

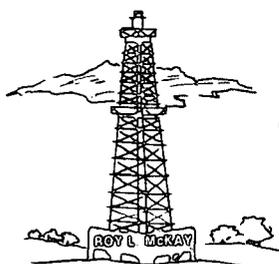
McKay Oil Corporation

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

Recd approx 1-2-87

December 30, 1986

*NSL-23112
RULE-104F(I)*

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

*560 FNL &
1980 FEL*

*West Pecos Slope Abo Gas Pool
160 Acre dedication
NE/4 Sec. 35*

Attention: Dave Catanach

RE: Pipeline Comm. #3
NE/4 Sec. 35-6S-22E
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires to drill a Federal lease in the NE/4 of Section 35, 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 North line and 1980' feet from the East 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 Northwest quarter of this quarter section was chosen because of geological data on surrounding wells. Further, any location in this quarter section that would be 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")

All minerals surrounding this proration unit, with the exception of to the East, is leased to McKay Oil Corporation or will be communitized with another McKay Oil Corporation proposed drilling unit. (See Attachment "A") The minerals to the Southeast is leased to Sun Exploration and Production Company. However, Sun will not object to this request and will be sending us written confirmation of this within the next few days. A copy of this letter will be forwarded to you upon our receipt.

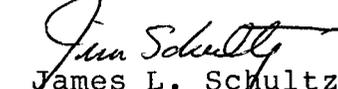
page 2 of 2
O.C.D.
December 30, 1986

Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location located at 560' feet from the North line and 1980' feet from the East line Section 35, Township 6 South, Range 22 East, NMPM.

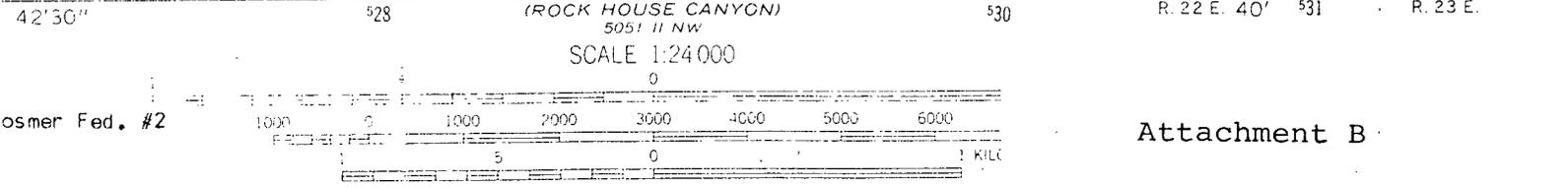
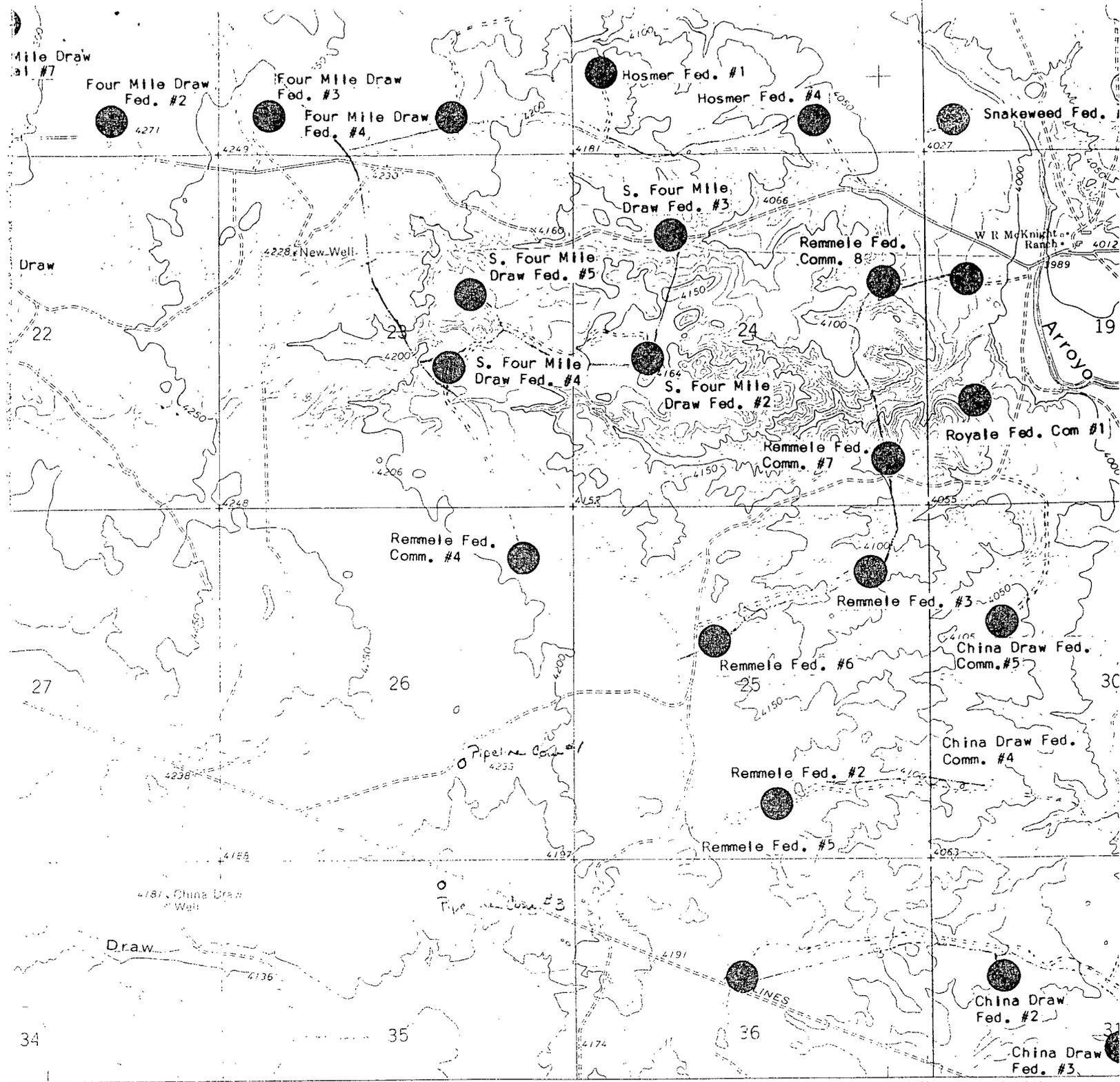
McKay Oil Corporation would request and appreciate your immediate attention to this matter. Thank you for your cooperation and assistance.

