By Dec

Mc Kay Oil Corporation.

ROY L. MCKAY, PRESIDENT

HOME OFFICE P

M. 88202 • TELEPHONE 505/623-4735



FEB 1 2 1987
OIL CONSERVATION DIVISION SANTA FE

February 9, 1987

NSL-2321 RULE-104F(T)

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

Attention: Dave Catanach

West Pecas Slupe Abo Gas Pool 160 Aore ded. NEIH Section 33

Re: McKay Federal #2
NE/4, Sec. 33, T5S, R21E
Chaves County, N.M.

Gentlemen:

McKay Oil Corporation desires to drill a Federal location in the NE/4, Sec. 33, Township 5 South, Range 21 East, NMPM. (See Attachment 'A') Due to topography and geological problems, McKay Oil is requesting an unorthodox status.

The well was originally staked at 1980 feet from the North line and 660 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 SE/4 of this quarter section was chosen because of geological data or trends to the South. Further, any location in this quarter section that would be féasible 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 are leased to McKay Oil Corporation:

Therefore, McKay Oil requests that the O.C.D. approve the unorthodox location at 2310 feet from the North line and 660 feet from the East line, Sec. 33, Township 5 South, Range 21 East, NMPM, which has been approved by the BLM and E.N.M. Archaeological Service.

