

Form 3160-3
(November 1983)
(formerly 9-331C)

NM Oil Cons. Commission

Drawer DD

Artesia, ~~NEW~~ MEXICO STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

30-005-62 ~~22~~
Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1A. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

B. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

McKay Oil Corporation ✓

3. ADDRESS OF OPERATOR

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

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

At surface

660' FSL & 660' FWL

At proposed prod. zone

Same

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

28 Miles Northwest of Roswell, N.M.

10. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

660'

18. NO. OF ACRES IN LEASE

1760'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160.0

18. DISTANCE FROM PROPOSED*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

n/a

19. PROPOSED DEPTH

3,400'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

4355 GL

22. APPROX. DATE WORK WILL START*

ASAP

23. 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'.

See Drilling Slip

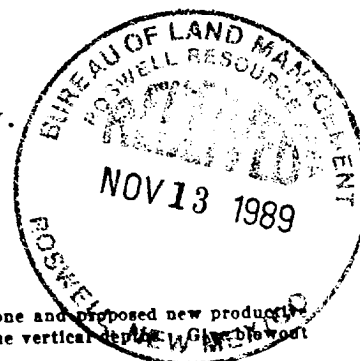
We propose to drill and test the Abo formation. Approximately 900' of surface casing will be set and cemented to surface. If commercial, 4 1/2" production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

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.

Post ID-1
12-29-89
New LA + API



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 depth. Give the well presenter program, if any.

24.

SIGNED

Jim Schultz

TITLE

V.P. Land & Legal

DATE

11/10/89

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

S/Phil Kirk

TITLE

Area Manager

DATE

DEC 18 1989

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 SURFACE LEASE WHICH WOULD
ENTITLE THE APPLICANT TO CONDUCT OPERATIONS THEREON.

PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION
OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF THE ACCESS ROAD OR PAD WITHOUT PAYMENT
IN ADVANCE.

United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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

Form C-102
Revised 10-1-7

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

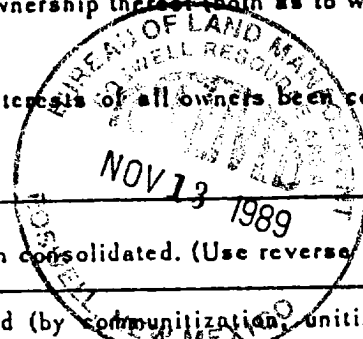
Operator McKay Oil Corp.		Lease Lookout Federal		Well No. #10
Unit Letter M	Section 9	Township 6 South	Range 22 East	County Chaves
Actual Footage Location of Well: 660 feet from the South line and 660 feet from the West line				
Ground Level Elev. 4355	Producing Formation Abo	Pool W. Pecos Slope Abo	Dedicated Acreage 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or 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?

☐ 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.



