



Date: Tuesday, February 10, 2004

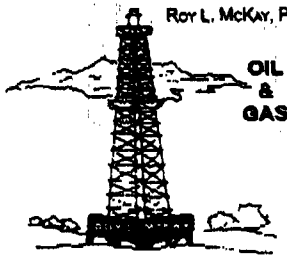
**To: Oil Conservation Division
Mike Stogner
Phone: 505-476-3465
Fax: 505-476-3462**

**From: McKay Oil Corporation
April McKay
Phone: 505-623-4735
Fax: 505-624-2202**

Pages: 6

**Subject: NSL Administrative Approval request for the
South Four Mile Draw B Fed Com #8Y.**

PMES0-405033984

McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. Box 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4736
STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX No. 505 / 624 - 2202

February 10, 2004

New Mexico Energy, Minerals, & Natural Resources Department
Mr. Mike Stogner
Chief Examining Officer
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: South Four Mile Draw B Fed Com #8Y

Mr. Stogner:

McKay Oil Corporation requests an administrative approval for the South Four Mile Draw B Fed Com #8Y located at 708' FSL & 2129' FEL in Section 22, T6S, R26E in Chaves County, NM in accordance to Division Rule 1207.A (2) (a,b,c). Location needed to be unorthodox due to slight draw to North and significant hill to the east causing terrain to be more difficult to build if moved further east as well as geological reasons. There have been no lease right changes in all of Section 22, T6S, R22E.

In regards to Sec 22, T6S, R22E, McKay Oil Corporation acquired all rights from Elaine Wolf on February 10, 1979 retaining an override of .04 for lease NM-36194.

T6S, R22E
Sec 22, East ½
HBP-McKay Oil Corporation

T6S, R22E
Sec 22, E/2 of the SW/4
100% Operating Rights-McKay Oil Corporation

T6S R22E
Sec 23, W/2 of the SW/4
100% Operating Rights-Yates Petroleum

LEASES

PRODUCTION

INVESTMENTS

T6S, R22E
Sec 23, SW/4 of the NW/4
100% Operating Rights-Yates Petroleum

T6S, R22E
Sec 27
100% Operating Rights-McKay Oil Corporation

In any event, McKay Oil Corporation, McKay Petroleum Corporation hereby give its approval for said unorthodox location.

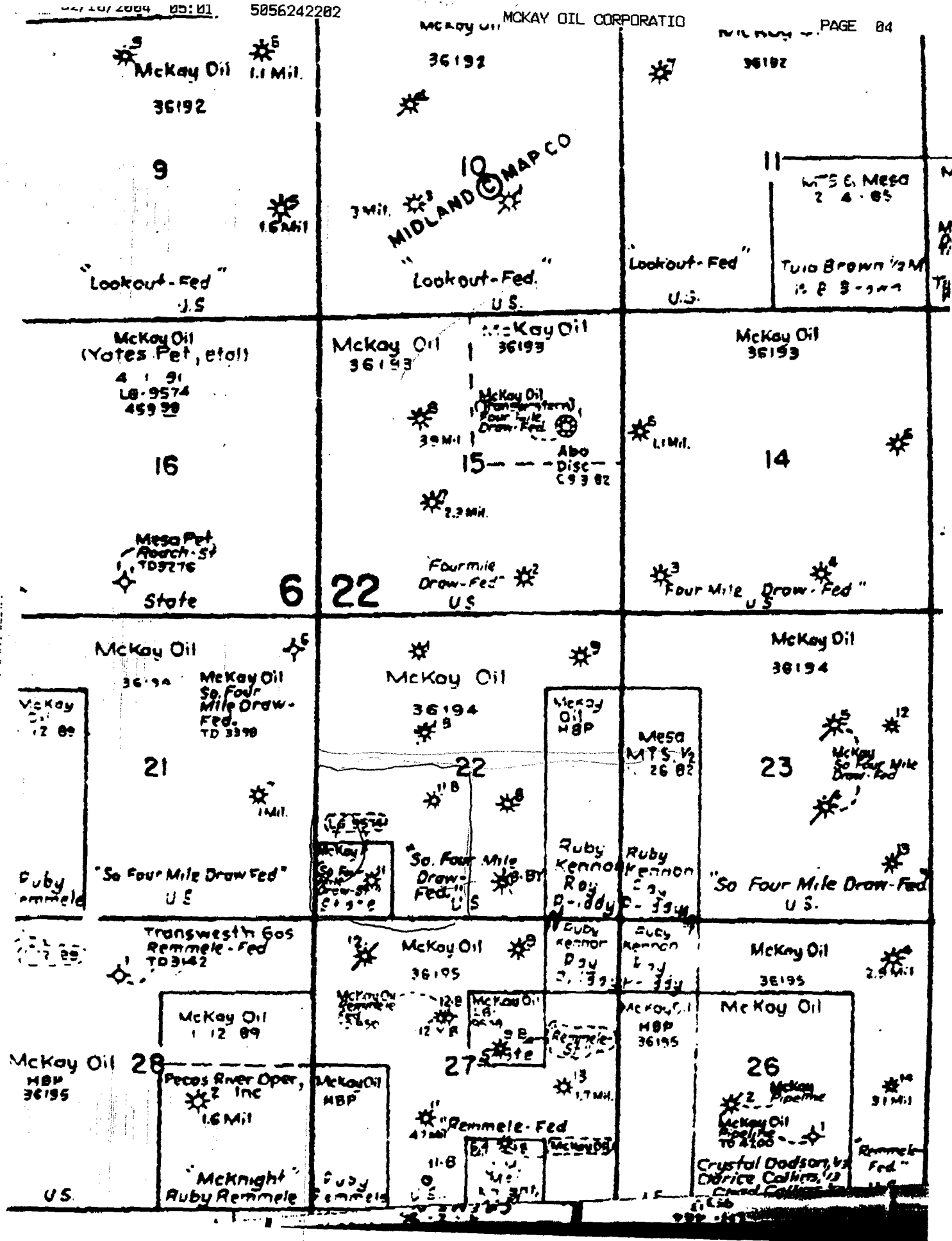
Please see attached letter from Yates Petroleum also granting approval of said unorthodox location.