LEASES

PRODUCTION

INVESTMENTS

page 2 of 2
O.C.D.
February 9, 1987

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

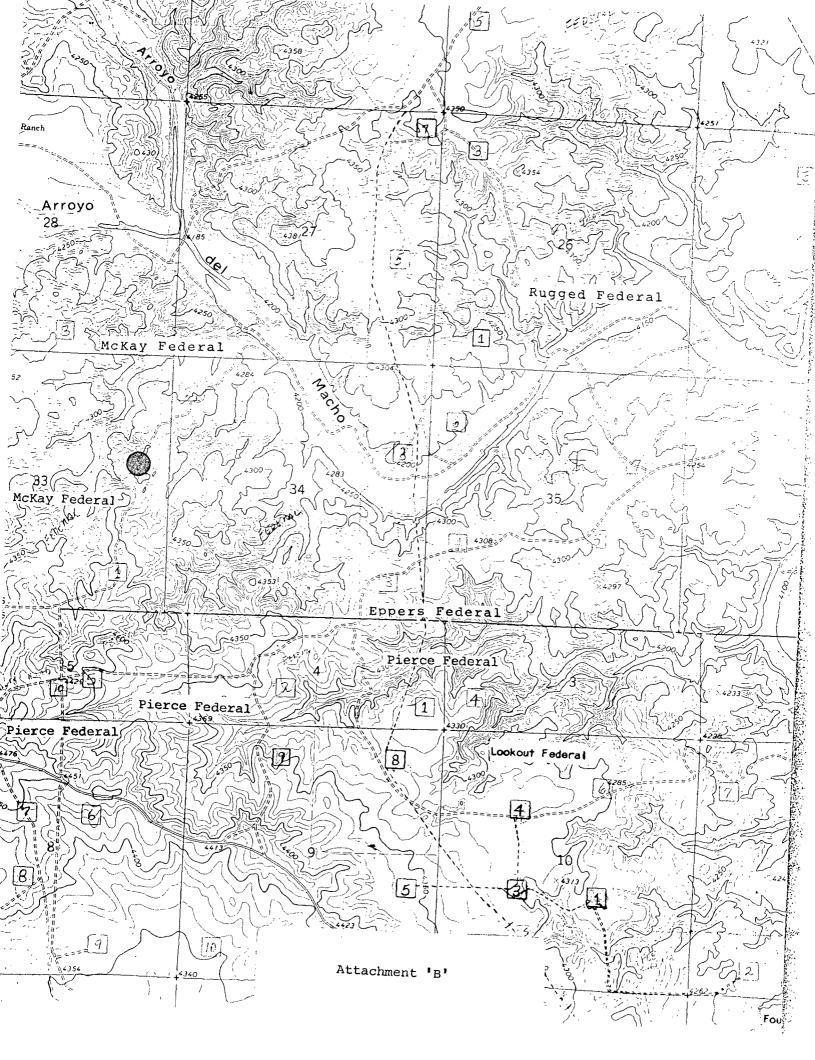
Sincerely,

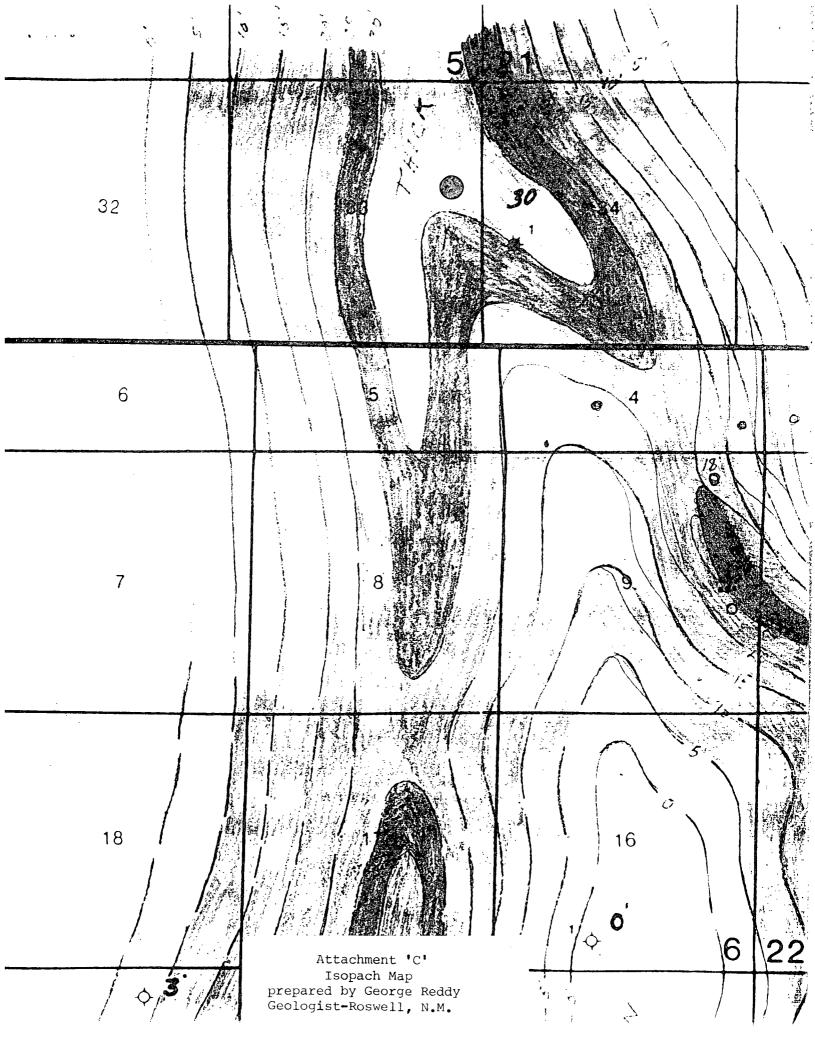
McKay Oil Corporation

Terry W. Franklin

Agent

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Revised 10-1-78 **ENERGY AND MINERALS DEPARTMENT** SANTA FE, NEW MEXICO 87501 All distances must be from the outer boundaries of the Section. Well No. AcKay Oil Corporation McKay Federal #2 Hange Unit Letter Township County Section 33 21 East 5 South Chaves H Actual Footage Location of Wells 2310 660 North East feet from the line and Icot from the Pool Ground Level Elev. Producing Formation Dedicated Acreages 4354 W. Pecos Slope Abo Abo 1. Outline the acrenge dedicated to the subject well by colored pencil or hachuse marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the cornership thereof (both as to working interest and royalty). JAN -7 1987 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. et ?? ARTESIA, OFFICE If answer is "yes," type of consolidation Yes If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of 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 comtained herein is true and complete to the NM-36189 best of my knowledge and belief. Sam L. Shackelfør Position Agent Company McKay Oil Corp. 12-24-86 I hereby certify that the well location shown on this plot was plotted icam 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 Judich an:Voi 8 L.S.