

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply**

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

SOUTHWEST PETROLEUM LAND SERVICES L.L.C.
100 N. PENNSYLVANIA
ROSWELL, NEW MEXICO 88203

(505) 622-6713 OFFICE
(505) 626-6879 CELLPHONE

(505) 622-9282 FAX
(505) 622-3615 HM

May 20, 2005

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

RE: McKay Oil Corporation
Nonstandard Location of the Samantha Federal B #1
Township 5 South, Range 22 East, Section 31, Unit O
Chaves County, New Mexico

RECEIVED
AUG 15 2005
OIL CONSERVATION
DIVISION

Gentlemen:

McKay Oil Corporation desires to drill a location 660' from the south line, and 2080' from the east line of unit O in Section 31, of Township 5 South, Range 22 East. Due to an effort to clear an existing pipeline, McKay Oil is requesting an unorthodox location.

The well was originally staked at 660' from the south line and 1980' from the east line of Section 31. Due to an existing pipeline in which crossed the location, the BLM was unable to approve this location or any other normal location within this particular drilling space unit. (See attachment "A" & "B")

The well will be drilled to the ABO formation. Further, any location farther to the east would keep the well from clearing the pipeline. The pipeline runs through the northeast quarter of the location. There is also a dry hole located to the east of the location. Any location feasible to drill would have to be a non-standard location. Therefore, it is our opinion that this location would be the best economical and productive location to drill. (See attachment "C" and "D")


McKay owns the operating rights surrounding the location, with the exception of Section 2, of Township 6 South, Range 22 East, which is controlled by Yates Petroleum Corporation. Enclosed is a copy of a letter from Yates Petroleum, stating that they have no objection with the nonstandard location. (See attachment "E")


Therefore, McKay Oil Corporation is requesting that the O.C.D. grant administrative approved to the unorthodox location at 660' from the south line and 2080' from the east

line in unit O in Section 31, of Township 5 South, Range 22 East. This location has been approved the E.N.M Archeological Service and the BLM.

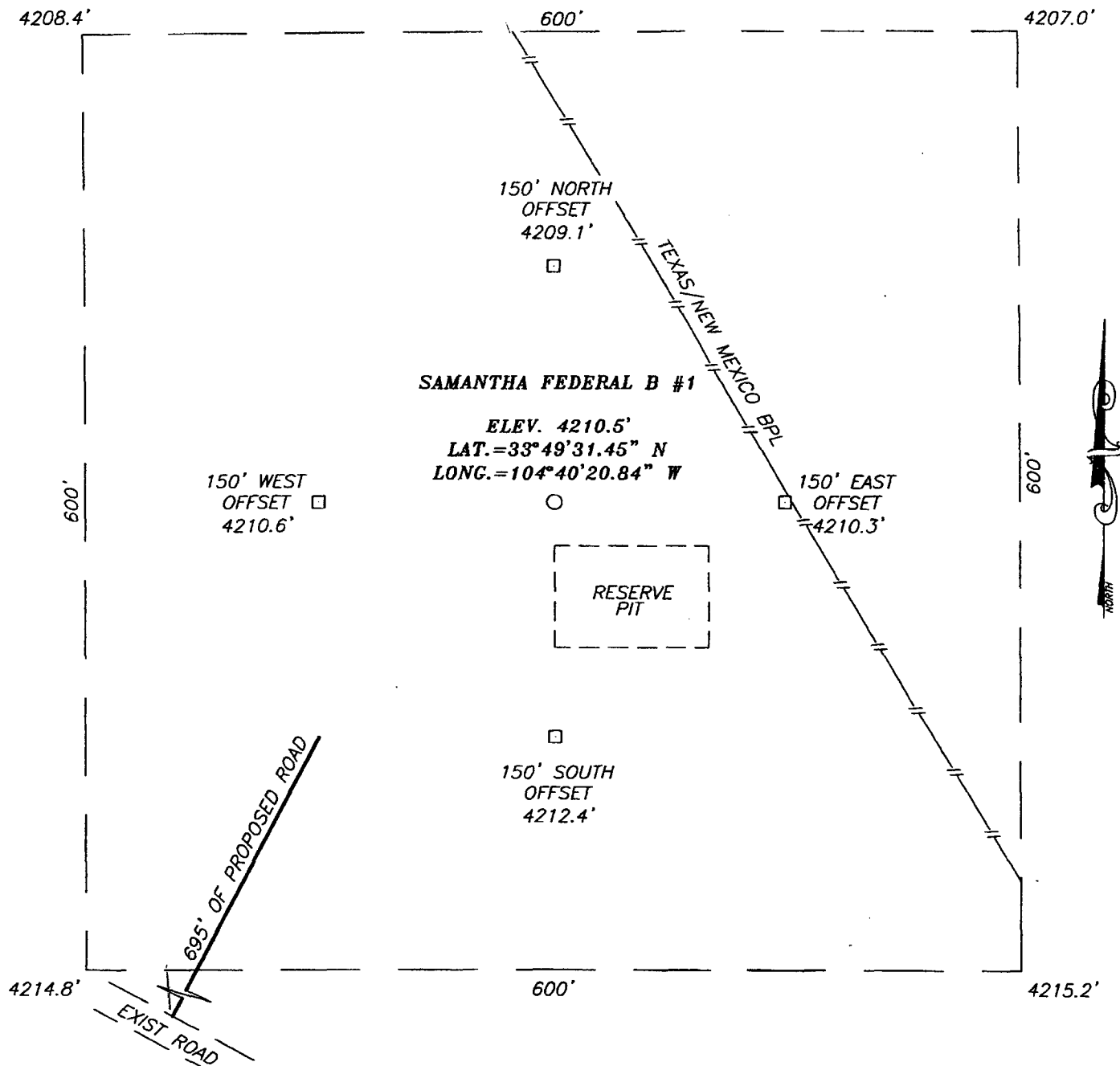
McKay Oil Corporation would request and appreciate your immediate attention to this matter. Thank you for your cooperation and assistance.

