

50-005-62398

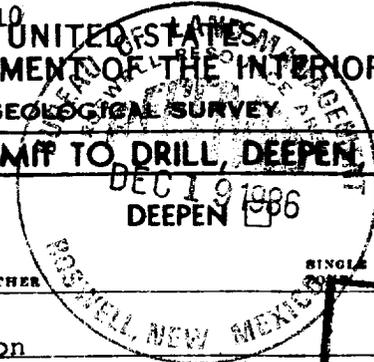
NM Oil Cons. Commission
Form 9-331 (May 1963) (Drawer D)

SUBMIT IN TRIPLICATE
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-B1425.

Artesia, NM 88210

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



C/SF

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL DEEPEEN 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: 1980 FNL-1980 FWL
At proposed prod. zone: U.F.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
28 Miles Northwest of Roswell, NM

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

16. NO. OF ACRES IN LEASE
1129.21

17. NO. OF ACRES ASSIGNED TO THIS WELL
160.0

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
1/4 mile

19. PROPOSED DEPTH
3,400'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
4165GL

22. APPROX. DATE WORK WILL START*
ASAP

5. LEASE DESIGNATION AND SERIAL NO.
NM-32322-A
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME
8. FARM OR LEASE NAME
Middle Fork Federal
9. WELL NO.
3
10. FIELD AND POOL, OR WILDCAT
W. Pecos Slope Abo
11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA
Sec. 8-6S-23E
12. COUNTY OR PARISH
Chaves
13. STATE
NM

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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"	9.5 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.

Posted ID-1
NL, API
1-16-87

18. 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: [Signature] TITLE: Landman DATE: 12-17-86
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY: S/Phil Kirk TITLE: Area Manager DATE: DEC 30 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.



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

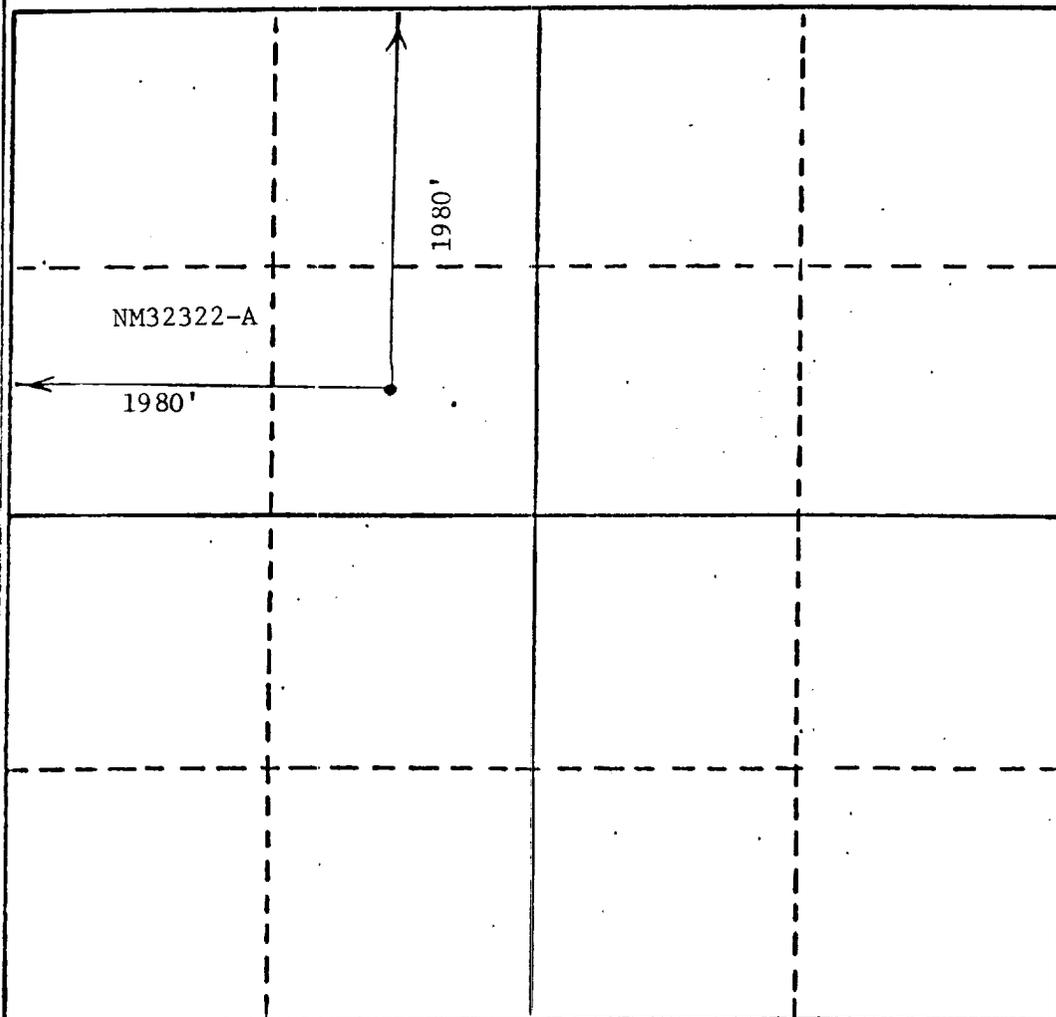
Operator McKay Oil Corp.		Lease Middle Fork Federal			Well No. #3
Unit Letter F	Section 8	Township 6 South	Range 23 East	County Chaves	
Actual Footage Location of Well: 1980 feet from the North line and 1980 feet from the West line					
Ground Level Elev. 4165	Producing Formation ABO	Pool W. Pecos Slope Abo	Dedicated Acreage 160 Acres		