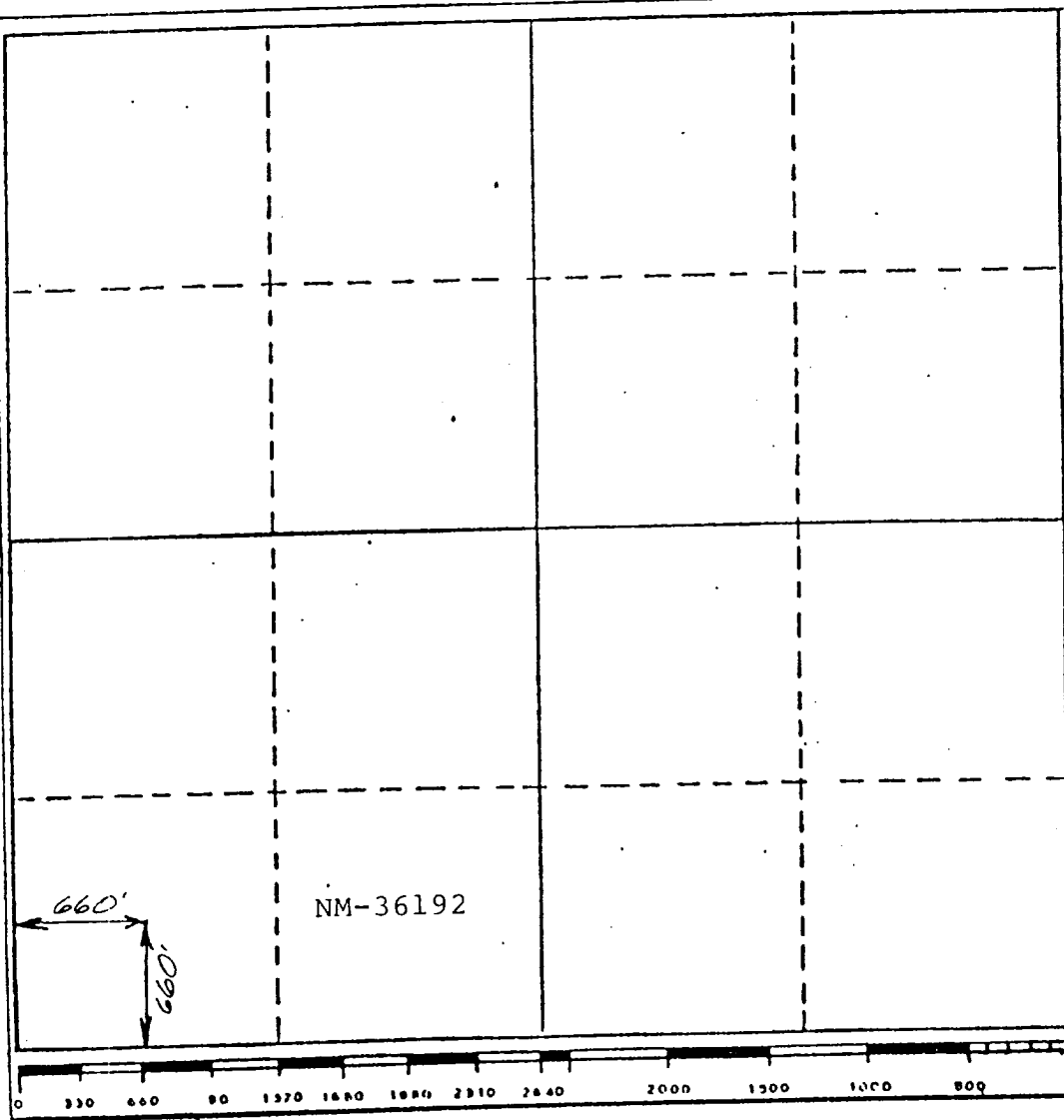
CERTIFICATION

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
12-23-86

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 28, 1988
Registered Professional Engineer and/or Land Surveyor
John D. Jaquess, P.E. & L.S.
Certificate No. 6290



PERTINENT INFORMATION

For

McKAY OIL CORPORATION
Lookout Federal #10
SW/4SW/4 Sec. 9-6S-22E
Chaves County, N.M.



<u>LOCATED:</u>	30 air miles north of Roswell, New Mexico
<u>LEASE NUMBER:</u>	NM 36192
<u>LEASE ISSUED:</u>	May 1, 1981
<u>RECORD LESSEE:</u>	McKay Oil Corporation McKay Children's Trust
<u>BOND COVERAGE:</u>	Lessee's \$25,000 Statewide
<u>AUTHORITY TO OPERATE:</u>	Designation of Operator
<u>ACRES IN LEASE:</u>	1,760.0 acres more or less
<u>SURFACE OWNERSHIP:</u>	Federal
<u>OWNER:</u>	US-BLM
<u>POOL RULES:</u>	General Statewide Rules
<u>EXHIBITS:</u>	A. Road and Well Map B. Contour Map C. Rig Layout D. BOP Diagram E. Lease Map F. Location Topography

SUPPLEMENTAL DRILLING DATA

McKAY OIL CORPORATION
Lookout Federal #10
SW/4SW/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	- 882
Tubb	- 2443'
Abo	- 3143'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh water	- In surface formations above 600'
Gas	- In Abo formation below 3143'
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~~²⁰⁰⁰ WP. A sketch of the BOP is attached.
6. CIRCULATING MEDIUM:

0'- 700'	Lime and gel, spud mud, viscosity 32 to 34 seconds.
700'- 3043	Fresh water
3043'- TD	Start mudding up at 3043'; 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.

