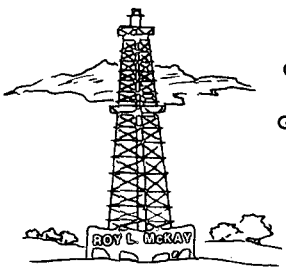


Release Immediately
Attorney

By DRC
M.S.

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT HOME OFFICE, P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-4735
(DFW) OFFICE FIRST CITY TOWER, SUITE 590
201 E. ABRAM, ARLINGTON, TX 76010 817-265-5515



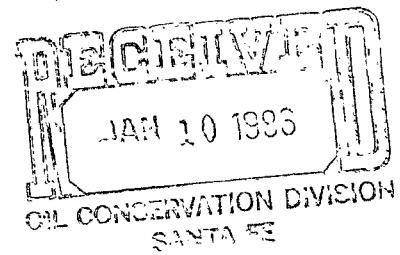
OIL
&
GAS

West Recs' ^{Shipp} Also Gas Prod
160 Acre dcd
SE 1/4 Sect. 25

January 8, 1986

NSL-2221

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



Attention: Dave Catanach

Remmele Federal No. 2
{ 735 FSL } Section 25, T-6 South,
{ 2310 FSL } Range 22 East.
NMPM, Chaves Co,
N.M.

RE: Well Location
SE/4 Sec. 25-6S-22E
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires to drill a Federal lease in the SE/4 of Section 25, 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 1980' feet from the South line and 1980' feet from the East line. Due to the terrain, this was the only legal location that the BLM would approve. However, the location would have been situated on the side of a very steep hill with sink holes just off to the side. These conditions have made the construction of the location economically unfeasible. (See Attachment "B")

The Southern half of this quarter section was chosen because of geological data on wells to the South, East and West. Not much is know about the area to the North and an unorthox location would also be required anywhere in the north half of this quarter section. 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, with the excep-
tion of to the South, is leased to McKay Oil Corporation. (See Attachment "A") The minerals to the South is leased to Sun Production Company. However, Sun will not object to this request and will be sending us written confirmation of this within the

page 2 of 2
O.C.D.
January 8, 1985

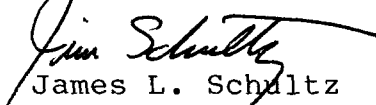
next few days. A copy of this letter will be forwarded to you upon our receipt.

Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location located at 2310' feet from the East line and 735' feet from the South line Section 25, Township 6 South, Range 22 East, NMPM, which has been approved by the BLM and the Eastern New Mexico Archological Service.

