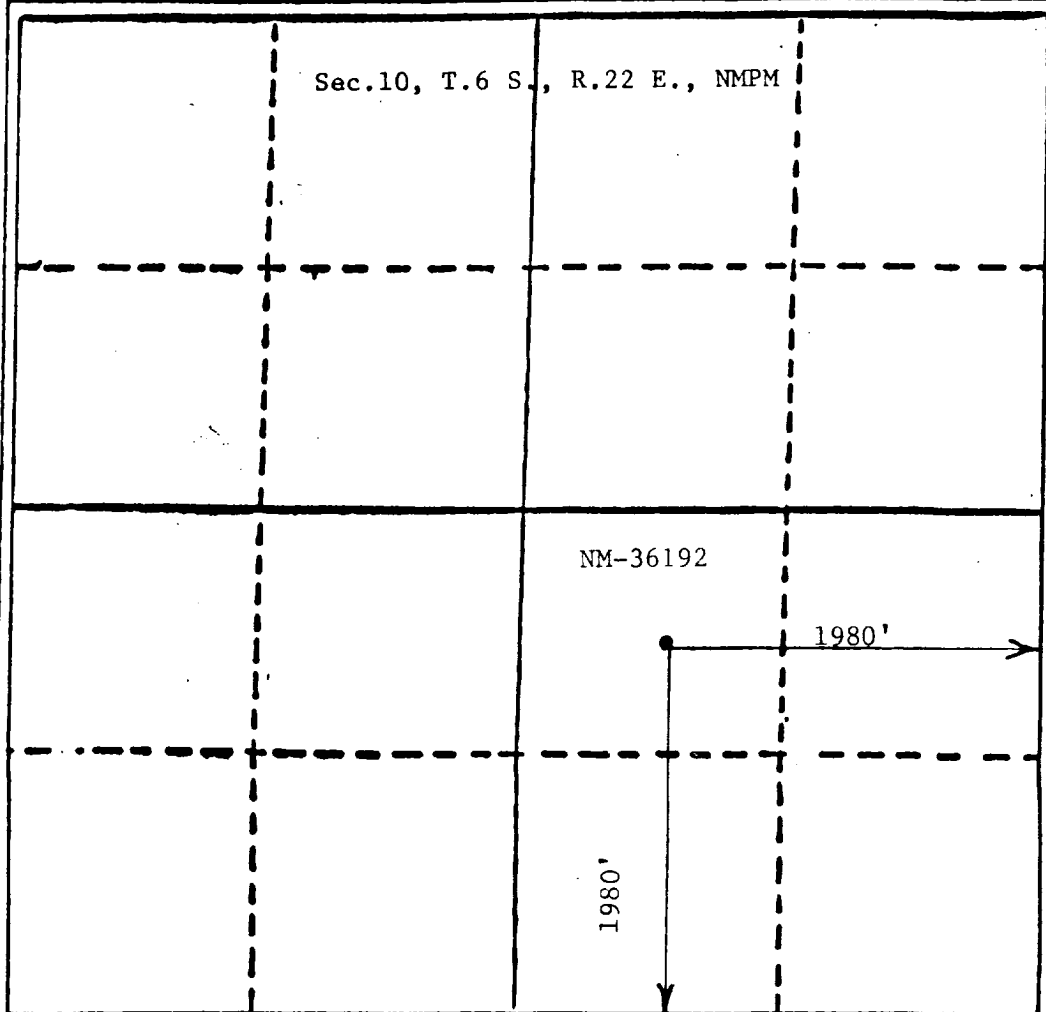
Operator McKay Oil Corp.		Lease Lookout Federal		Well No. #1
Unit Letter J	Section 10	Township 6 South	Range 22 East	County Chaves
Actual Location of Well				
1980 feet from the South line and		1980 feet from the East line		
Ground Level Elev. 4293	Producing Formation Abo	Pool W. Pecos Slope Abo	Dedicated Acreage 160	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 to "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.

