

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

1. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

2. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER ☐

CABLE
ZONE ☒

MULTIPLE
ZONE ☐

3. NAME OF OPERATOR

McKay Oil Corporation

4. ADDRESS OF OPERATOR

P.O. Box 2014, Roswell, New Mexico 88202

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

At surface

660 FNL & 1980 FNL

At proposed prod. zone

Same

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ARTESIA, OFFICE

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

28 Miles Northwest of Roswell, NM

7. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

660'

8. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

1 1/4 Mile

9. NO. OF ACRES IN LEASE

1760.00

10. PROPOSED DEPTH

3,400'

11. NO. OF ACRES ASSIGNED
TO THIS WELL

160.0

12. ROTARY OR CABLE TOOLS

Rotary

13. ELEVATIONS (Show whether DP, RT, GR, etc.)

4356 GL.

14. APPROX. DATE WORK WILL START*

ASAP

15. 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 adequately 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

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.

16. SIGNED

(This space for Federal or State office use)

TITLE Landman

DATE 12-23-86

17. PERMIT NO.

18. APPROVAL DATE

19. APPROVED BY

S/Homer Meyer, Acting

TITLE Area Manager

DATE DEC 31 1986

20. 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 #9		Well No. #9
Unit Letter C	Section 9	Township 6 South	Range 22 East	County Chaves	
Actual Postage Location of Wells 1980 feet from the West line and 660 feet from the North line					
Ground Level Elev. 4356	Producing Formation Abo		Pool W. Pecos Slope Abo		Dedicated Acreage 160

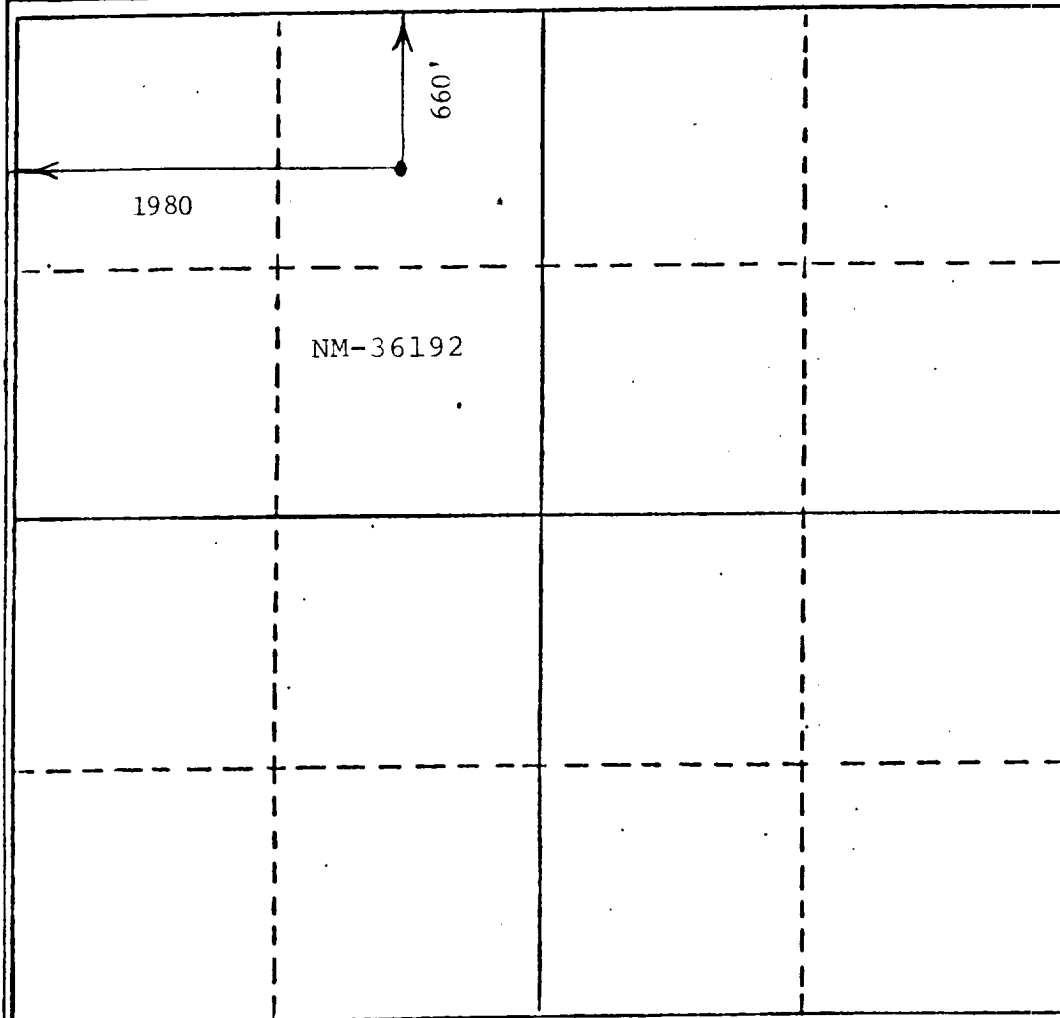
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

