

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

HOME OFFICE, P.O. Box 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735

OPERATOR: McKay Oil Corporation
WELL NAME: L L & E Federal #3
PROSPECT: Pecos Abo - Inexco
ID #: NM-32308
LOCATION: 660' FNL & 1980' FWL
NW/4 Section 12-6S-22E
Chaves County, NM

PROPOSED TD: 3400'
SPUD DATE: 3-23-88
ELEVATION: 4177'

"CONFIDENTIAL"

3-8-90 SD WO Sidewinder to by pass ARC and drill new lateral.

RECEIVED

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2-28-90 RIH w/impression block on sand line. Impression shows 2 lobes of flex collar looking up. TIH w/drill pipe & box tap. Could not catch fish. TOH to check tap. Dropped down on pipe hard. Tap showed 2 places that indicates tap not going completely over fish. Will try & weld a cut lip guide on end to kick pipe over to middle of tap. SDON.

Daily Cost: \$1,100 Cumulative Cost: \$74,455

3-1-90 SD to build cut lip guide & re-tap threads in box tap.

Daily Cost: \$55 Cumulative Cost: \$74,510

3-2-90 TIH w/box tap to attempt to catch fish. Built cut up guide & re-tapped threads. TOH. Didn't catch fish. Lost cut lip Guide in hole. TIH w/magnet to retrieve guide. Couldn't retrieve guide. So tried to locate 3¼" overshot. Order overshot 3¼" grapple from Bowen.

Daily Cost: \$1,035 Cumulative Cost: \$75,490

3-3-90 SD. WO Fishing Tool
to

3-5-90 SD WO Fishing Tool. Run lead impression block to check if cut lip guide is preventing getting overshot down. Had same indications as last. No sign of cut lip guide. SD.

Daily Cost: 0 Cumulative Cost: \$75,490

3-6-90 SD WO Fishing Tool. Received fishing tool - 4:30 p.m.

Daily Cost \$1,550 Cumulative Cost: \$77,440

3-7-90 TIH w/3¼" overshot & cut up guide. RU foam air to circulate. Dropped 10" w/tbg. Blew hole dry. TOH to ck for fish. Did not catch fish. Cut lip guide had pieces broke off. Pipe did not slip up into bowl of overshot. Ran lead impression block Showed one lobe at an angle showing that collar may be dug into side of wall. Called for 1 1/16"x3 1/16" Taper Tap. TIH w/tap Tagged up. Rotated. Went down 12" set 4 points of weight down Did not see any signs of torque. Did not pull any weight when coming up. TOH w/tap. SDON

Daily Cost: \$2,350 Cumulative Cost: \$79,390

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2-22-90 TIH w/6 stands. Slight gas show. Tagged up on Kelly.
Drill . Circulate hole clean for 20 min. TOH w/tbg. SD
to run sandline & pour rope socket to run surveys. Went to bottom.
Survey #1 = Measured Depth - 2957.5'
Camera Depth - 2955.25'
Inclination 85° Azimuth N-73°-E TVD - 2865.86'
Laid down survey tool SDON.

Daily Cost: \$4,900 Cumulative Cost: \$63,621

2-23-90 Picked up 12 flex collars & TIH w/gentle riser. Tagged up @ 2829'
129' high. PU Kelly broke circulation. Drilled Kelly down.
Getting Red Shale returns - Suggests that hole caved in. Hole would
not clean up SD. Ordered saturated Brine & SHale inhibitor to
inhibit shale. Pumped brine down tbg. to cover shale zone. Let
set overnight. SDON.

Daily Cost: \$4,480 Cumulative Cost: \$68,100

2-24-90 TIH w/Kelly. Did not tag. Pumped 10 bbls of Brine & SHale
inhibitor. Power swivel had water in oil. Could not RU Power
Swivel Continued to drill w/Kelly. Drilled 70'. Could not get
joint down. Changed oil in Power Swivel. Power Swivel would
lock up in torque. Order Star Tool Power Swivel. SDON.

Daily Cost: \$2,600 Cumulative Cost: \$70,700

2-25-90 RU Star Tool Power Swivel. Went down 2870'. Worked pipe down 15'
Pulled up, tagged up @ 2870'. Cleaned hole up for 20 min. TOH
to check flex collars. Found parted Flex collar #3. Left 44.81'
Flex collars & Gentle Riser in hole. Called Sidewinder to get slim
hole box tap & attempt to fish. SDON.

Daily Cost: \$1,575 Cumulative Cost: \$72,279

2-26-90 SD Waiting on fishing tool.