Sam Shackelford

Name

Sam Shackelford

Position

Agent

Company

McKay Oil Corp.

Date

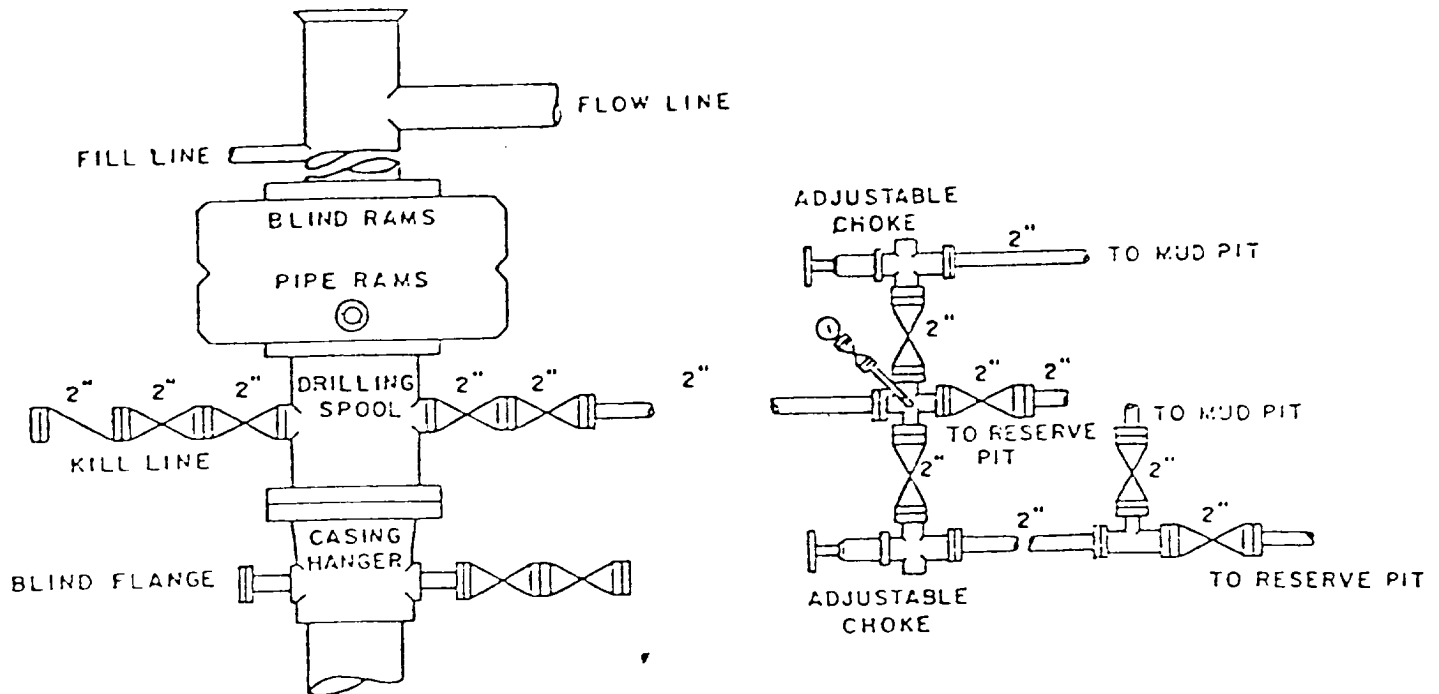
11-12-86

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. JAQUES
NEW MEXICO
October 25, 1986
Registered Professional Engineer
and/or Land Surveyor
John D. Jaques, P.E. & L.S.