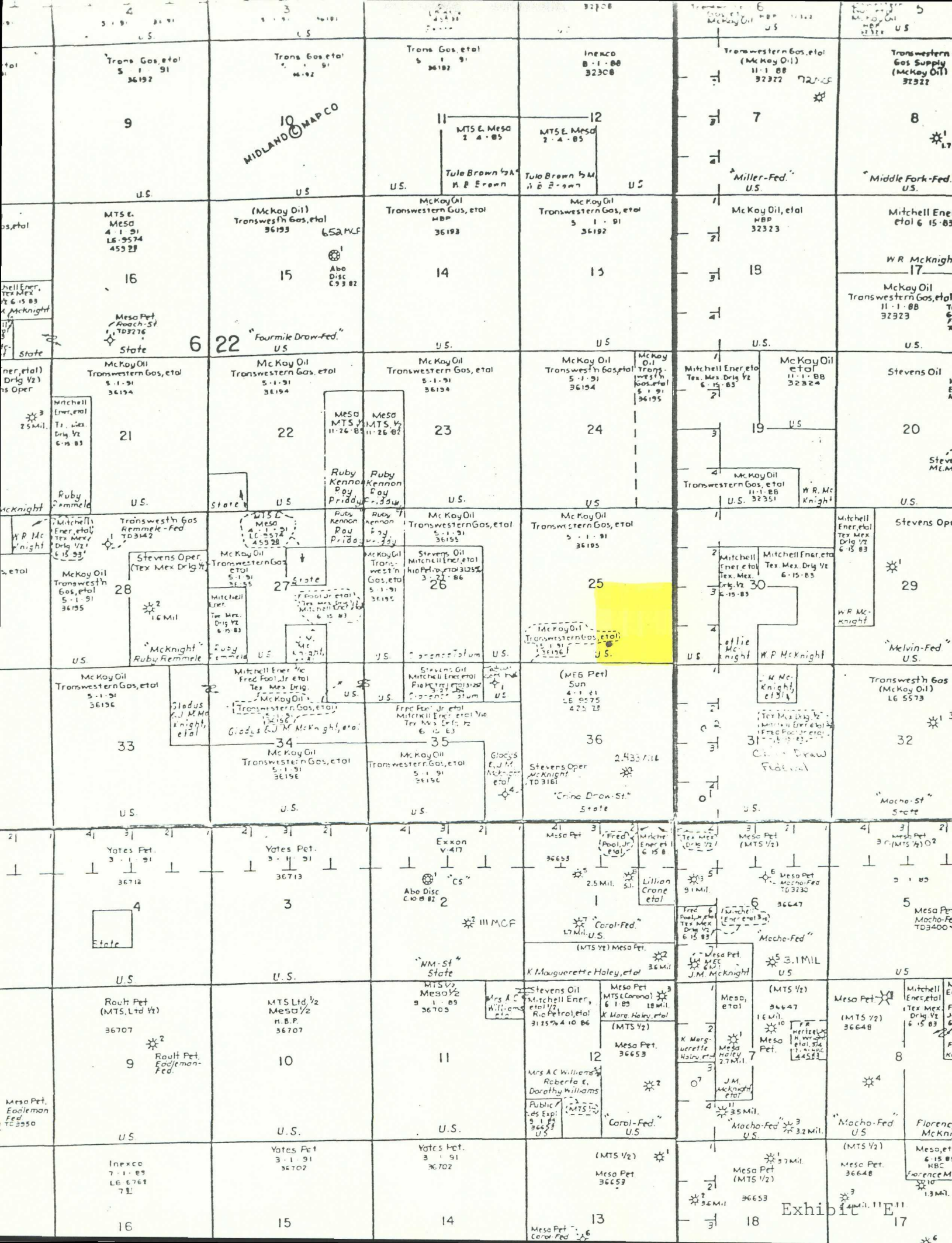
McKay Oil Corporation would request and appreciate your immediate attention to this matter. We desire to spud this well on or about the 15th day of January, 1986. Thank you for your cooperation and assistance.

