

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
SUPPLEMENTARY APPLICATION FOR  
NATURAL GAS CATEGORY DETERMINATION O. C. D.

RECEIVED BY

MAY 19 1987

ARTESIA, OFFICE

FORM APPROVED  
OMB NO. 1004-0149  
Expires: January 31, 1986

This form is required by the Bureau of Land Management (BLM) and the Minerals Management Service (MMS), the jurisdictional agencies charged with under the Natural Gas Policy Act of 1978, 95-621, for Federal, Indian, and OCS lands. The data requested is a requirement of the Federal Energy Regulatory Commission regulation 18 CFR 274, Determinations by Jurisdictional Agencies. Such data must be forwarded to the Federal Energy Regulatory Commission by the Authorized Officer.

11. Applicant McKay Oil Corporation		1. API Well No. 30-005-62417
Address (Including zip code) P. O. Box 2014, Roswell, NM 88201		2. Lease No. NM-32322
Telephone (Including area code) 505/623-4735		3. Lease Name and Well No. Miller Federal #5
12. Request Category for Determination		4. Sec., T. & R. Section 6-6S-23E
<input type="checkbox"/> Section 102(c)(1)(B), New Onshore Wells		5. Area and Block (OCS)
<input type="checkbox"/> Section 102(c)(1)(C), New Onshore Reservoirs		6. Field West Pecos Slope Abo
<input type="checkbox"/> Section 102(d), New Reservoirs on Old OCS Leases		7. Reservoir Abo sand
<input checked="" type="checkbox"/> Section 103(c), New Onshore Production Well		8. State, District, and County NM, Roswell, Chaves
<input checked="" type="checkbox"/> Section 107(c), High-Cost Natural Gas		9. Operator McKay Oil Corporation
<input type="checkbox"/> Section 108(b), Stripper-Well Natural Gas		10. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well
13. Person Responsible for Answering Questions Cindy L. Kelton		
Address (Including zip code) P. O. Box 2014, Roswell, NM 88201		
Telephone (Including area code) 505/623-4735		
14. Newspaper, City, State, and Date (or expected date) of Notice Roswell Daily Record, Roswell, NM		
15. Gas Purchaser New Mexico Gas Marketing, Inc.		
Address (Including zip code) P. O. Box 2014, Roswell, NM 88201		
Gas Purchaser		
Address (Including zip code)		
16. Colessee and/or Working Interest Owner See attached Exhibit "A"		
Address (Including zip code)		
Colessee and/or Working Interest Owner		
Address (Including zip code)		
17. Attach the Appropriate Checklist and Support Data (See instructions) I certify that the foregoing and the checklist attached are true and correct to the best of my knowledge as determined from available records.		
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.		

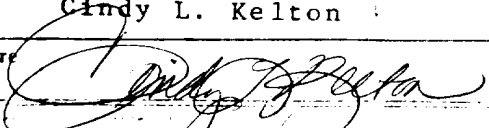
Name Cindy L. Kelton	Title Assistant to the President
Signature 	Date May 15, 1987

EXHIBIT "A"

McKay Oil Corporation  
Miller Federal #5  
Section 6-6S-23E  
API No. 30005-62417  
Chaves County, New Mexico

Working Interest Owners

Royale Petroleum Corporation  
Wells Fargo Bank Building  
101 West Broadway, Suite 1777  
San Diego, California 92101

The McKay Children's Trust  
P. O. Box 2014  
Roswell, New Mexico 88201

Flagstaff Land Associates  
2222 S. Dobson Road, Suite 6A  
Mesa, AZ 85202

DENCO Oil & Gas Investments  
2222 S. Dobson Road, Suite 6A  
Mesa, AZ 85202

DENCO Oil Properties  
2222 S. Dobson Road, Suite 6A  
Mesa, AZ 85202

DENCO Oil Partners  
2222 S. Dobson Road, Suite 6A  
Mesa, AZ 85202

McKay Oil Corporation  
P.O. Box 2014  
Roswell, New Mexico 88201

Ventana Limited Partnership  
3567 E. Sunrise Drive, Suite 235  
Tucson, AZ 85718

Gas Purchaser

New Mexico Gas Marketing, Inc.  
P. O. Box 2014  
Roswell, New Mexico 88201

**U.S. DEPARTMENT OF ENERGY**  
Federal Energy Regulatory Commission  
Washington, D.C. 20426

**APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL  
PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)**  
(Sections 102, 103, 107 and 108)

**PLEASE READ BEFORE COMPLETING THIS FORM:**

General Instructions:

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA. A separate application is required for each well. If any reservoir qualifies for a category which differs from the category applicable to the producing well, separate applications must be made for the producing well and the reservoir. Complete each appropriate item on the reverse side of this page. The code numbers used in items 4.0 and 6.0 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Enter any additional remarks in the space below.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 270.103. If there are any questions, call (202) 275-4539.