Continuation No.
6290

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

EXHIBIT D

SUPPLEMENTAL DRILLING DATA

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

NM 36192



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

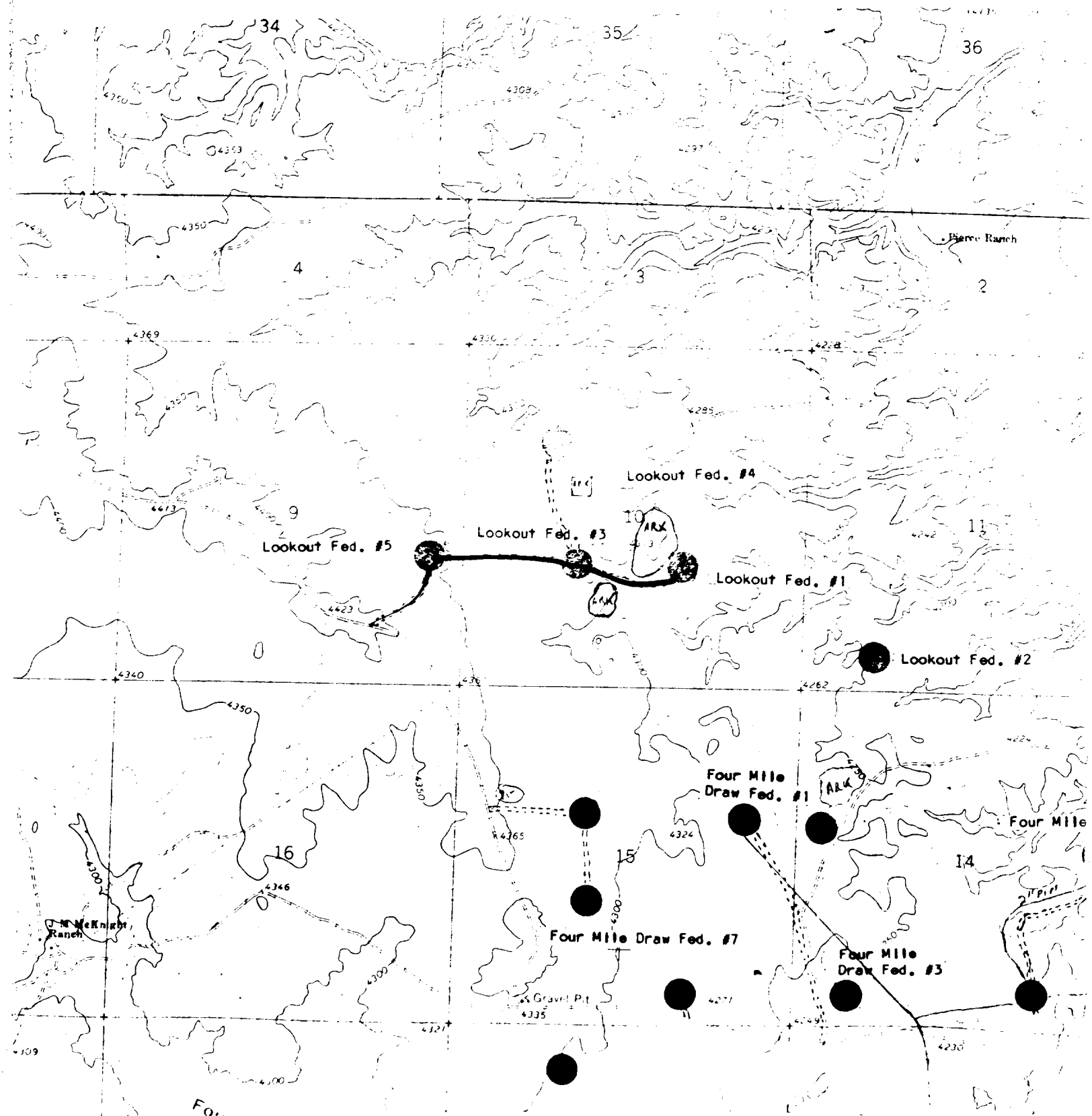
1. SURFACE FORMATION: San Andres
2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Yeso	- 730'
Tubb	- 2160'
Abo	- 2941'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh water	- In surface formations above 600'
Gas	- In Abo formation below 2941'
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
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 Chaves County, N.M.

