

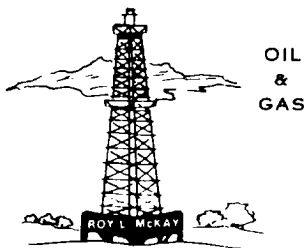
McKay Oil Corporation

O.C.D. - Artesia

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-2202



RECEIVED

SEP 26 '88

September 13, 1988

O. C. D.
ARTESIA, OFFICE

Oil Conservation Division
New Mexico State Land Office
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention: Dave Catanach

RE: L. L. & E Fed. #3
NW/4 Sec. 12-6S-22E
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires to drill a Federal lease in the NW/4 of Section 12, Township 6 South, Range 22 East, NMPM (See Attachment "A"). Due to topography and geological problems, McKay Oil is requesting an unorthodox location.

The well was originally staked at 660' feet from the North line and 1980' feet from the West line. However, the Bureau of Land Management would not approve this location due to archeological finds. Also, due to topographical reasons in this quarter section, the location had to remain in that vicinity (See attachment "B").

Further, the Northeast quarter of this quarter section was chosen because of geological data on wells to the North and East. Therefore, it is our opinion that this location would be the only economical and productive location to drill (See attachment "C").

All minerals surrounding this proration unit is leased to McKay Oil Corporation, with the exception of Mesa (See Attachment "A"). Mesa has been notified of this proposed location and no objection is foreseen (See enclosed copy of letter). A copy of the executed letter and/or return receipt will be forward upon receipt.

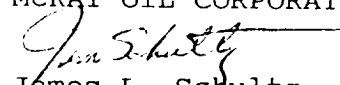
page 2 of 2
O.C.D.
September 13, 1988

Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location located at 660' feet from the North line and 1485' feet from the West line Section 12, Township 6 South, Range 22 East, NMPM.


McKay Oil Corporation would request and appreciate your immediate attention to this matter. Thank you for your cooperation and assistance.