Sincerely,


James Schultz
Agent

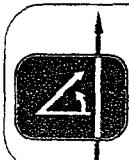
3:30 PM 8-16-2005
I talked for quite awhile about this
application with Jim Schultz
over the phone.


SECTION 31, TOWNSHIP 5 SOUTH, RANGE 22 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO

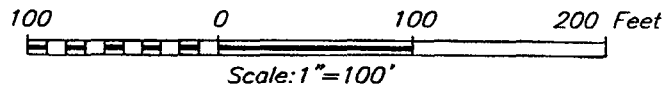


DIRECTIONS TO LOCATION

FROM THE INTERSESECTION OF U.S. HWY. # 208 AND CO. RD. #40 (STARGRASS RD.) GO WEST ON CO. RD. #40 FOR APPROX. 2.5 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) AND GO APPROX. 2.0 MILES, TURN LEFT (WEST) AND GO APPROX. 1.0 MILES, TURN RIGHT (NORTH) AND GO APPROX. 0.15 MILES PAST CATTLEGUARD. TURN WEST AND GO APPROX. 2.6 MILES. PROPOSED LOCATION IS APPROX. 500' NORTH ACROSS PASTURE.



PROVIDING SURVEYING SERVICES SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

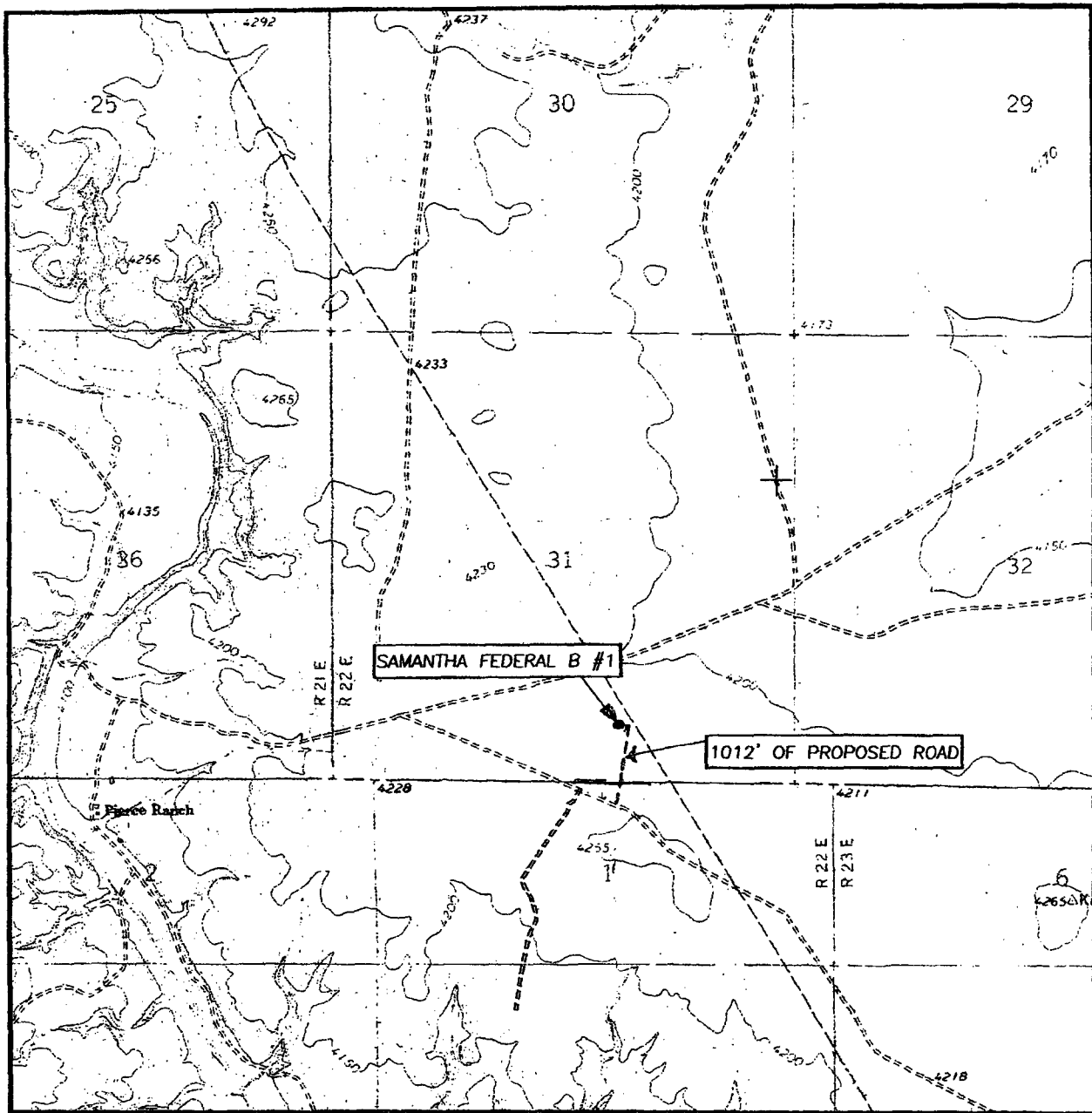


McKAY OIL CORPORATION

SAMANTHA FEDERAL B #1 WELL
 LOCATED 660 FEET FROM THE SOUTH LINE
 AND 1980 FEET FROM THE EAST LINE OF SECTION 31,
 TOWNSHIP 5 SOUTH, RANGE 22 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 09/14/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1156	Dr By: J.R.
Date: 09/24/04	Disk: CD#10
04111156	Scale: 1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MESA SW, N.M. - 10'

SEC. 31 TWP. 5-S RGE. 22-E

SURVEY N.M.P.M.

