

NM Oil Cons. Commission

Drawer DD

Artesia, NM 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYSUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)Form approved.
Budget Bureau No. 42-R1425.

C156

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input checked="" type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-36189
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRUST FUND
2. NAME OF OPERATOR McKay Oil Corporation		7. UNIT ASSIGNMENT NAME
3. ADDRESS OF OPERATOR P.O. Box 2014, Roswell, New Mexico 88202		8. FARM OR LEASE NAME McKay Fed.
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 760FSL-990FEL At proposed prod. zone Same		9. WELL NO. 1
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 28 Miles Northwest of Roswell, NM		10. FIELD AND POOL, OR WILDCAT W. Pecos Slope Abo
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 760'		11. SEC., T., R., N., OR S.E. AND SURVEY OR AREA Sec. 33-5S-21E
16. NO. OF ACRES IN LEASE 1800		12. COUNTY OR PARISH Chaves
17. NO. OF ACRES ASSIGNED TO THIS WELL 160.0		13. STATE NM
18. PROPOSED DEPTH 3,400'		20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DP, RT, GR, etc.) 4367GL		22. APPROX. DATE WORK WILL START* ASAP

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 900'.

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

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 prevention program, if any.

SIGNED <u>[Signature]</u>	TITLE <u>Landman</u>	DATE <u>12-24-86</u>
(This space for Federal or State office use)		
PERMIT NO. _____	APPROVAL DATE _____	
APPROVED BY <u>S/Homer Meyer, Acting</u>	TITLE <u>Area Manager</u>	DATE <u>DEC 31 1986</u>
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.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

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

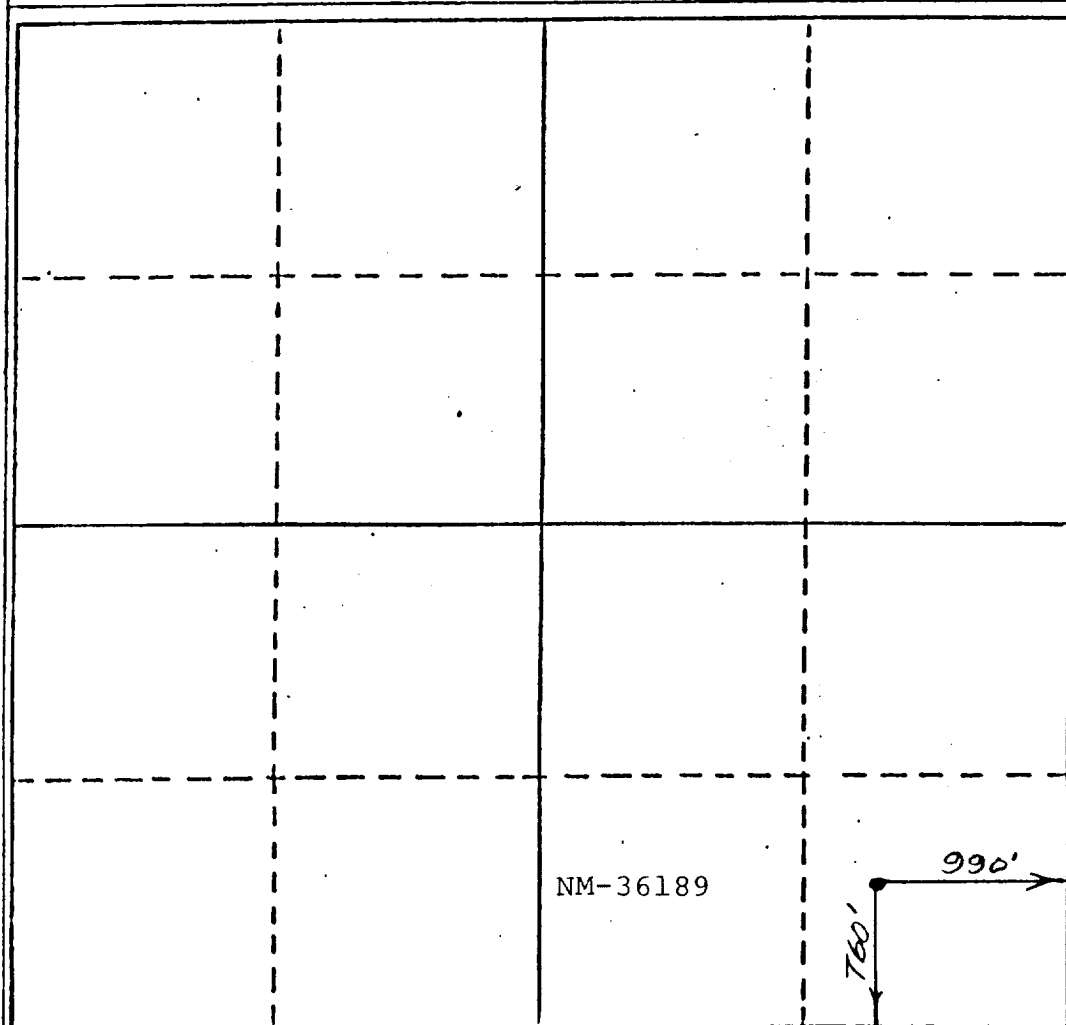
Operator McKay Oil Corporation		Lease McKay Federal		Well No. #1
Unit Letter P	Section 33	Township 5 South	Range 21 East	County Chaves
Actual Footage Location of Well: 760 feet from the South line and 990 feet from the East line				
Ground Level Elev. 4367	Producing Formation abo	Pool W. Pecos Slope 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 _____