Specific Instructions for Item 2.0, Type of Determination:

<u>Section of NGPA</u>	<u>Category Code</u>	<u>Description</u>
102	1	New OCS Lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1,000 feet deeper test)
102	4	New onshore reservoir
102	5	New reservoir on old OCS Lease
103	—	New onshore production well
107	—	High cost natural gas
108	—	Stripper well

Other Purchasers/Contracts:

<u>Contract Date</u> (Mo. Day Yr.)	<u>Purchaser</u>	<u>Buyer Code</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Remarks:

McKay Oil Corporation  
Miller Federal #5

1.0 API well number: (If not available, leave blank. 14 digits.)	30-005-62417			
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	103 Section of NGPA		(c) Category Code	
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	3356 feet			
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	<div style="display: flex; justify-content: space-between;"> <span>McKay Oil Corporation</span> <span>Seller Code</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Name</span> <span>P. O. Box 2014</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Street</span> <span></span> </div> <div style="display: flex; justify-content: space-between;"> <span>Roswell</span> <span>NM</span> <span>88201</span> </div> <div style="display: flex; justify-content: space-between;"> <span>City</span> <span>State</span> <span>Zip Code</span> </div>			
5.0 Location of this well: [Complete (a) or (b).] (a) For onshore wells (35 letters maximum for field name.)	<div style="display: flex; justify-content: space-between;"> <span>West Pecos Slope Abo</span> <span></span> </div> <div style="display: flex; justify-content: space-between;"> <span>Field Name</span> <span></span> </div> <div style="display: flex; justify-content: space-between;"> <span>Chaves</span> <span>NM</span> </div> <div style="display: flex; justify-content: space-between;"> <span>County</span> <span>State</span> </div>			
(b) For OCS wells:	<div style="display: flex; justify-content: space-between;"> <span>Area Name</span> <span>Block Number</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="text-align: center;">             Date of Lease:              _____              Mo. Day Yr.           </div> <div style="text-align: center;">             OCS Lease Number              _____           </div> </div>			
(c) Name and identification number of this well: (35 letters and digits maximum.)	Miller Federal #5			
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	Abo sand			
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	<div style="display: flex; justify-content: space-between;"> <span>New Mexico Gas Marketing, Inc.</span> <span>Buyer Code</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Name</span> <span></span> </div>			
(b) Date of the contract:	<div style="display: flex; justify-content: space-around;"> <span>0</span><span>3</span><span>2</span><span>8</span><span>8</span><span>6</span> </div> <div style="display: flex; justify-content: space-around; font-size: small;"> <span>Mo.</span><span>Day</span><span>Yr.</span> </div>			
(c) Estimated annual production:	65,000 MMcf.			
	(a) Base Price (\$/MMBTU)	(b) Tax	(c) All Other Prices (Indicate (+) or (-).)	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	1.792	.166	. . . . .	1.958
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	3.170	.169	+.095	3.434
9.0 Person responsible for this application:	<div style="display: flex; justify-content: space-between;"> <span>Cindy L. Kelton</span> <span>Assistant to the</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Name</span> <span>Title President</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between;"> <span>Signature</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <span>May 15, 1987</span> <span>505/623-4735</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Date Application is Completed</span> <span>Phone Number</span> </div>			

