

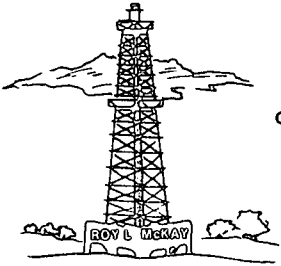
Release Immediately
if offset

By DCC

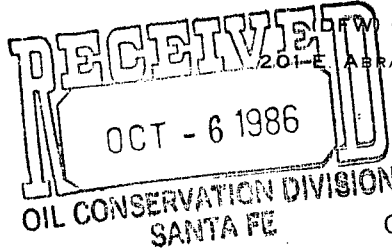
McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

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



OIL
&
GAS



NEW MEXICO OFFICE FIRST CITY TOWER, SUITE 590
201 E. ABRAM, ARLINGTON, TX 76010 817-265-5515

October 3, 1986

NSL-2300
RULE-104 F(1)

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

Attention: Dave Catanach

West Pecos Slope Abo Gas Pool
160 Acre Decl.
SW/4, Sec 13

RE: Hosmer Federal #1
SW/4 Sec. 13-6S-22E
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires to drill a Federal lease in the SW/4 of Section 13, 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 South line and 660' feet from the West line. Due to the terrain, the BLM would not approve this location or any other normal location within this particular drilling spacing unit. (See Attachment "B")

The West 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 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 are leased to McKay Oil Corporation. (See Attachment "A")


Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location located at 380' feet from the West line and 1307' feet from the South line Section 13, Township 6 South, Range 22 East, NMPM, which has been approved by the BLM and the Eastern New Mexico Archological Service.