Very truly yours,

McKAY OIL CORPORATION

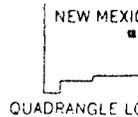

James L. Schultz
Contracts & Land

Attachements

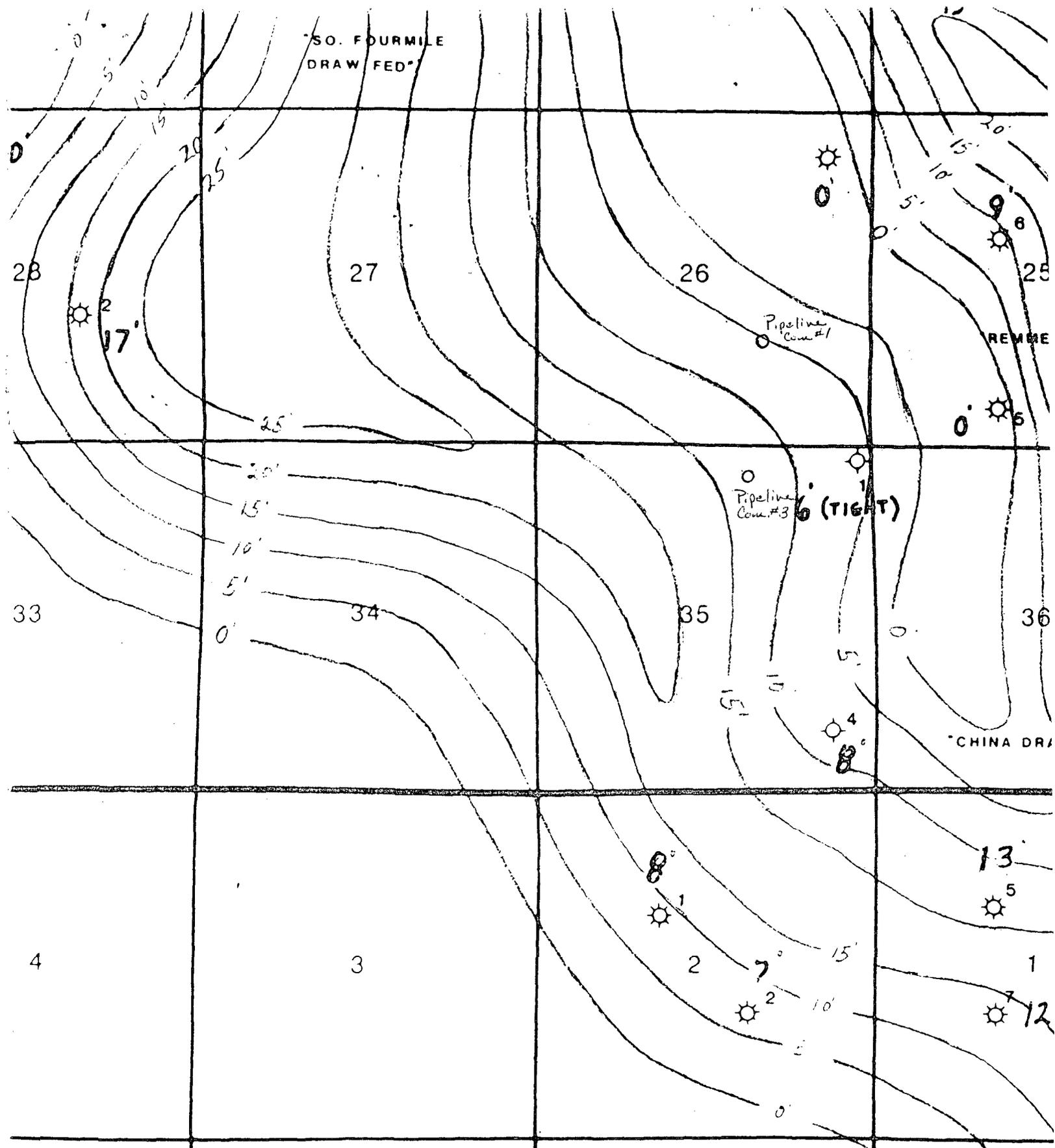


Attachment B

CONTOUR INTERVAL 10 FEET
 NATIONAL GEODETIC VERTICAL DATUM OF 1929



THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
 FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
 A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST



"SO. FOURMILE
DRAW FED"

REMBE

"CHINA DRA

Pipeline
Com. #1

Pipeline
Com. #3 (TIGHT)

Attachment C

Gross Isopach map prepared
by George Reddy, Geologist
of Roswell, New Mexico

0'
2

9

10

11

12

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