8. TESTING, LOGGING AND CORING PROGRAM:
Samples: Catch samples from surface to TD.
DST'S: None
Logging: GR-CNL, Dual Lateral MSFL from
surface to TD.
Coring: None
9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:
None anticipated.
10. ANTICIPATED STARTING DATE: On or before February 5,
1987. Drilling should be completed within 60 days.
Completion operations (perforations and stimulation)
will follow drilling operations.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MCKAY OIL CORPORATION
Lookout Federal #10
SW/4SW/4 Sec. 9-6S-22E
Chaves County, N.M.

NM-36192

This plan is submitted with the application for permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. The well is approximately 30 miles North of Roswell, N.M.
- B. Directions: Heading North out of Roswell, New Mexico on U.S. 285 for approximately 23 miles and turn left on county road just before mile marker 137 (Cottonwood Road). Go approximately 8.5 miles and then turn right just after the gravel pit, then go 2 3/4 miles north the new access road is on the left.

2. PLANNED ACCESS ROAD:

- A. Length and Width: 1/2 mile long and 14' wide.
- B. Surfacing Materials: Sand and gravel where needed.
- C. Turnouts: One halfway
- D. Maximum Grade: No more than 3%.
- E. Drainage Design: Road will have drainage ditches on both sides and a crowned top, with culverts and/or low water crossings as necessary.

- F. Culverts: None
 - G. Cuts and Fills: none
 - H. Gates, Cattleguards: none
 - I. Top Soil: Very little
3. LOCATION OF EXISTING WELLS:
- A. A map indicating the location of adjacent wells is attached.
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:
- A. See Exhibit "A" for location of existing lease wells. If the well is commercial, production facilities and tank battery will be constructed.
 - B. Cuts and Fills: Approx. 10' of cut and fill will be required for the pad size of 250' X 250'. (see Exhibit "F")
 - C. Top Soil: Any top soil which can sustain plant vegetation will be bladed and piled for future rehabilitation.
5. LOCATION AND TYPE OF WATER SUPPLY:
- A. Water will be purchased from a commercial source and trucked to the location over existing and proposed access roads.
6. SOURCE OF CONSTRUCTION MATERIALS:
- A. Federal pit located in the SW/4NW/4 Sec. 15-6S-22E.
7. METHODS OF HANDLING WASTE DISPOSAL:
- A. Drill cuttings will be disposed of in the drilling pits.
 - B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
 - C. Water produced during test will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.

- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
 - E. Trash, waste paper, garbage, and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt or deposited in an approved sanitary landfill. All waste material will be contained by a netted container to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "C".
 - F. All trash and debris will be buried or removed from the well site within 30 days after finishing drilling and/or completion operations.
8. ANCILLARY FACILITIES:
- A. None necessary
9. WELL SITE LAYOUT:
- A. Exhibit "C" indicates the relation location and dimensions of the well pad, mud pits, reserve pit and major rig equipment.
 - B. The location slopes to the southwest.
 - C. The reserve pit will be lined with plastic to prevent loss of water.
10. PLANS FOR RESTORATION OF THE SURFACE:
- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing condition as possible.
 - B. Any unguarded pits containing fluids will be fenced until they are filled.
 - C. If the well is non-productive or abandoned, the disturbed area will be rehabilitated using the preserved soil mentioned in 2. I. and 4. C.
11. OTHER INFORMATION:
- A. Topography: The topography slopes south in

vicinity of the access road and southwest in the vicinity of the drill pad. Regional slope is northeast toward the Arroyo del Macho which is approximately 2 1/2 miles from this location.