page 2 of 2
O.C.D.
October 3, 1986

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

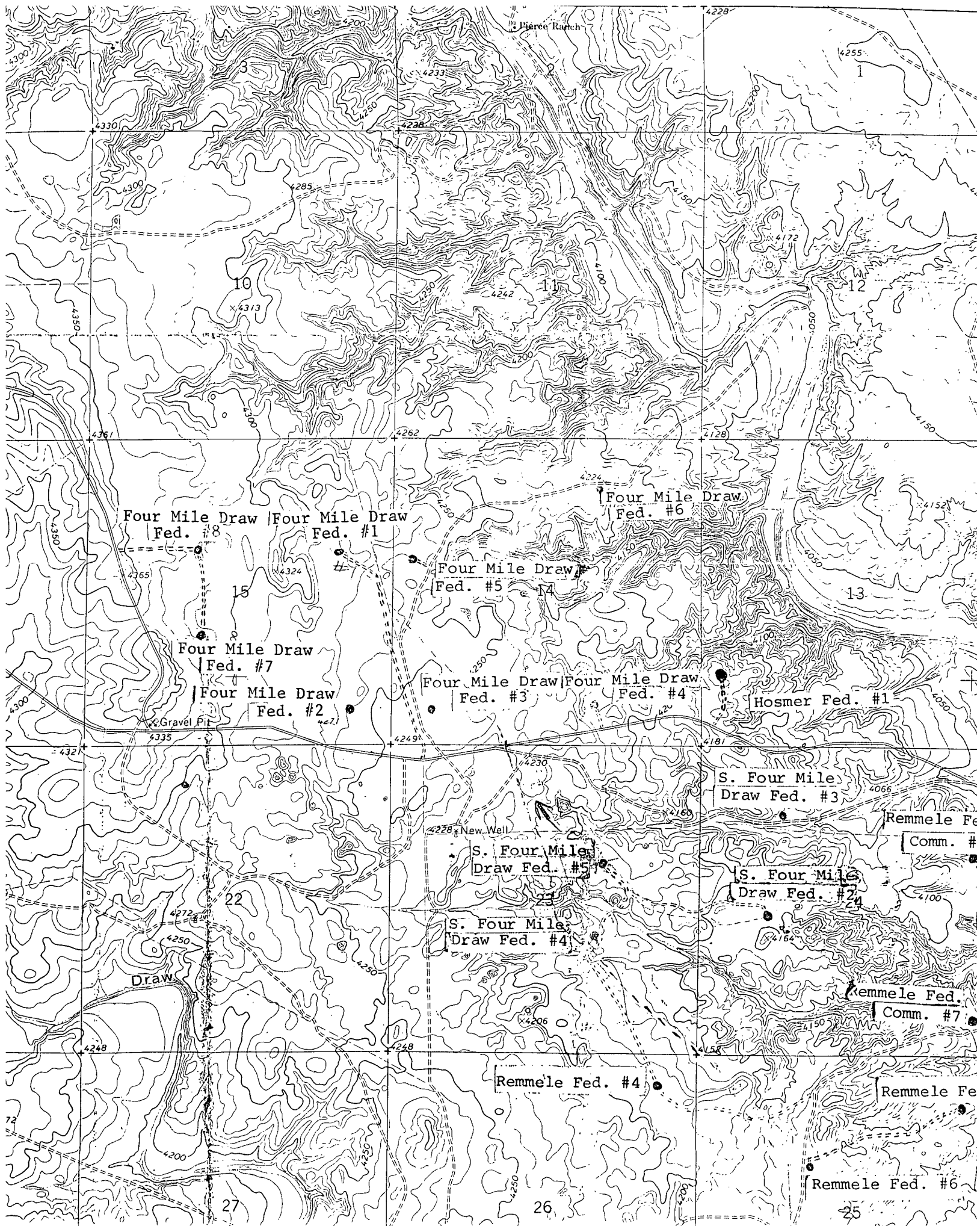


Exhibit B

Isopach map prepared by
George Reddy, Geology
Roswell, New Mexico
Sept. 12, 1986

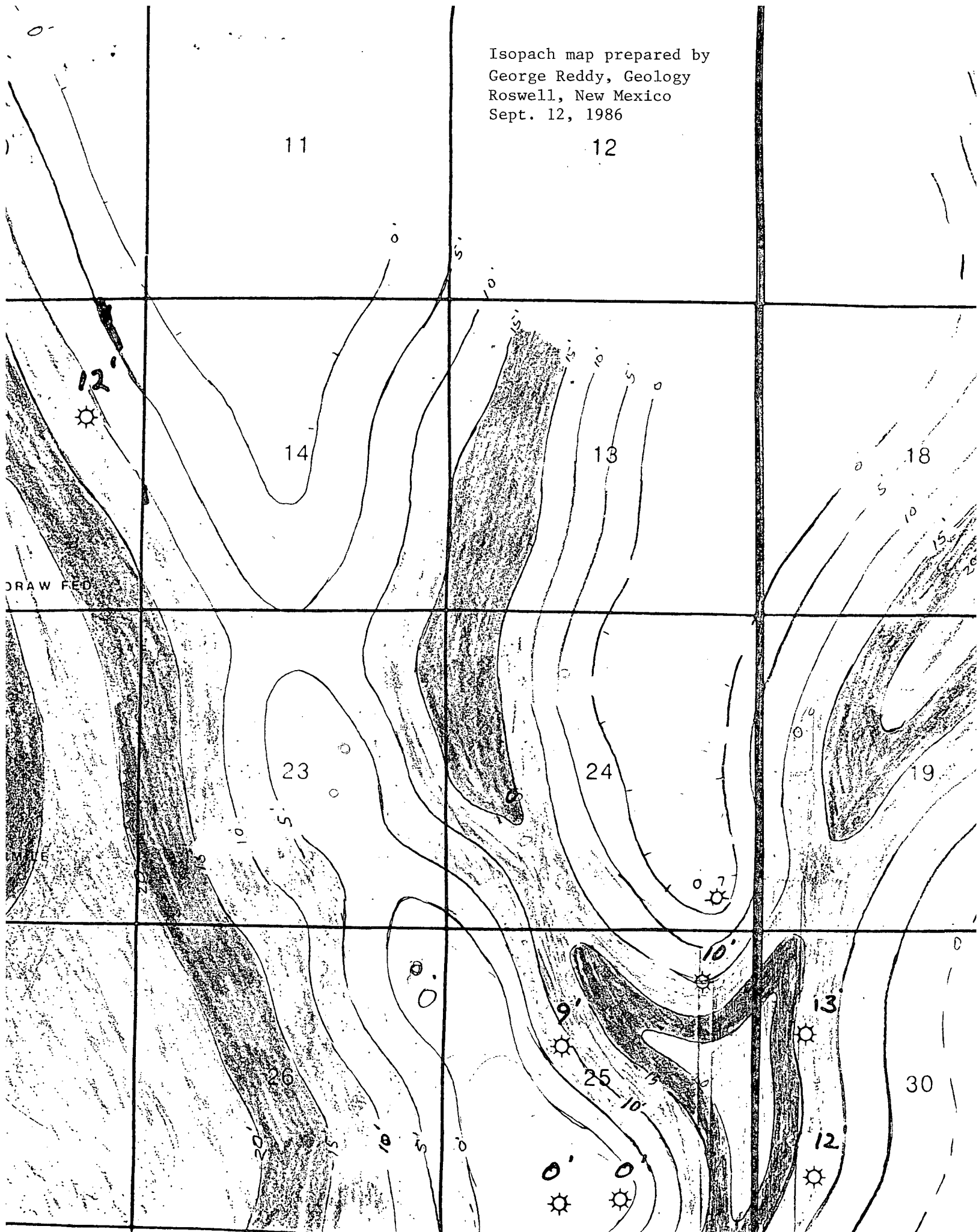


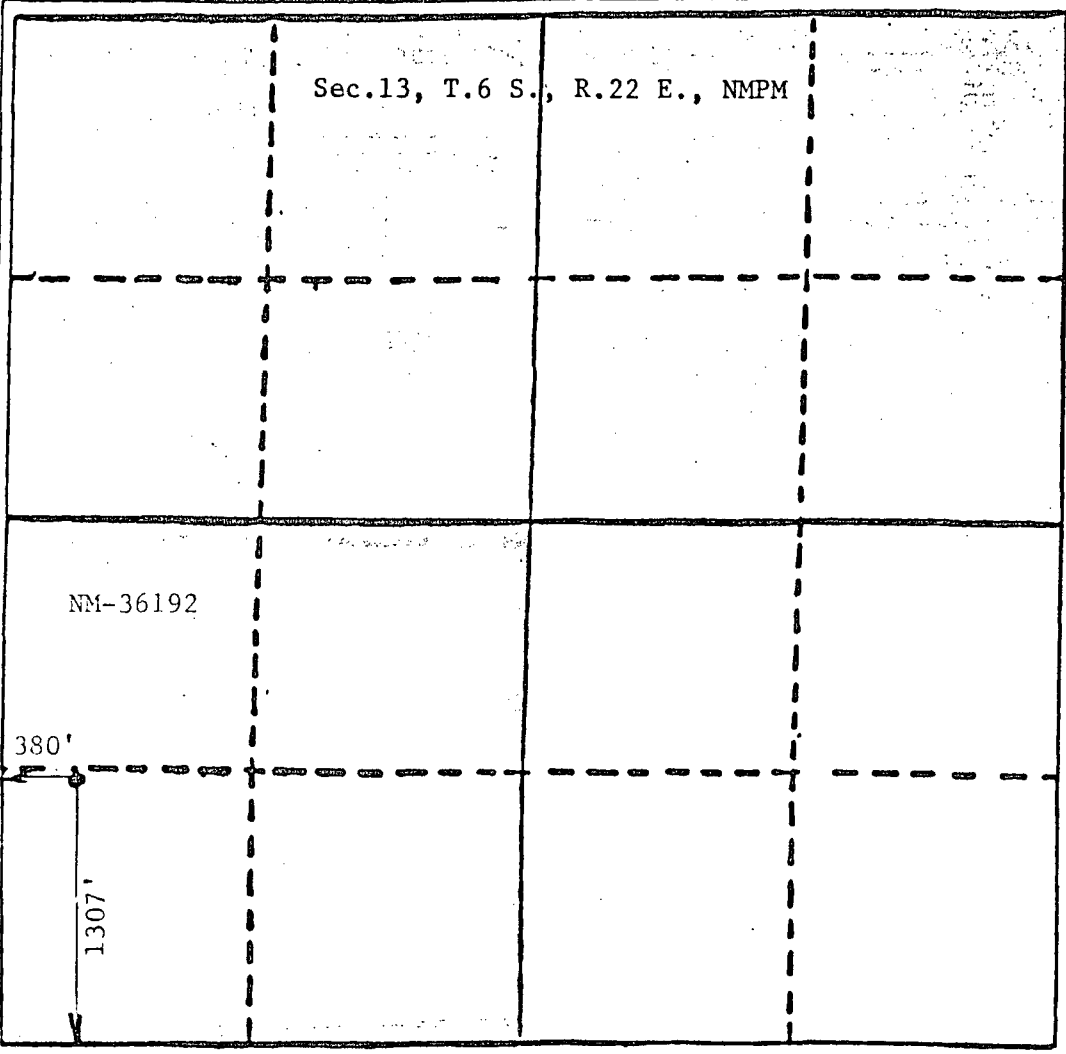
Exhibit C

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

Operator McKay Oil Corp.,		Lease Hosmer Federal		Well No. #1
Unit Letter M	Section 13	Township 6 South	Range 22 East	County Chaves
Actual Footage Distance of Well 380 feet from the West line and 1307 feet from the South line				
Ground Level Elevation 4188	Producing Formation Abo	Pool W. Pecos Slope Abo	Dedicated Acres 160	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plot 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, lease-pooling, etc?
- Yes No - If answer to "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, lease-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.

James L. Schultz

Name
James L. Schultz

Position
Landman

Company
McKay Oil Corporation

Date
9-26-86

I hereby certify that the well location shown on this plot 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.

AND. JACQUES'S
NEW MEXICO
September 23, 1986
87501
P.E. & L.S.
6296