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 is "yes," type of consolidation _____

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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
Sam L. Shackelford
Position
Agent
Company
McKay Oil Corp.
Date
12-17-86

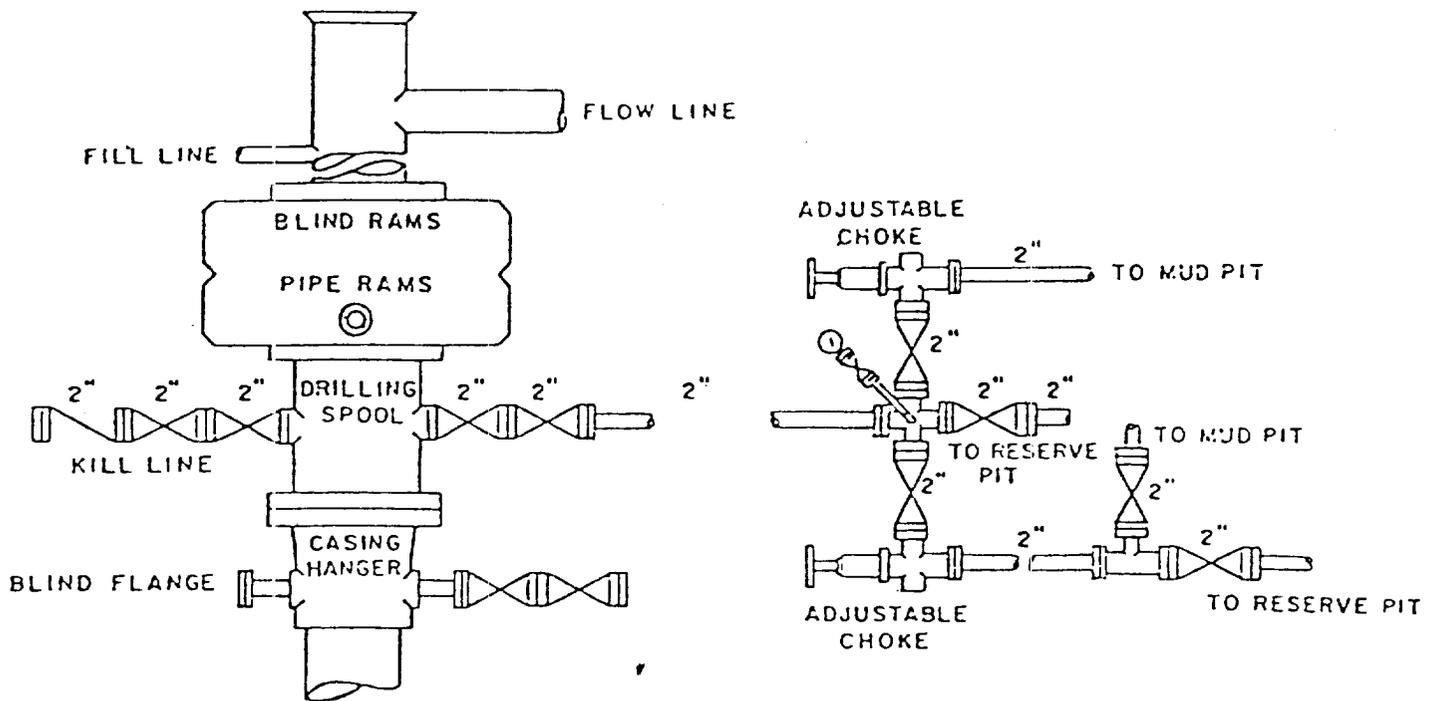
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
December 1986
Registered Professional Engineer and/or Land Surveyor
John D. Jaques
Professional Engineer L.S.
Certificate No. 6250