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
12-24-86

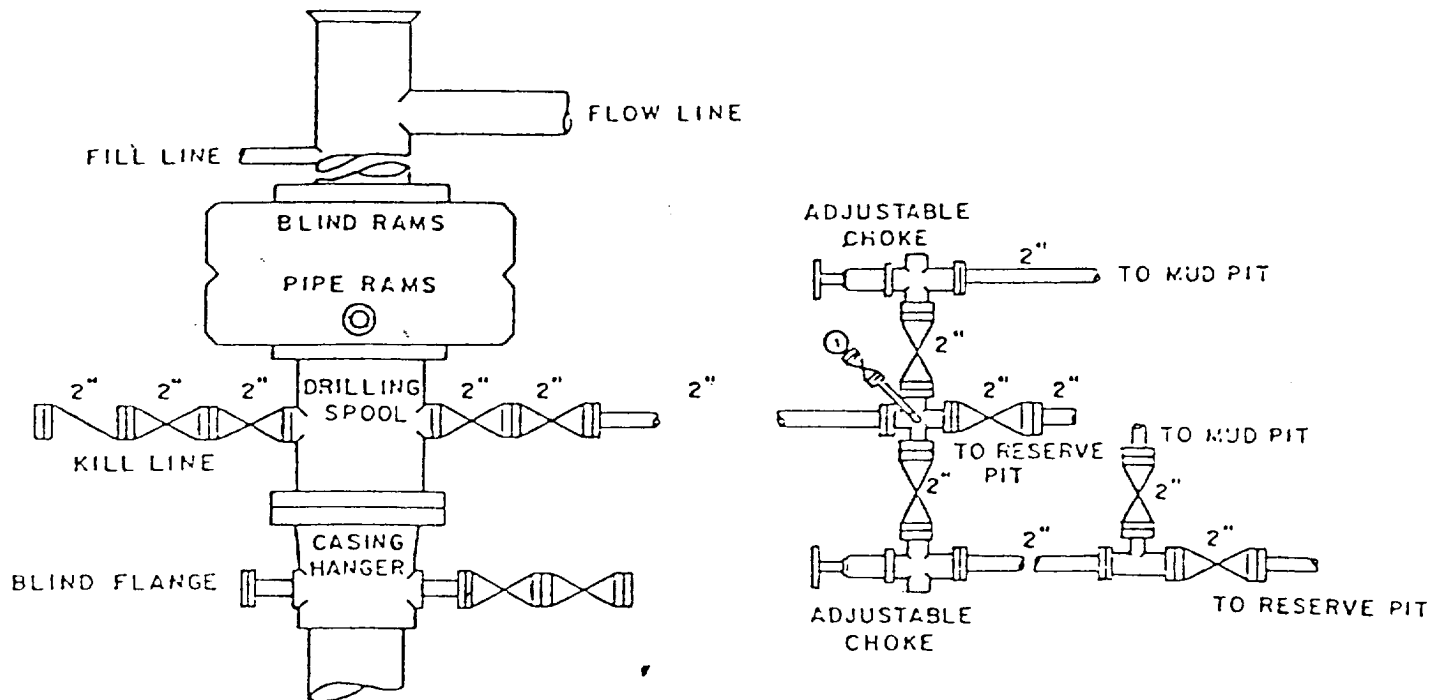
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

December 19, 1986

Date Surveyed
6290
Registered Professional Engineer and/or Land Surveyor
John D. Jaquess, E.E. & L.S.

Certificate No. 6290

MCKAY OIL CORPORATION
McKay Federal #1
SE/4SE/4 Sec. 33-5S-21E
Chaves County, New Mexico



BOP DIAGRAM

3000# Working Pressure
Rams Operated Daily

SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION
McKay Federal #1
SE/4SE/4 Sec. 33-5S-21E
Chaves County, N.M.