2-27-90 TIH w/3½" magnet to pick up lobes. Could not pick up lobes. TIH
w/40' flex collars, drill pipe & slim hole box tap to attempt to
fish pipe tagged up @ 2823' on hard metal. Rotated. Could not tell
if we got fish. TOH. Box tap showed wear on outer bottom edge.
SD. Order Lead Impression Block from Star Tool.

Daily Cost: \$1,075 Cumulative Cost: \$73,355

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02-16-90 SD due to high winds.

Daily cost: \$200 Cumulative Cost: \$33,719

02-17-90 TOH w/Pilot Hole Assembly. Test ABA for signal & latch ring tolerance. TIH w/ABA & 41' of flex collars. Unloaded Hole Begin drilling Arc. Drilled 9.5'. Samples show red shale, Silty shale. Cleaned hole. SDON.

Daily cost: \$5,400 Cumulative Cost: \$39,119

02-18-90 Resumed drilling. Drilled 9'. Samples show siltstone & sandstone. Made connection. Could not get to bottom. Pipe stuck. Worked pipe & rotated. Freed pipe. Went to bottom. Drilled 3 min. Made no hole. TOH to check bit & tool. Knuckle joint hold downs backed out. Ran 6 surveys (camera depths)

- (1) 2836.75' = 55° - N - 74° E
- (2) 2834.75' = 47° - S - 71° E
- (3) 2832.75' = 40° - N - 71° E
- (4) 2828.75' = 25° - N - 76° E
- (5) 2824.75' = 8° - N - 71° E
- (6) 2820.75' = 0°

Calculated bottom hole survey = 63° N-74°-E. Drilled a total of 18.5'. SDON.

Daily Cost: \$5,411 Cumulative Cost: \$44,530

02-19-90 TIH w/under reamer to ream out Arc. TOH. TIH w/75" flex pipe & gentle riser. Drilled 7'. Cleaned Hole SDON.

Daily Cost: \$4,611 Cumulative Cost: \$49,140

02-20-90 Make Connection. Resume Drilling. Drill 30'. Avg. ROP - 20ft/hr. Total Depth 2877'. TOH. RU to run surveys.

Survey #1 - 2866.75 73° N-71°-E
Survey #2 - 2875.75 73° N-71°-E
Bottom 2879.00 76° N-71°-E
TUD = 2849.35

Ran into crown w/sinkerbars SDON to repair unit. Total Depth drilled 58.50'

Daily Cost: \$5,220 Cumulative Cost: \$54,360

02-21-90 TIH w/8 flex collars & gentle riser. to TD. Drilled 76', ROP = 17/PH. Circulated hole clean. Pulled 180'. SDON.

Daily Cost: \$4,360 Cumulative Cost: \$58,721

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12-28-89 TIH to tag cement top. Cement top @ 2793'. TOH w/tbg. PU
bit & drill collars. TIH to 2500'. SDON.

12-29-89 TIH to 2793' to drill out cement plug. Pressure tested to 800#
held good. Started drilling cement. Cement was soft. No hard
cement returns. When drilling inside of sectioned csg., began
losing fluid. Drilled out cement to 2832'. Circultaed hole 30
min., lost 9 BF. TOH. TIH w/tbg. open ended. Run swab to
check fluid level. Fluid level @ 600'. Will re-cement in the
a.m. SDON.

12-30-89 TIH w/swab to check fluid level. Fluid level @ 1400'. RU
Western to set 20 sxs 2% CaCl Class "H" cement. Under dis-
placed cement w/7.8 bbls. flush to keep full Hydrostatic Head
off of formation. TOH w/tbg. TIH w/bit, drill collars & tbg.
to 2250' SDON. WOC 72 hrs.

12-31-89
thru
1-02-90 SI

01-03-90 TIH to tag cement. Cement top @ 2633'. Drill out cement.
First 60' mix of hard & soft cement. Second 60' hard crispy
cement. Drilled to 2814'. Marked tank to check for fluid loss.
No fluid loss. Drill hard cement to 2820'. Laid down tbg. &
collars. RD PU. Released Star Tool. WO re-entry company.

02-13-90 MI PU & Foam-Air Compressor Unit.

 Daily Cost: \$400 Cumulative Cost: \$27,000

02-14-90 RU PU & BOP. MI Jim's Water Service Frac Tank. Hauled produced
water to frac tank. SD.

 Daily Cost: \$650 Cumulative Cost: \$27,650

02-15-90 TIH w/Pilot Hole Assembly & DP. Tagged up @ 2815'. Nipple
up BOP & Drilling Head. Hook up Line to pit. RU Foam Air
to unload hole. Drill 5½' of Pilot Hole - 2820.5'. SD due
to high winds.