Agency Use Only  
 Date Received by Juris. Agency  
 Date Received by FERC

1.0 API well number: (If not available, leave blank. 14 digits.)	30-005-62417				
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	107 Section of NGPA		(c) Category Code		
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	3356 feet				
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	<div style="display: flex; justify-content: space-between;"> <div> <u>McKay Oil Corporation</u>  Name  <u>P. O. Box 2014</u>  Street  <u>Roswell</u>  City </div> <div> <u>NM</u>  State </div> <div> <u>88201</u>  Zip Code </div> </div> <div style="text-align: right; margin-top: -20px;">Seller Code</div>				
5.0 Location of this well: [Complete (a) or (b).] (a) For onshore wells (35 letters maximum for field name.)	<u>West Pecos Slope Abo</u> Field Name <u>Chaves</u> County <div style="text-align: right;"><u>NM</u> State</div>				
(b) For OCS wells:	Area Name _____ Block Number _____  Date of Lease: Mo. Day Yr. _____ OCS Lease Number _____				
(c) Name and identification number of this well: (35 letters and digits maximum.)	<u>Miller Federal #5</u>				
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	<u>Abo sand</u>				
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	<u>New Mexico Gas Marketing, Inc.</u> Name _____ Buyer Code _____				
(b) Date of the contract:	<u>0 3 2 8 8 6</u> Mo. Day Yr.				
(c) Estimated annual production:	<u>65,000</u> MMcf.				
		(a) Base Price (\$/MMBTU)	(b) Tax	(c) All Other Prices [Indicate (+) or (-).]	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)		<u>1.792</u>	<u>.166</u>	<u>---</u>	<u>1.958</u>
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)		<u>6.340</u>	<u>.175</u>	<u>+1.90</u>	<u>6.705</u>
9.0 Person responsible for this application:	<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Agency Use Only</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Date Received by Juris. Agency</div> <div style="border: 1px solid black; padding: 2px;">Date Received by FERC</div> </div> <div style="width: 70%;"> <u>Cindy L. Kelton</u>  Name _____ Assistant to the  Signature _____ Title President  <u>May 15, 1987</u>  Date Application is Completed _____  505/623-4735  Phone Number </div> </div>				

OIL CONSERVATION DIVISION

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MAY -8 1987  
O. C. D.  
ARTESIA, OFFICE

P. O. BOX 2088

REQUEST FOR ALLOWABLE  
AND  
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Operator  
McKay Oil Corporation

Address  
Post Office Box 2014, Roswell, New Mexico 88201

Reason(s) for filing (Check proper box)	Other (Please explain)
New Well <input checked="" type="checkbox"/>	
Recompletion <input type="checkbox"/>	
Change in Ownership <input type="checkbox"/>	
Change in Transporter of:	
Oil <input type="checkbox"/>	Dry Gas <input type="checkbox"/>
Casinghead Gas <input type="checkbox"/>	Condensate <input type="checkbox"/>

If change of ownership give name  
and address of previous owner

I. DESCRIPTION OF WELL AND LEASE

Lease Name Miller Federal	Well No. 5	Pool Name, Including Formation W. Pecos Slope Abo	Kind of Lease Federal	Lease State, Federal or Fee NM-32322
Location				
Unit Letter M	660	Feet From The West	Line and 660	Feet From The South
Line of Section 6	Township 6S	Range 23E	NMPM, Chaves	Co.

II. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)					
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)					
N.M. Gas Marketing, Inc.	Post Office Box 2014, Roswell, NM 88201					
If well produces oil or liquids, give location of tanks.	Unit G	Sec. 36	Twp. 6S	Rge. 22E	Is gas actually connected? yes	When 5-2-87

If this production is commingled with that from any other lease or pool, give commingling order number:

III. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well <input type="checkbox"/>	Gas Well <input checked="" type="checkbox"/>	New Well <input checked="" type="checkbox"/>	Workover <input type="checkbox"/>	Deepen <input type="checkbox"/>	Plug Back <input type="checkbox"/>	Same Restv. <input type="checkbox"/>	Diff. <input type="checkbox"/>
Date Spudded 1-13-87	Date Compl. Ready to Prod. 3-9-87	Total Depth 3500'	P.B.T.D. 3388'					
Elevations (DF, RKB, RT, GR, etc.) 4224' GR	Name of Producing Formation Abo	Top Oil/Gas Pay 2966	Tubing Depth 2919'					
Perforations 2966-2985.5 (15); 2995-3003 (6); 3059.5-3068.5 (7) 3079.5-3088.5 (7); 3342.5-3356 (9)			Depth Casing Shoe					
TUBING, CASING, AND CEMENTING RECORD								
HOLE SIZE 12 1/4"	CASING & TUBING SIZE 8 5/8"	DEPTH SET 907'	SACKS CEMENT 300 sxs. + 175 sxs.					
7 7/8"	4 1/2"	3449'	325 sxs. + 250 sxs.					

IV. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top able for this depth or be for full 24 hours)

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls.	Gas-MCF

GAS WELL

Actual Prod. Test-MCF/D 3-12-87 2398	Length of Test 4 hrs.	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.) back pt. 1	Tubing Pressure (Shot-in) 665	Casing Pressure (Shot-in) 665	Choke Size

V. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Theresa Rodriguez  
(Signature)

Production Analyst

(Title)

5-5-87

(Date)

OIL CONSERVATION DIVISION

APPROVED MAY 11 1987, 19

BY Original Signed By  
Les A. Clements

TITLE Supervisor District II

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deep well, this form must be accompanied by a tabulation of the dev. tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for all wells on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of or well name or number, or transporter, or other such change of condition.

Separate Forms C-104 must be filed for each pool in multi-completed wells.