COUNTY CHAVES

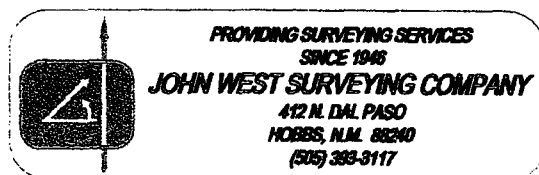
DESCRIPTION 660' FSL & 2080' FEL

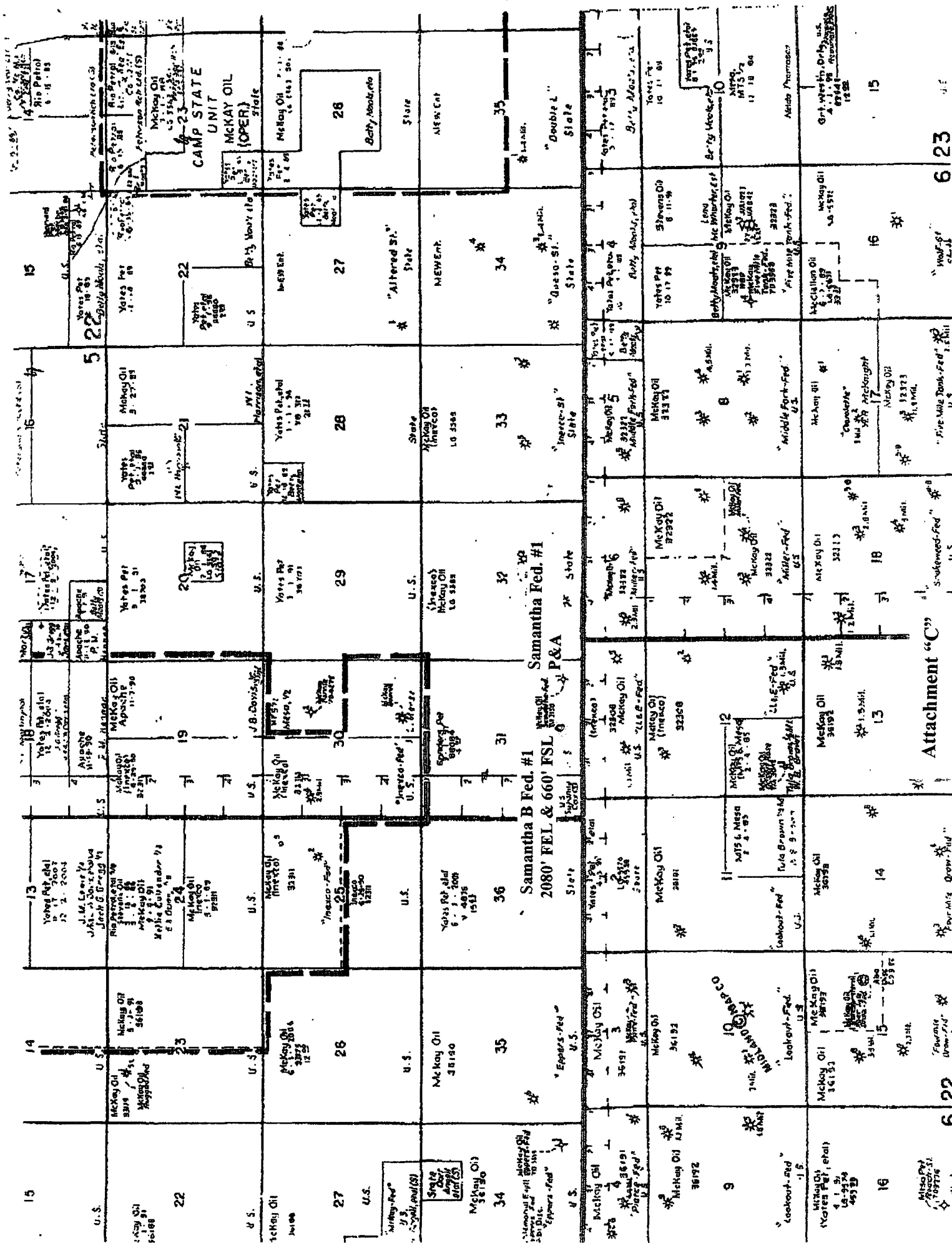
ELEVATION 4211'