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☐ 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

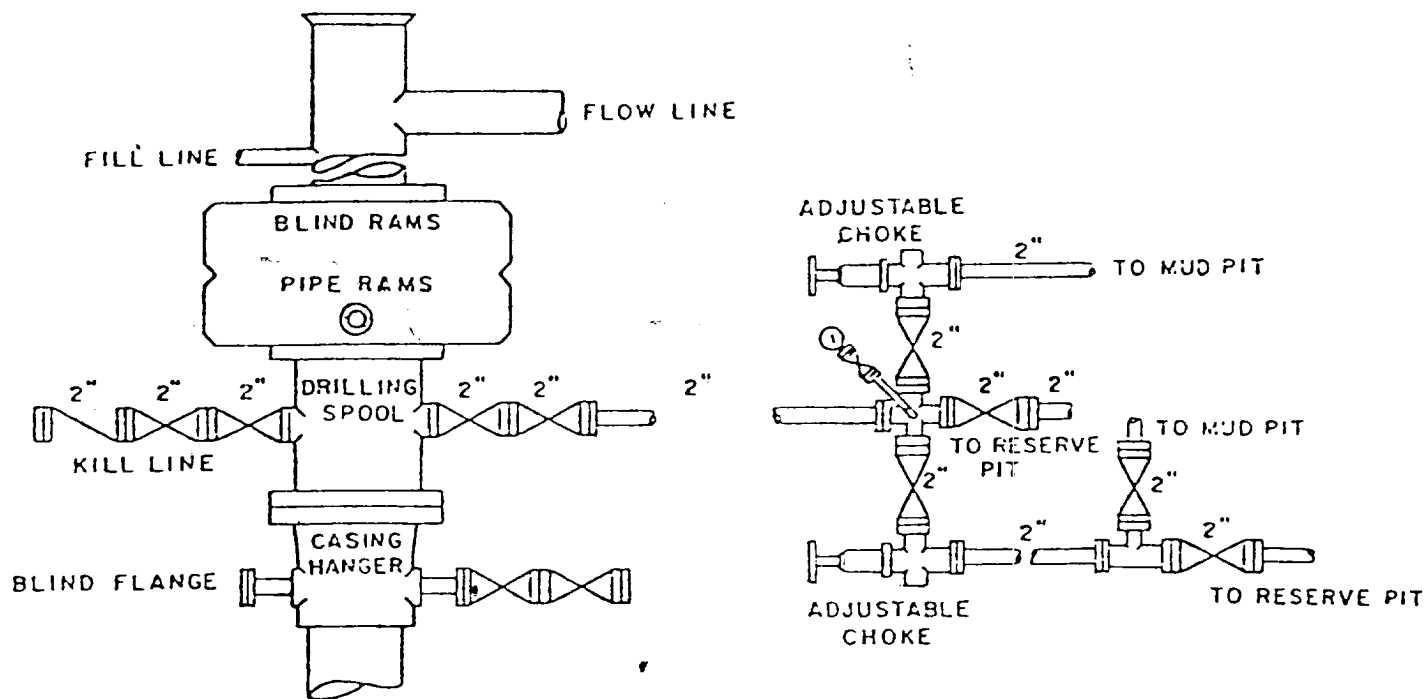
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Sam Shackelford
Position
Agent
Company
McKay Oil Corp.
Date
12-23-86

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 29, 1986
Registered Professional Engineer and/or Land Surveyor
John D. Jaquess
Certificate No. 6380

MCKAY OIL CORPORATION
Lookout Federal #9
NE/4NW/4 Sec. 9-6S-22E
Chaves County, New Mexico

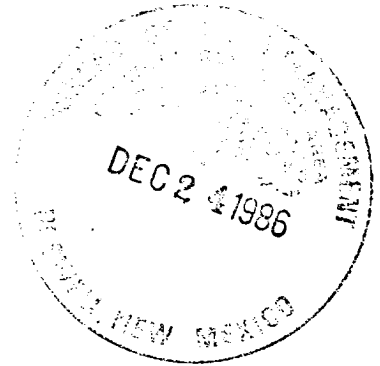


BOP DIAGRAM

3000# Working Pressure
Rams Operated Daily

SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION
Lookout Federal #9
NE/4NW/4 Sec. 9-6S-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	- 883
Tubb	- 2444'
Abo	- 3144'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh water	- In surface formations above 600'
Gas	- In Abo formation below 3144'
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'- 3044	Fresh water
3044'- TD	Start mudding up at 3044'; 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.