Well No.	3
Lease	Pipeline Comm.
County	Chaves
Range	22 East
Section	6 South
Township	North
Line and	1980
feet from the	East
Actual Elevation of Well	560
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 machine 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).

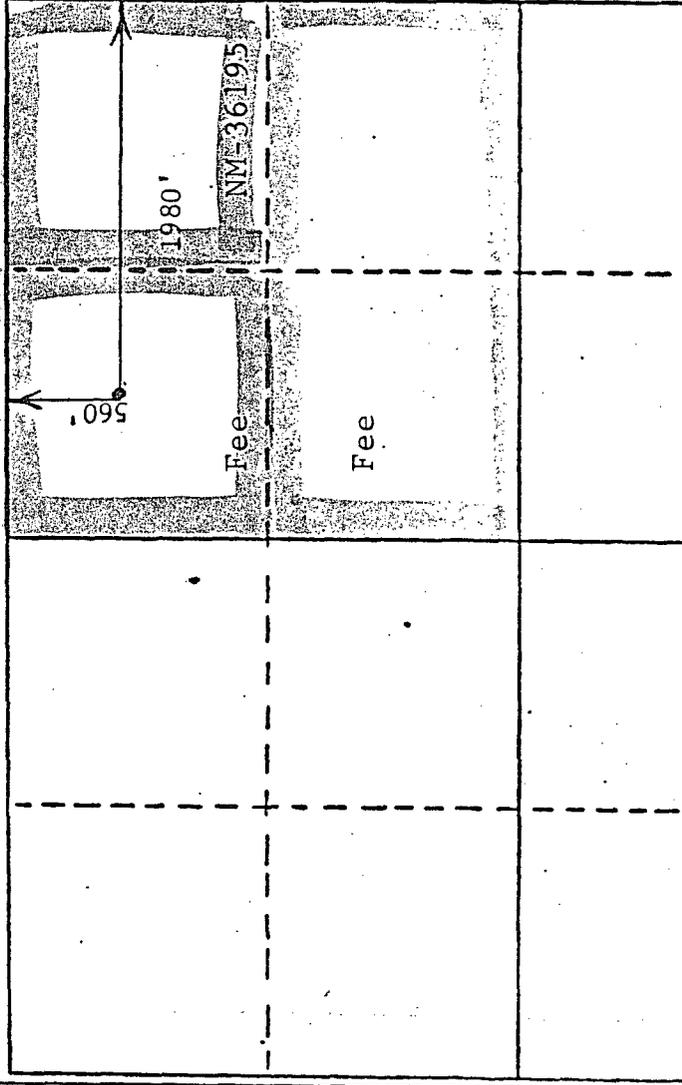
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation will communitize and/or forced pooled.

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.

RECEIVED BY
DEC 29 1986
G. C. B.
ARTESIA, OFFICE



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: *James L. Schultz*
 Position: Landman
 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.