- B. Soil: Sandy loam with limestone outcropping.
- C. Flora and Fauna: The flora consists of typical desert vegetation, such as yucca, cactus and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, deer and antelope.
- D. Ponds or Streams: Arroyo del Macho is about 2 1/2 miles northeast of the proposed location.
- E. Residences and other Structures: The J.M. McKnight ranch house is approximately 1 1/4 mile southwest of this location.
- F. Archaeological, Historical and Other Cultural Sites: Will be prepared by an Archaeologist from Roswell, New Mexico (A.S.C. Co.).
- G. Land Use: Grazing
- H. Surface Ownership: Federal

12. OPERATOR'S REPRESENTATIVE:

Gary Richburg
Roswell, New Mexico
(505) 623-4735

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge true and correct; that the work

associated with the operations proposed herein will be performed by MCKAY OIL CORPORATION and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.

11/10/89
DATE:

Jim Schmitt

MCKAY OIL CORPORATION
 Lookout Federal #10
 SW/4SW/4 Sec. 9-6S-22E
 Chaves County, New Mexico

Mckay
 Fed.

Eppers Fed.

Pierce Fed.

Lookout Fed.

Snakeweed Fed.

Five Mile Tank Fed.

S. Four Mile
 Draw Fed.

Remmele Fed.

Ruby Fed.

NATURAL

SCALE: 1/2" = 1 MILE

EXHIBIT A

MCKAY OIL CORPORATION
 Lookout Federal #10
 SW/4SW/4 Sec. 9-6S-22E
 Chaves County, New Mexico