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 Lookout Federal #9
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 Chaves County, New Mexico

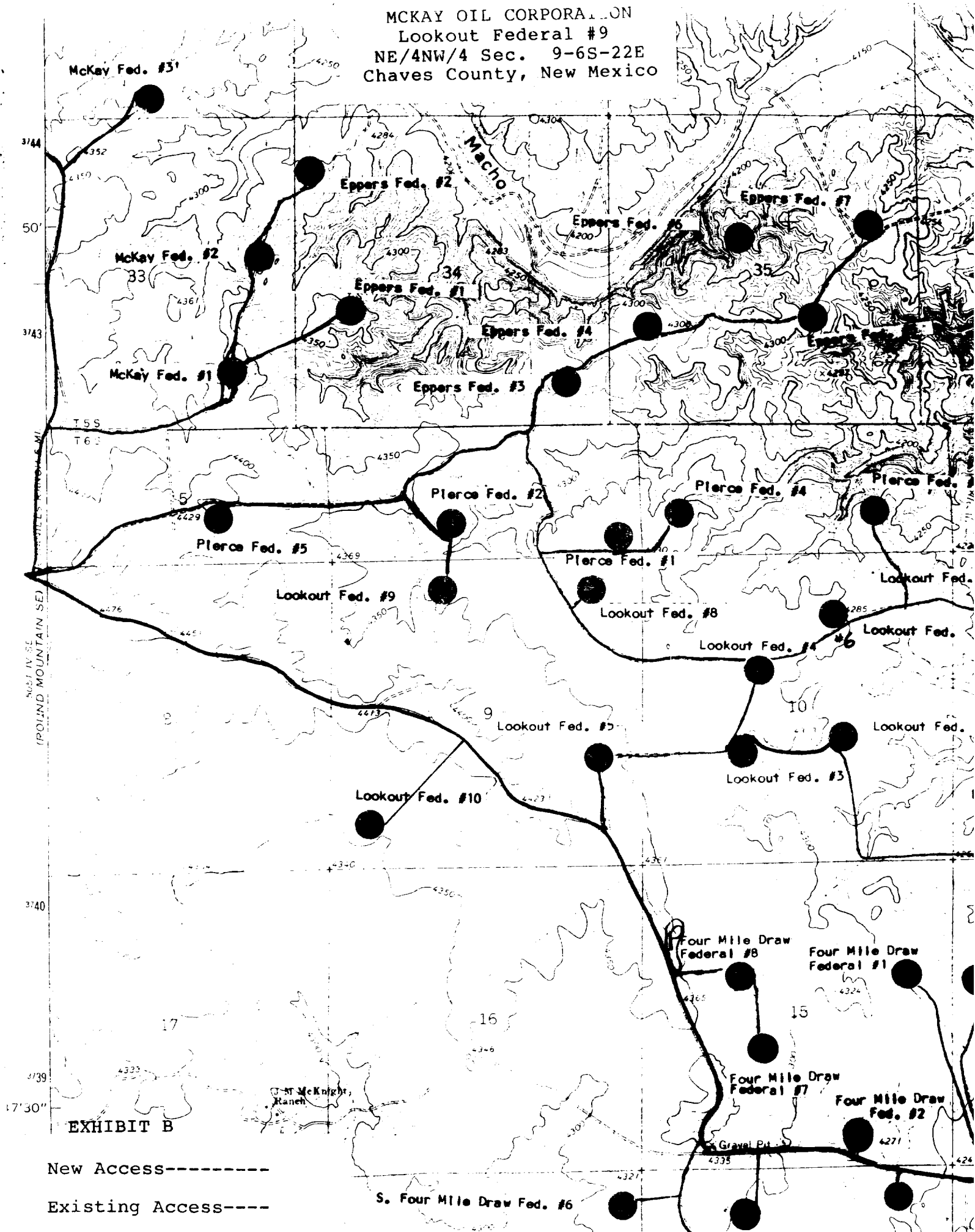


EXHIBIT B

New Access-----
 Existing Access----

MCKAY OIL CORPORATION
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