OPERATOR McKAY
OIL CORPORATION

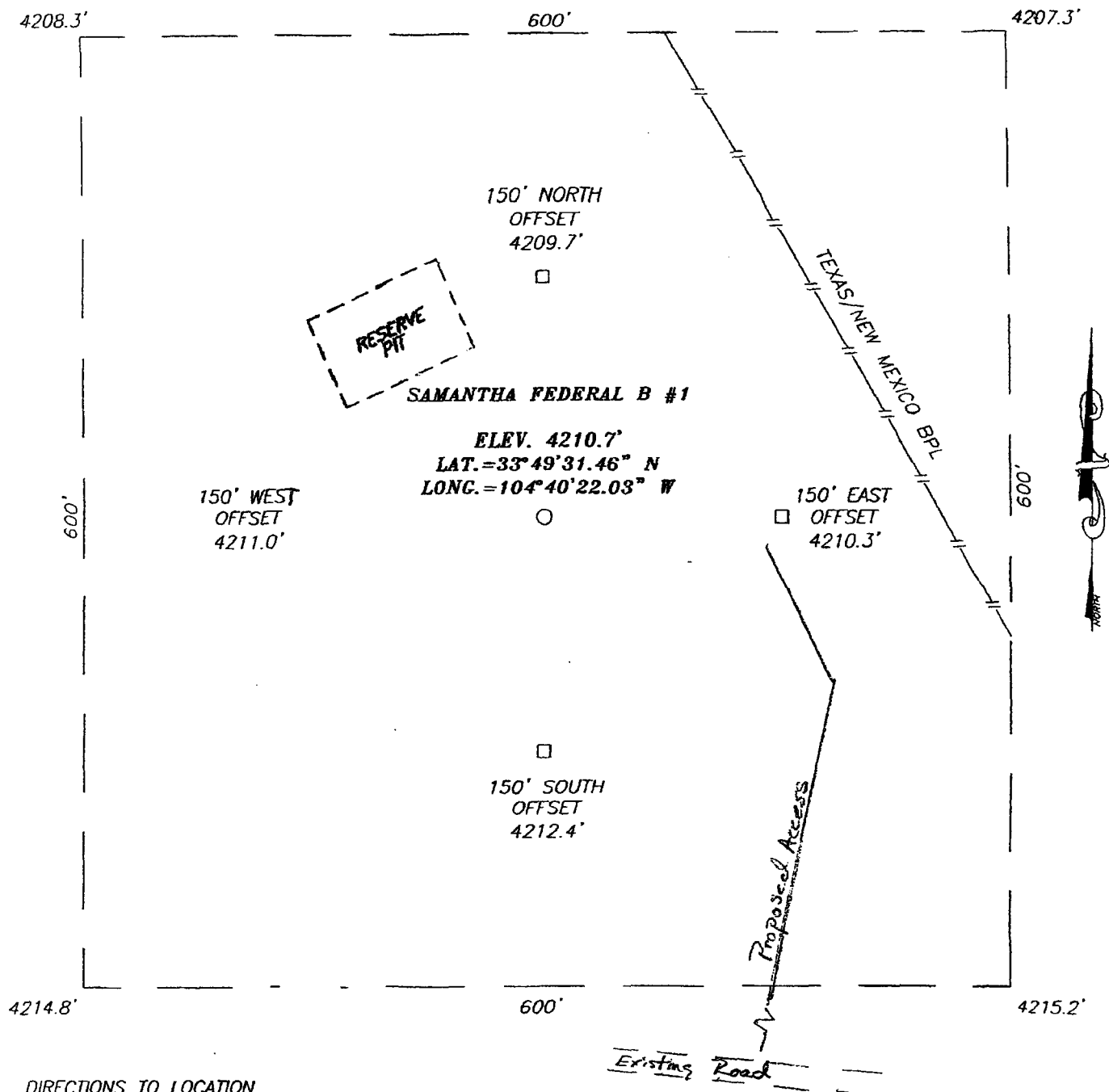
LEASE SAMANTHA FEDERAL B

U.S.G.S. TOPOGRAPHIC MAP
MESA SW, N.M.



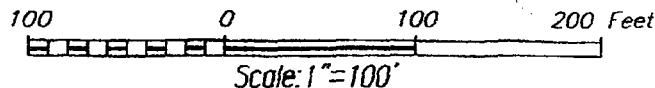


SECTION 31, TOWNSHIP 5 SOUTH, RANGE 22 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



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 CHAVES COUNTY, NEW MEXICO.

Survey Date: 10/26/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1444	Dr By: J.R.
Date: 11/1/04	Disk: CD#10
04111444	Scale: 1"=100'

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

March 18, 2005

April McKay
McKay Oil Corporation
P. O. Box 2014
Roswell, NM 88202-2014

Re: Samantha B Federal #1
Sec 31, T5S, R22E
660' FSL & 2080' FEL
Chaves County, New Mexico

Dear April:

Please find enclosed your original letter executed by Yates Petroleum Corporation showing no objection to the non-standard location on the above captioned well. If we can be of any further assistance please let us know.

Very truly yours,

YATES PETROLEUM CORPORATION

Tamala J. Verdugo
Land Assistant

/tv
Enclosure

Stogner, Michael, EMNRD

From: JAMES SCHULTZ [jschultz80@hotmail.com]**Sent:** Tue 8/16/2005 4:11 PM**To:** Stogner, Michael, EMNRD**Cc:** april@mckayoil.com**Subject:** McKay Oil / Samantha B #1**Attachments:**

Mr. Stogner:

As per our conversation of this date, this is to clarify your request for geological information for the Non-Standard Location Application (NSL) of the Samantha Federal B #1 Well. Again, the well is being moved to a non-standard location due to the Texas New Mexico Pipeline that runs northwest/southeast through the originally proposed standard location. The Federal APD was approved on January 20, 2005, but the local OCD (Artesia) will not issue an API number until the NSL is approved.

At this time, McKay Oil Corporation does not have geological maps as to this particular area of the West Pecos Slope Area. The only producing wells drilled in proximity to this proposed location are to the south. That is why McKay Oil Corp. proposed to the well in the south part of the SE4 proration unit. There was a dry hole drilled due east (Unit P) of this location. Therefore, in trying to avoid having a well pad that would trespass on the pipeline right-of-way, the only reasonable direction to move the location would be to the west 100 feet. This move would not impact any other operation since McKay Oil Corp. operates the surrounding leases and lands.

McKay Oil Corp. does hereby respectfully request an administrative approval of this Non-Standard Location Application for the Samantha Federal B #1 well.

Thank you.

Jim Schultz (505) 626-6879