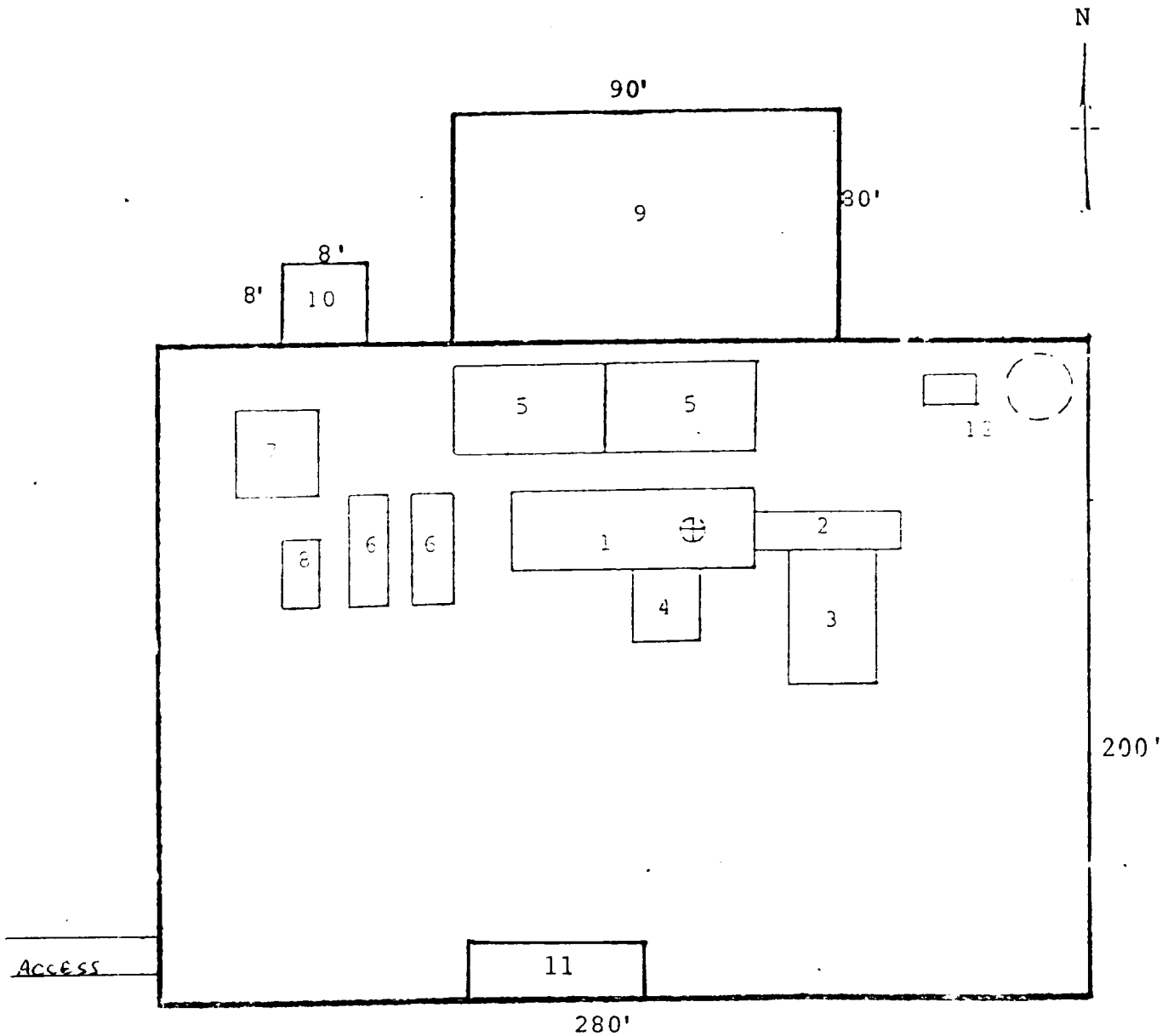


New Access Road

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 | 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 |