NM 36189



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	- 778
Tubb	- 2480'
Abo	- 3180'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh water	- In surface formations above 600'
Gas	- In Abo formation below 3180'
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'- 3080	Fresh water
3080'- TD	Start mudding up at 2939'; 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 Federal #1
SE/4SE/4 Sec. 33-5S-21E
Chaves County, New Mexico

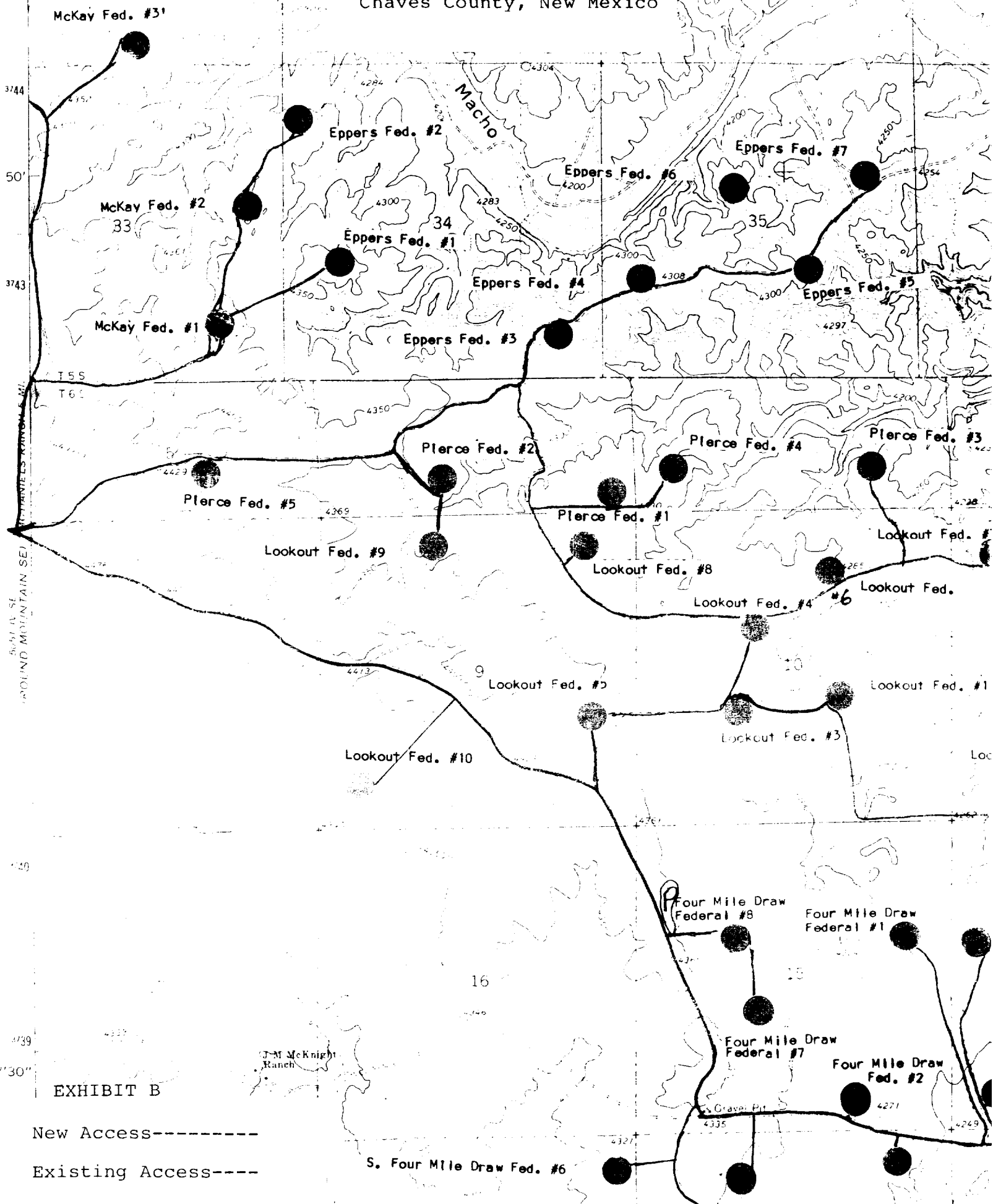


EXHIBIT B

New Access-----

Existing Access----

MCKAY OIL CORPORATION
McKay Federal #1
SE/4SE/4 Sec. 33-5S-21E
Chaves County, New Mexico