MCKAY OIL CORPORATION
Middle Fork Federal #3
SE/4NW/4 Sec. 8-6S-23E
Chaves County, New Mexico



BOP DIAGRAM

3000# Working Pressure
Rams Operated Daily

SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION
Middle Fork Federal #3
SE/4NW/4 Sec. 8-6S-23E
Chaves County, N.M.



NM 32322-A

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:

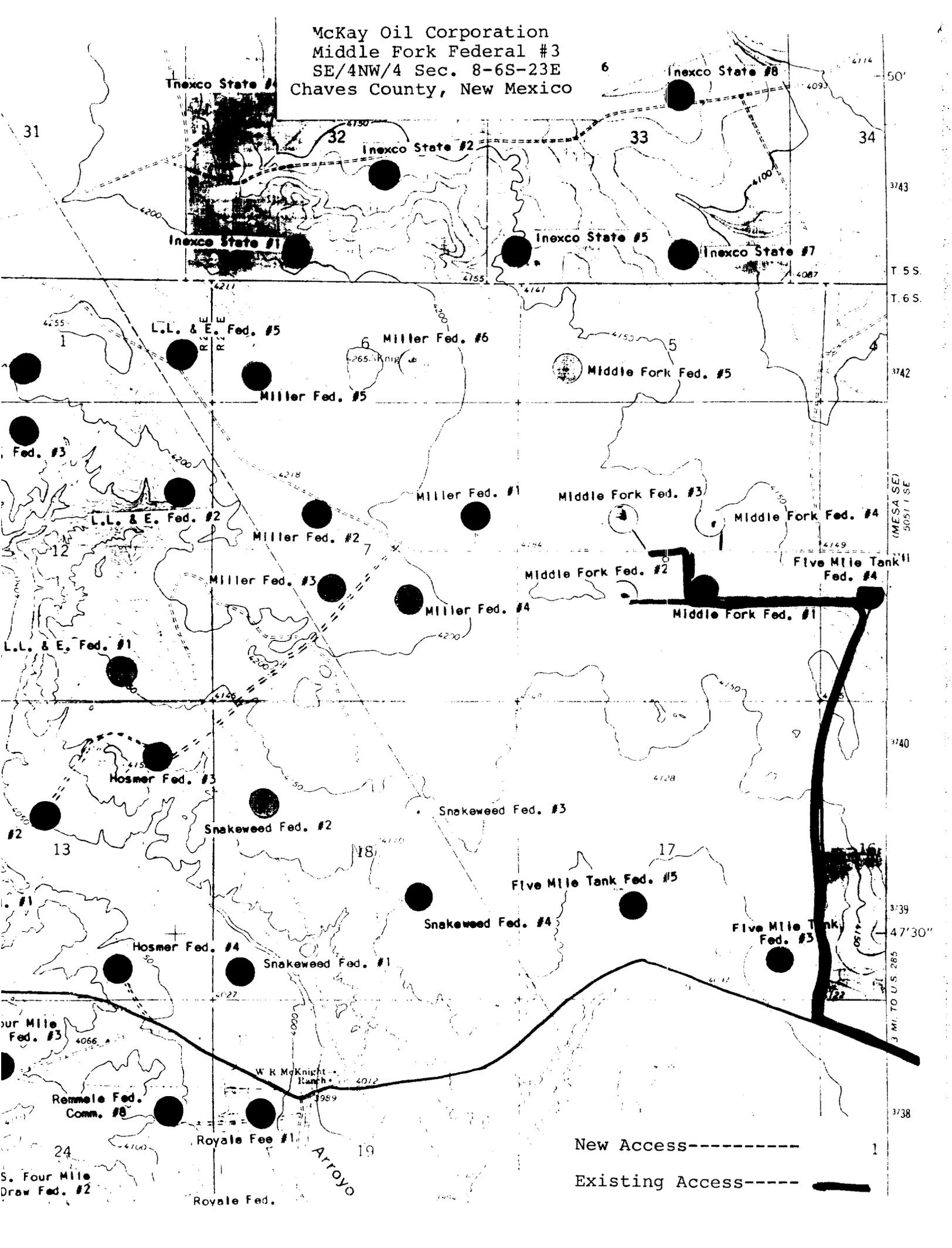
Yeso	-	716'
Tubb	-	2212'
Abo	-	2892'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh water	-	In surface formations above 600'