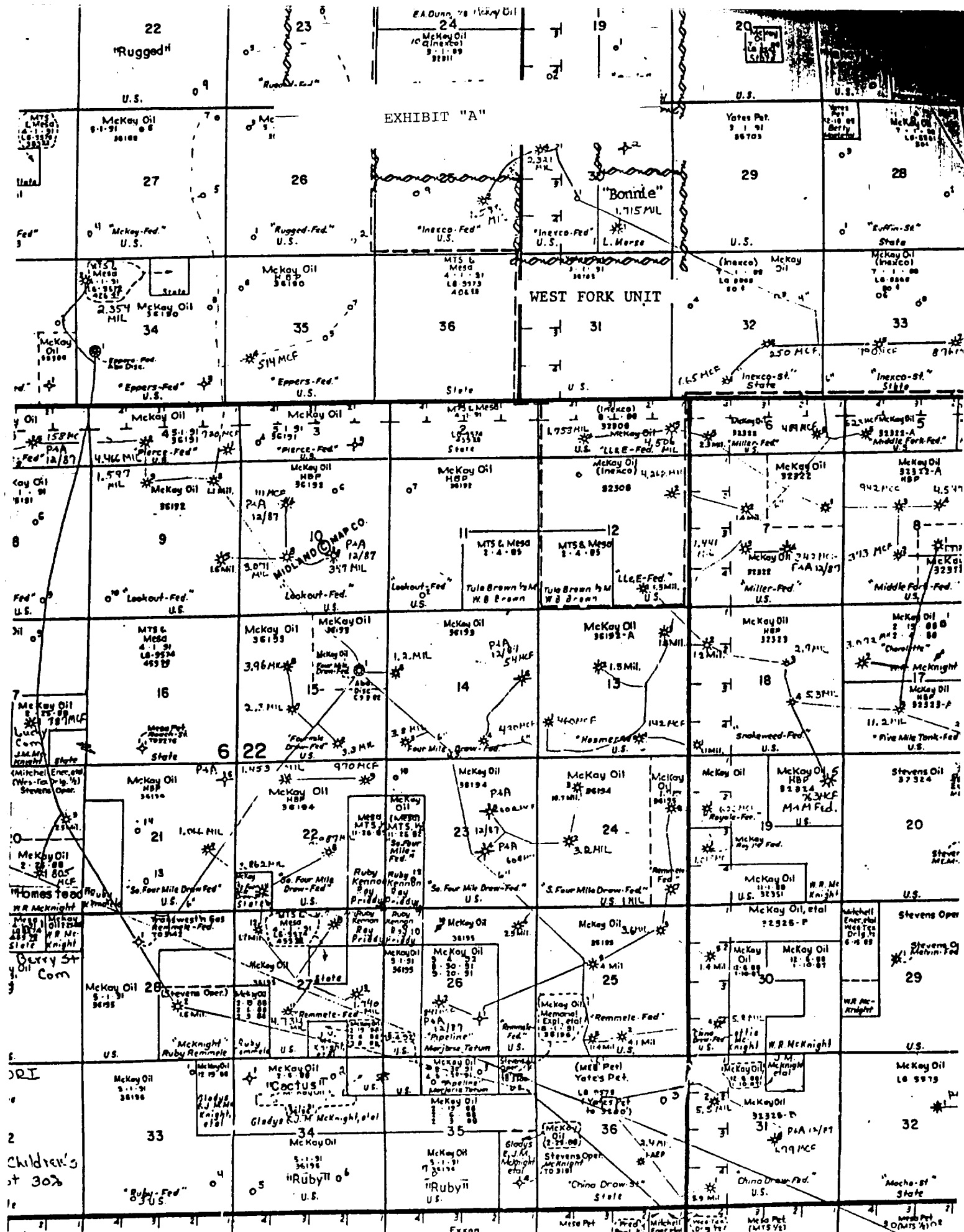
Very truly yours,

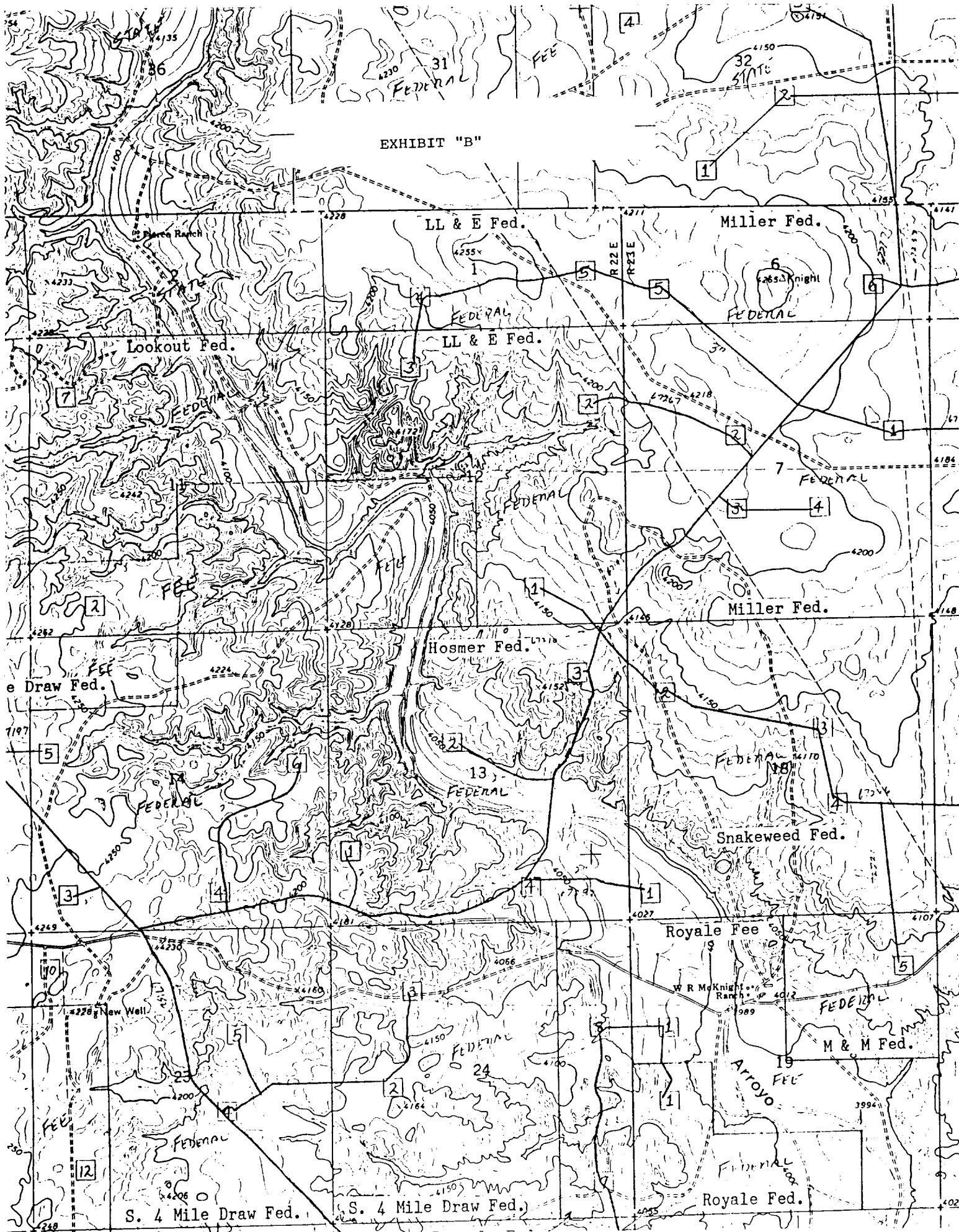
MCKAY OIL CORPORATION


James L. Schultz
Contracts & Land

Attachements

 cc O.C.D. - Antenna





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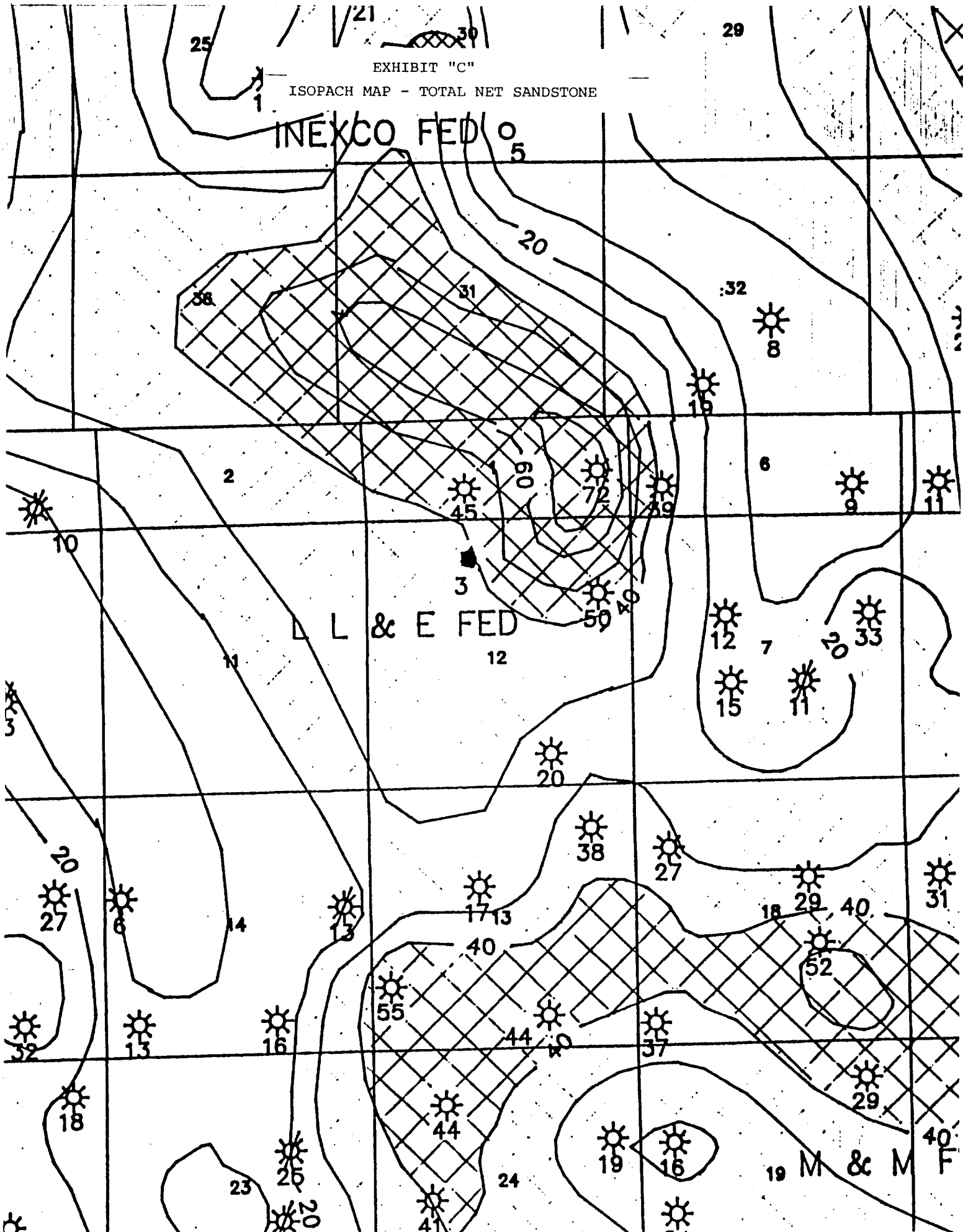
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EXHIBIT "C"

ISOPACH MAP - TOTAL NET SANDSTONE

INEXCO FED 5

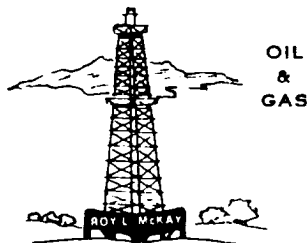


McKay Oil Corporation

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September 13, 1988

Mesa Limited Partnerships
P.O. Box 2009
Amarillo, Texas 79189-2009

Attention: Mark W. Seale

RE: Unorthodox Location
L.L. & E. Fed. #3
NW/4 Sec. 12-6S-22E
Chaves County, New Mexico

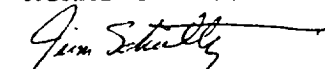
Gentlemen:

This letter is to advise that McKay Oil Corporation proposes the drilling of an unorthodox location located 660 FNL and 1485 FWL in Section 12, Township 6 South, Range 22 East, NMPM. This unorthodox location is the result of topography and archeological sites in this area.

As specified by the Oil Conversation Division of New Mexico, Mesa, as an offset operator to this location, must consent to this location. Since this location is not closer to your particular acreage than a legal location, I believe Mesa would not object to the proposed unorthodox location.

Therefore, if this location is not objectionable to Mesa, please sign in the space provided below and return to our office at your earliest convenient time. Thanks for your cooperation and assistance.

Very truly yours,
MCKAY OIL CORPORATION


James L. Schultz
Contracts & Land

AGREED AND ACCEPTED this _____
day of September, 1988.

MESA LIMITED PARTNERSHIP
BY: _____