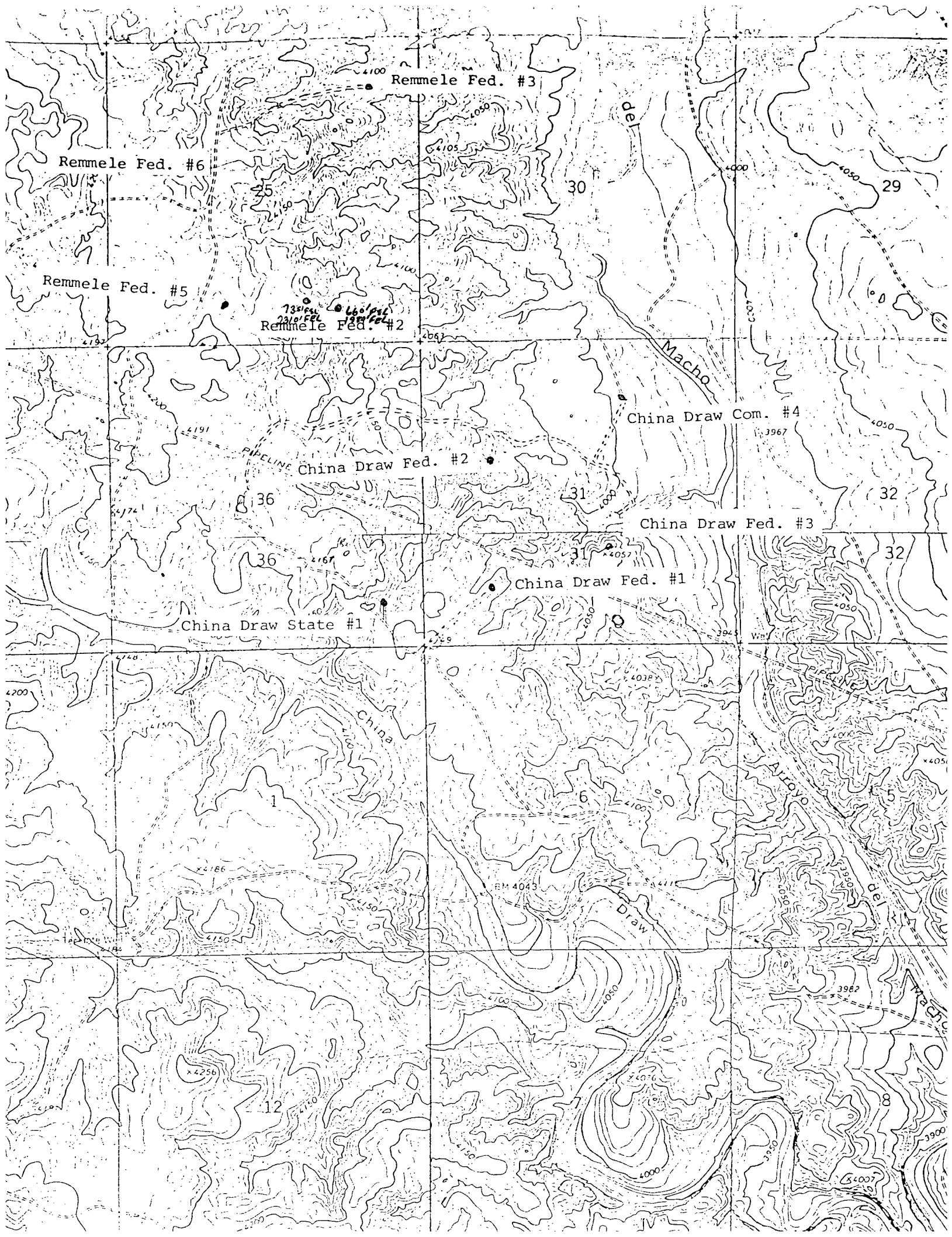
Very truly yours,

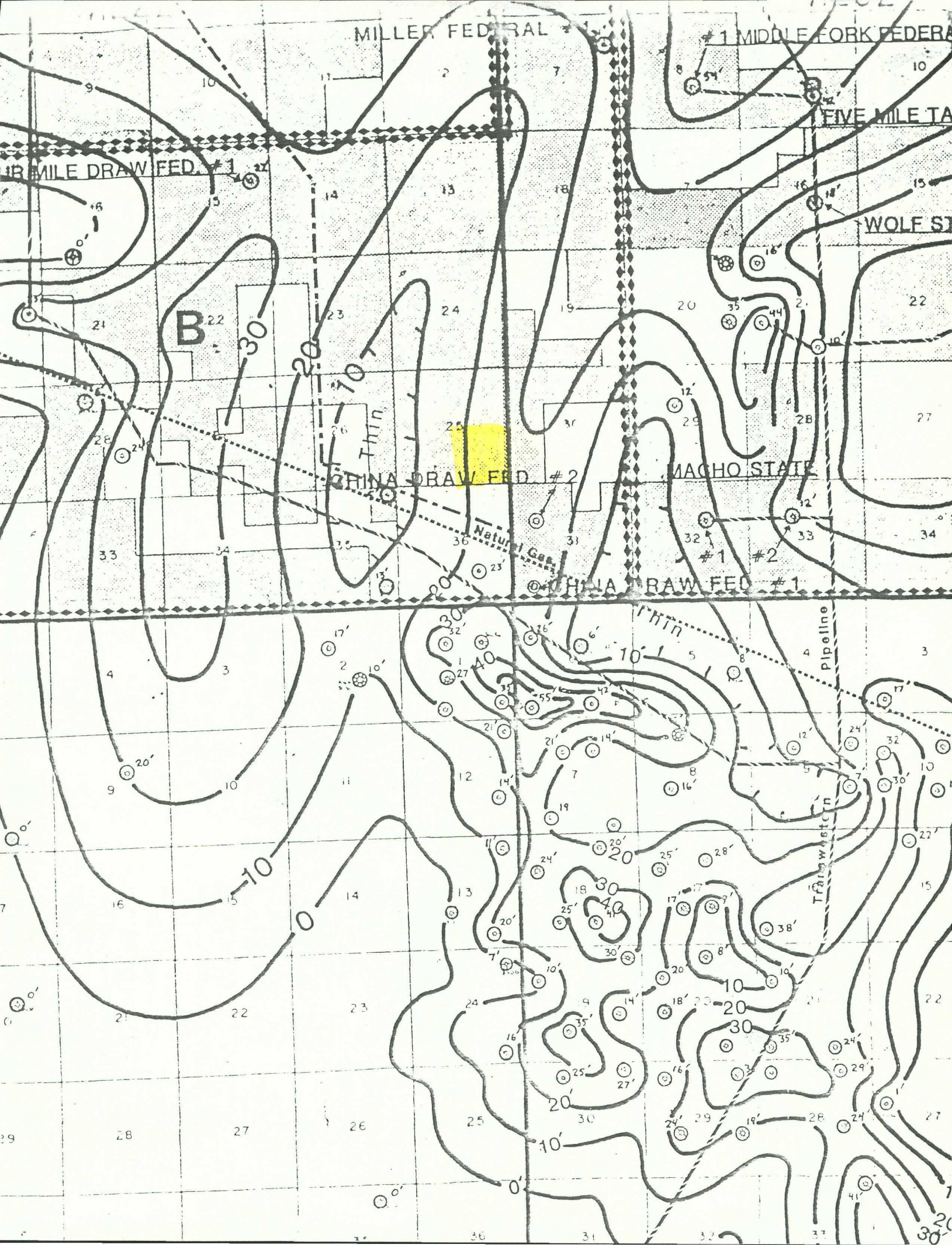
McKAY OIL CORPORATION


James L. Schultz
Contracts & Land

Attachments



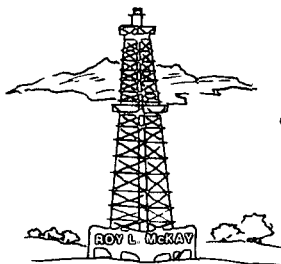




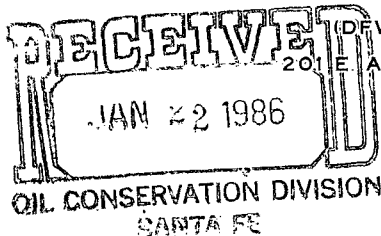
McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

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



OIL
&
GAS



(DFW) OFFICE FIRST CITY TOWER, SUITE 590
201 E. ABRAM, ARLINGTON, TX 76010 817-265-5515

January 20, 1986

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

Attention: Dave Catanach

RE: Well Location
SE/4 Sec. 25-6S-22E
Chaves County, New Mexico

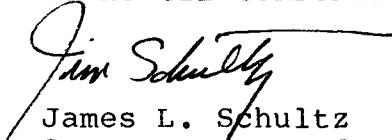
Gentlemen:

As per my letter of January 8, 1986, McKay Oil Corporation desires to drill a Federal lease in the SE/4 of Section 25, Township 6 South, Range 22 East, NMPM. Enclosed you will find a copy of the letter from Sun Exploration and Production Company stating that they have no objection to our unorthodox location.

Should our request will meet with your approval, please notify us at your eariliest convenience. Thank you.

Very truly yours,

MCKAY OIL CORPORATION


James L. Schultz
Contracts & Land

enclosure



**Sun Exploration and
Production Company**

Sun Tower
ClayDesta Plaza
No 24 Smith Rd Suite 600
Midland TX 79705
915 688 0532

January 15, 1986

McKay Oil Corporation
P. O. Box 2014
Roswell, NM 88201

Attn: Mr. Roy McKay

Re: China Draw Area
Remmele Federal #2
735' FSL and 2310' FEL
Section 25, T-6-S, R-22-E
Chaves County, New Mexico

Gentlemen:

This letter is to inform you that Sun Exploration and Production Company has no objection to the drilling of the referenced well at the stated location by McKay Oil Corporation.

Yours very truly,

SUN EXPLORATION AND PRODUCTION COMPANY

A handwritten signature in cursive script, reading "Donald R. Smith".

Donald R. Smith
District Landman

cjw

RECEIVED JAN 17 1986