 Daily cost: \$5,875 Cumulative Cost: \$33,519

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12-17-89 8:15 Circulated mud in tank, viscosity 39. Resumed milling. Approximately 1 foot/hour. Milled 5 foot. Power Swivel went out, circulated hole clean. TOH to check tool. Tool was not worn to show milling out of casing. Installed cut out blades on sectioning tool. Run 3½" magnet on wireline to retrieve cutting left in hole. Very little cuttings in hole. SDON.

12-18-89 TIH w/section mill to cut out of casing. Viscosity 37, PH - 6. RU Power Swivel. Begin to cut out casing. Estimated cut out in 35 min. Begin to attempt to re-section 5 foot. Milling, getting good returns of metal & cement. Milled 4' in 3½ hours. Circulated hole TOH to change cutters. Ran magnet. TIH w/sectioning tool to continue milling. Caught torque @ 2816'. Re-milled 1 ft. Viscosity 40, PH 6.5. Circulated hole. Cement & metal returns. SDON. Depth @ 2815'.

12-19-89 Re-Section csg 2815'-18', solid csg, 2818'-20'. 2 p.m. TOH, installed new blades, TIH. Re- sect. 2817'-20' + 4". Circ. hole, 35 vis. SDON.

12-20-89 Mix 10 sxs mud. Start up 2824'. Good returns of cement. From 2824 - 28.75'. Lost cement returns. Tool remaining inside of csg. Circulate hole. TOH. Release Smith International. SDON.

12-21-89 SI

12-22-89 Picked up Wilson Downhole Sectioning tool, TIH. Sectioned csg. 2824'-28.75. 2828.75-30.5, lost cir. Pick-up, circulated hole 20 min. TOH. Released Wilson. Run 3½" magnet on sandline to retrieve cuttings. SDON.

12-23-89 SI. Waiting on cementing equipment.

12-24-89
thru
12-26-89 Same as above

12-27-89 TIH w/tbg. Tallied CIBP. RU Western to set 10 sxs. cement plug. from 2834'-2704'. TOH. Pulled 600' pipe. SDON. WOC 48 hrs. Fluid level @ 2200'. 32 bbls to break circulation. Pumped 2 bbls, Class "H", 17.5#/gal. cement. Will tag cement 12-28-89.

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8-31-88 MI RU PU & BOP. TOH w/tbg. TIH w/TBG & Model R Packer. Set Pkr. @ 2770'. SDON.

9-1-88 RU Dowell to pump 5 stages of acid/N₂, 760 gals 7½% acid 7200 SCF N₂

Stage 1: 152 gals. 7½% Acid, 1440 Scf N₂, 95 bbl overflush pumped @ 1220# @ 4.8 BPM. ISDP-1100#. Flowed back 1½ hrs. Occasional slugs.

Stage 2: 152 gals 7½% Abo Acid, 1440 Scf N₂, 95 bbl overflush, pumped @ 960# 4.6 BPM, 1350# ISDP. Flowed back 3 hrs.

Stage 3: 152 gals. 7½% Abo Acid, 1440 Scf, 95 bbls, overflush, pumped 1200#. 4.5 BPM. ISDP - 1350#. Left well flowing overnight. 270 BLTR Occasional small slugs

9-2-88 Well dead. Made 2 SR, Fluid level @ 800' from SN. 2 BF, 268 BLTR.

Stage 4. 152 gals 7½% Abo acid, 1440 Scf, 95 BBLs overflush. Pumped @ 1600#. 4.6 BPM 1470# ISDP. Flowed to pit 2 hrs. Occasional slugs.

Stage 5: 152 BBLs gals. 7½% Abo Acid, 1440 Scf, 95 BBLs overflush. Pumped @ 1620#. 4.4 BPM, ISDP - 1460#. Left flowing overnight. 450 BLTR.

9-3-88 Well dead. Made 9 SR, 10 BF, 440 BLTR. SION.

9-4-88 SITP - 290#. SICP - 290#. Opened well up 13/64 down the line. Returned to production.

RE-ENTRY

12-15-89 MI RU PU. Pull tubing. Tally our of hole. Flanged well head. Left well open. SDON.

12-16-89 Set CIBP @ 2835½'. PBTD 2834½' w/Schlumberger CIBP. PU section mill. RIH to 2814'. RU Schlumberger to run GR-Correlation Log to check depth. Begin to section casing w/Smith International sectioning mill from 2814' to 2832'. Sectioned out 1 foot of pipe. Circulated hole for 30 min. SDON.