Gas	-	In Abo formation below 2892'
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'- 700'	Lime and gel, spud mud, viscosity 32 to 34 seconds.
700'- 2792	Fresh water
2792'- TD	Start mudding up at 2792'; viscosity 36 to 38 seconds; water loss 10 cc or less; 3-5% Diesel; 2 KCL

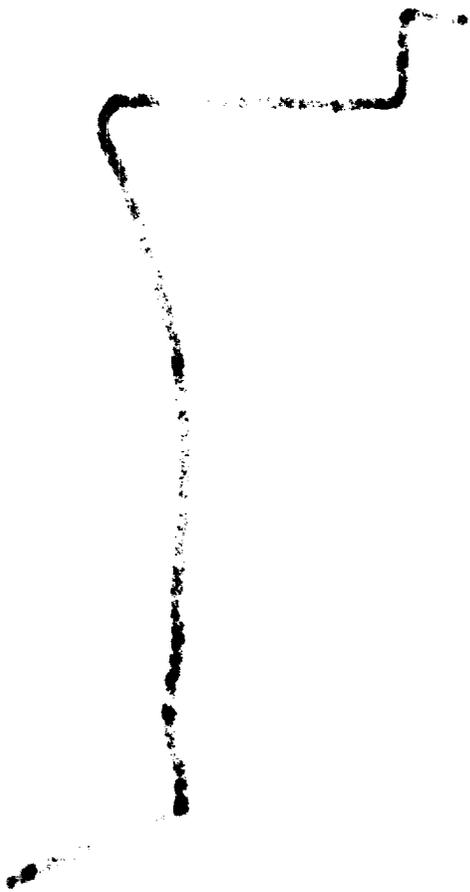
Mud additives will be used to control water loss.
7. AUXILIARY EQUIPMENT: full-opening drill string safety valve fit the drill string in use, will be kept on the rig floor at all times.