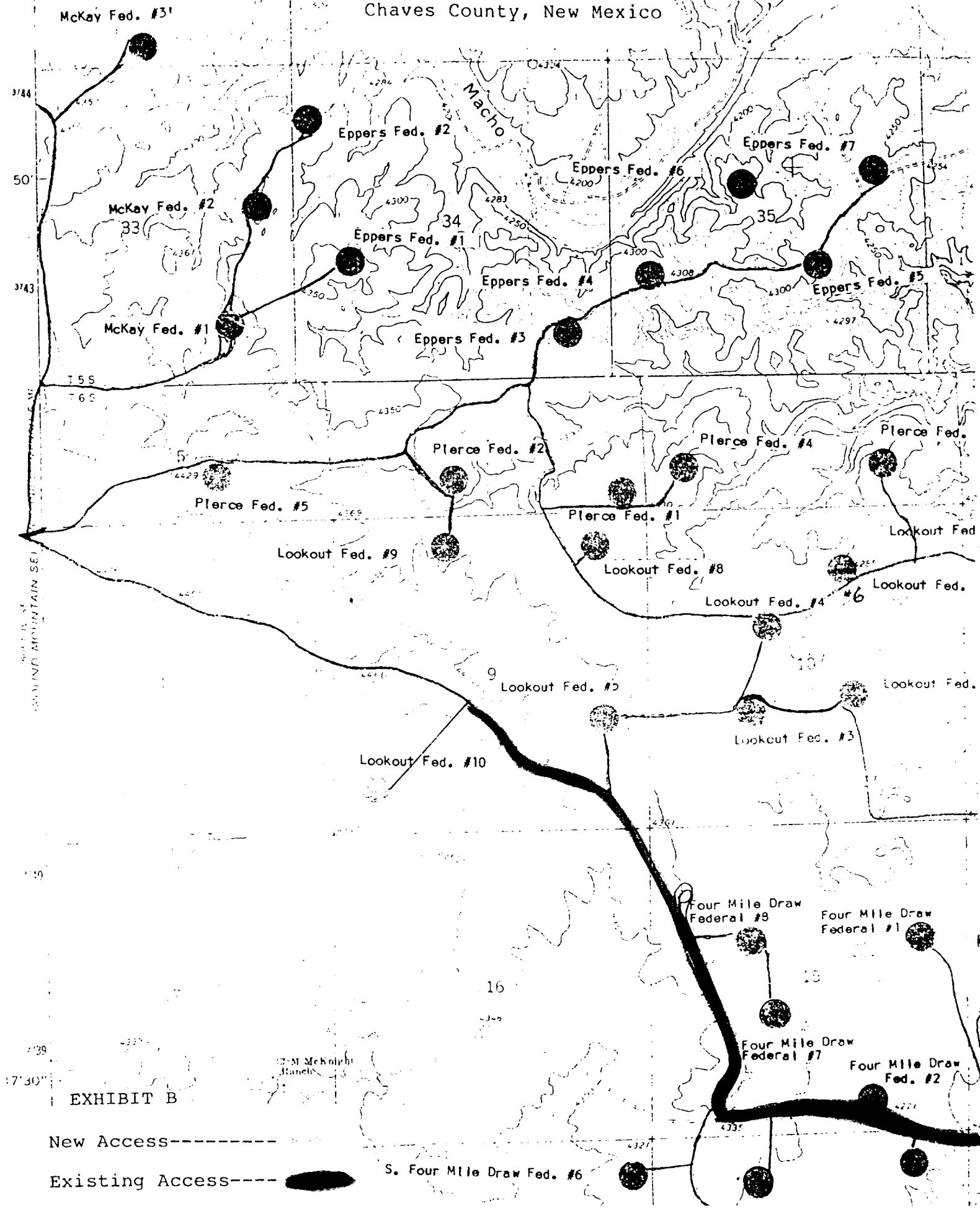


EXHIBIT B

New Access-----

Existing Access-----

S. Four Mile Draw Fed. #6

MCKAY OIL CORPORATION
Lookout Federal #10
SW/4SW/4 Sec. 9-6S-22E
Chaves County, New Mexico

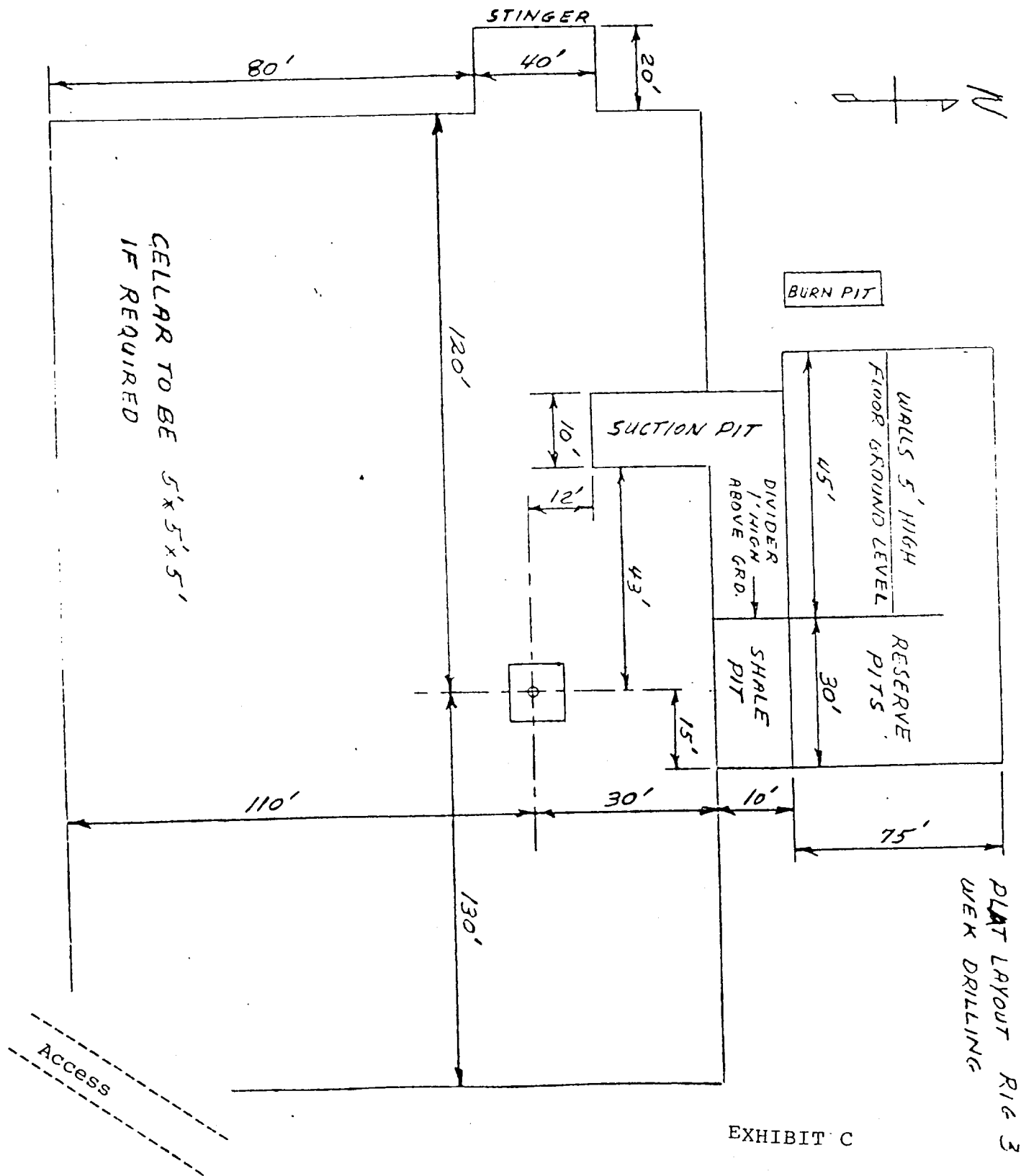
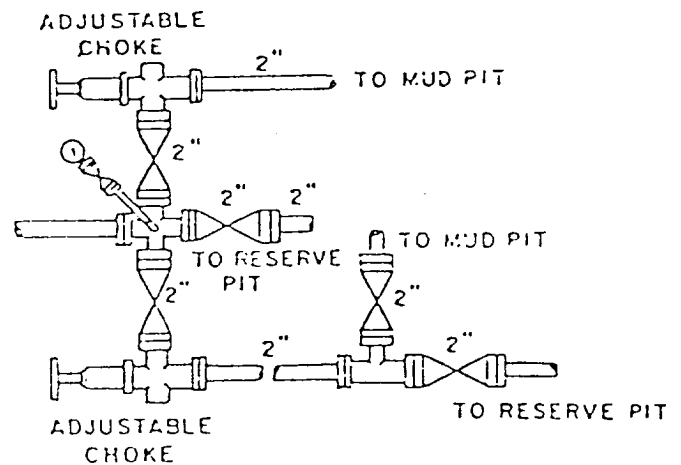
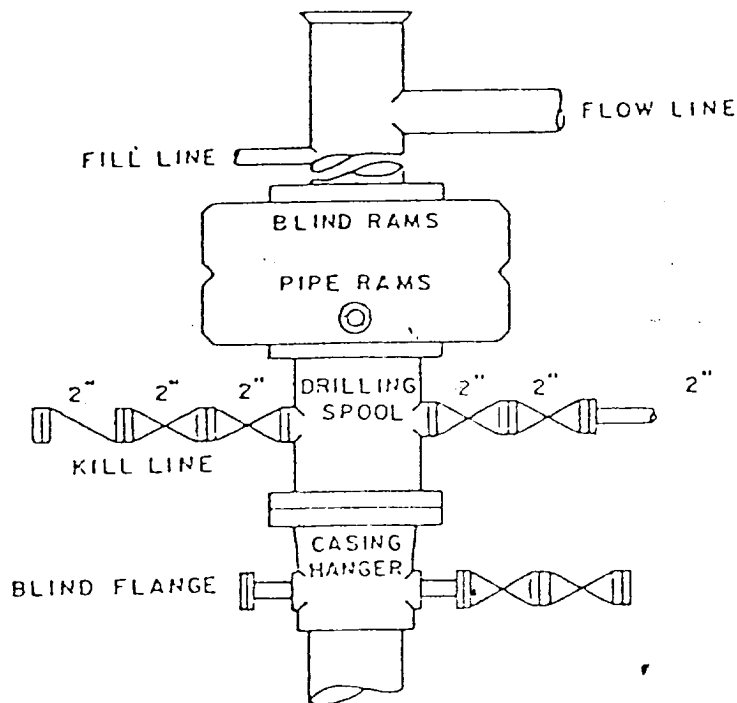