McKay Oil Corporation
Middle Fork Federal #3
SE/4NW/4 Sec. 8-6S-23E
Chaves County, New Mexico

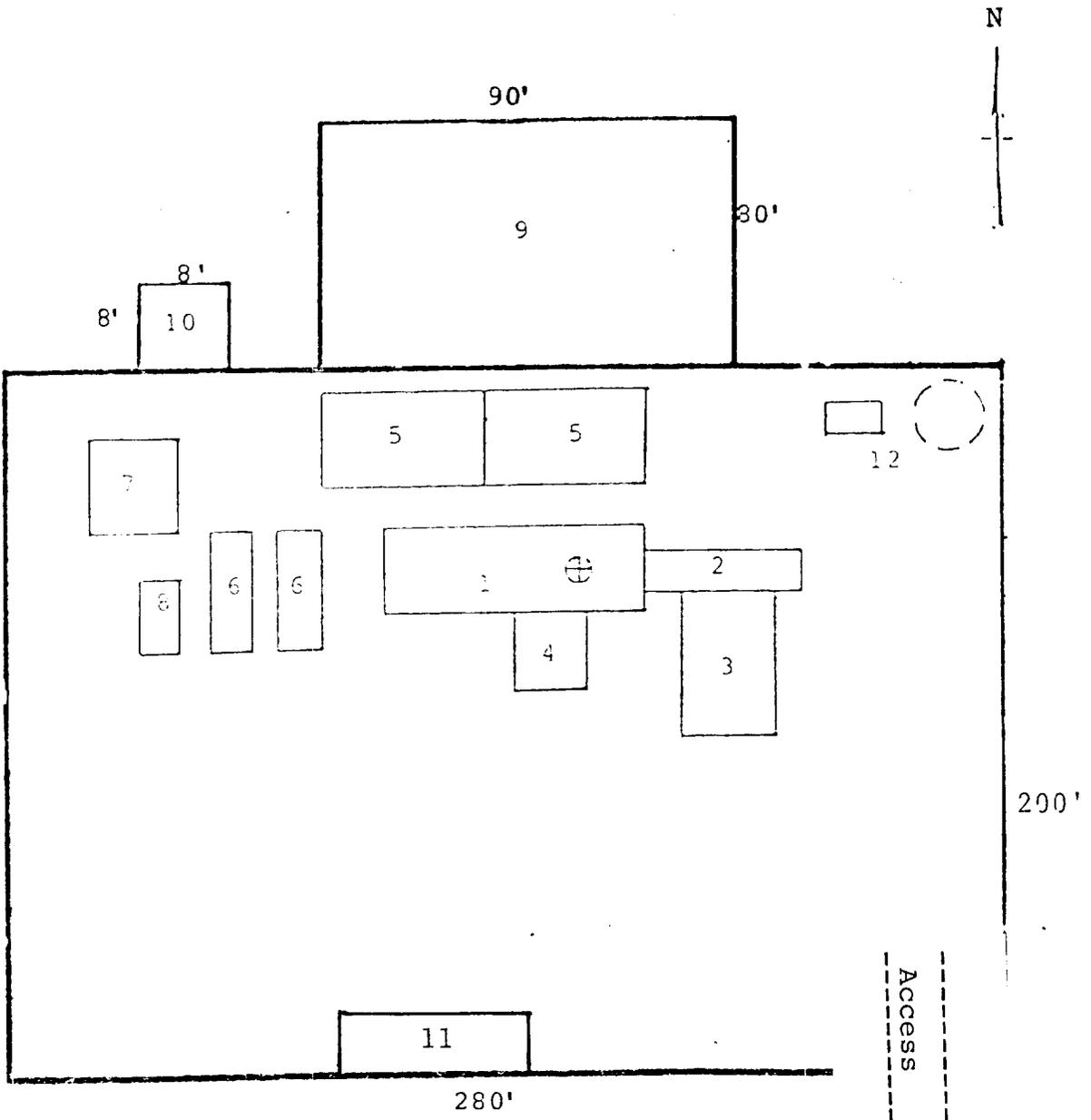


New Access-----

Existing Access-----



MCKAY OIL CORPORATION
 Middle Fork Federal #3
 SE/4NW/4 Sec. 8-6S-23E
 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 |