EXHIBIT C

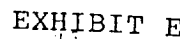
MCKAY OIL CORPORATION
 Lookout Federal #10
 SW/4SW/4 Sec. 9-6S-22E
 Chaves County, New Mexico



BOP DIAGRAM

2000 psi
~~3000 psi~~ Working Pressure
 Rams Operated Daily

U.S.	U.S.	J.A. Davis
Inexco 3 1 89 32311	Inexco 3 1 89 32311	MTS? Mesa, 1/2 11 - 20 - 8



JOHN D. J. JESS
CONSULTING ENGINEER
Suite 327 J.P. White Building
ROSWELL, NEW MEXICO 88201
(505) 622-8866

JOB _____
SHEET NO _____ OF _____
CALCULATED BY _____ DATE _____
CHECKED BY _____ DATE _____
SCALE _____

Lookout Federal #10

660 FSL, 660 FWL

Sec. 9-6-22

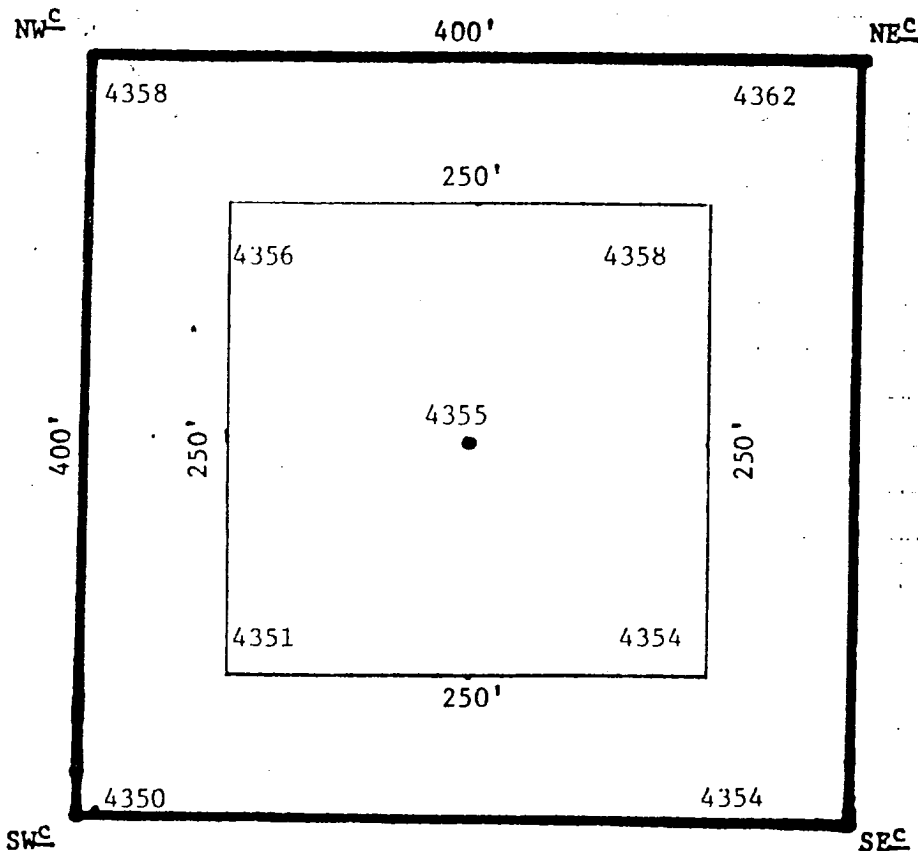


EXHIBIT F