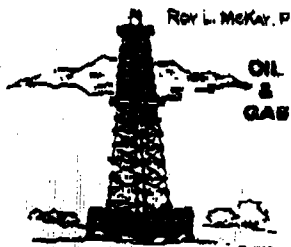
Should this information be sufficient, please administratively approve NSL for the South Four Mile Draw B Fed Com #8Y.

Sincerely,



April D. McKay



FEB-10-2004 TUE 03:20 PM YATES PETROLEUM LAND
02/06/2004 02:47 5056242202MCKAY OIL CORPORATION
FAX NO. 5057484572
MCKAY OIL CORPORATIONPAGE 05
P. 02
PAGE 02*McKay Oil Corporation*

ROY L. MCKAY, President

MAILING ADDRESS: P.O. Box 2014 ROSWELL, N.M. 88202 - TELEPHONE 505 / 823 - 4755
STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 - FAX NO. 505 / 824 - 2202

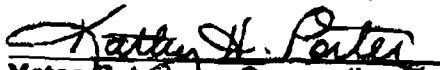
Friday, February 06, 2004

Chuck Moran/Kathy Porter
Yates Petroleum Corporation
105 S 4th St
Artesia, NM 88210RE: South Four Mile Draw B Fed Com 8Y
Sec 22, T6S, R22E
708' FSL & 2129' FEL
Chaves County, NM

Dear Chuck or Kathy:

McKay Oil Corporation requests a non standard location for the South Four Mile Draw B Fed Com #8Y. Yates owns the W/2 of the SW/4 and the SW/4 of the NW/4 of Sec 23, T6S, R22E. Yates also owns the NW/4 of the NW/4 of Sec 26, T6S, R22E. Should you not object to this location, please execute and fax back to McKay Oil Corporation at 505-824-2202 as soon as possible. Should you have any questions, please do not hesitate to call.


Yates Petroleum has no objections to this location.


Yates Petroleum Corporation
BY: Kathy H. Porter, CPL
Land Manager

February 10, 2004

Date

Sincerely,


April McKay
Vice President

LEASES

PRODUCTION

INVESTMENTS

eleventh edition
(March 1977)
(formerly 3120-3)
FACSIMILE REPRODUCTION

J. WANDEL PRESS, DENVER

For use as transmitter
or other primary in job
and data in job.

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Office _____

Serial No. 36194

OFFER TO LEASE AND LEASE FOR OIL AND GAS
(Sec. 17 Noncompetitive Public Domain Lease)

The undersigned hereby offers to lease all or any of the lands described in Item 2 that are available for lease, pursuant and subject to the terms and provisions of the Act of February 25, 1920 (41 Stat. 437, 30 U. S. C. sec. 181), as amended, hereinafter referred to as the Act and to all reasonable regulations of the Secretary of the Interior now or hereafter in force, when not inconsistent with any express and specific provisions herein, which are made a part hereof.

Mr.
Mrs. ELAINE WOLF
1. Miss _____
(First Name, Middle Initial, Last Name)
311 SOUTH MAGNOLIA
(Number and Street)
DENVER, COLORADO 80224
(City, State, ZIP Code)

2. Land requested: State NEW MEXICO County CHAVES T. 6 S. R. 22 E. Meridian
Section 19: SE 1/4, SE 1/4, SW 1/4
Section 20: SW 1/4, SE 1/4, NW 1/4, SW 1/4
Section 21: SE 1/4, E 1/4, NW 1/4, NW 1/4
Section 22: NE 1/4, NW 1/4, SE 1/4, SE 1/4
Section 23: E 1/4, E 1/4, NW 1/4, NW 1/4
Section 24: W 1/4, W 1/4

2520.00

Total Area Acres

3. Land included in lease: State _____ County _____ T. _____ R. _____ Meridian

(Offeror does not fill in this block)

Total Area

Acres

Rental retained \$

4. Amount remitted: Filing fee \$10, Rental \$ 2520.00, Total \$ 2530.00

5. Undersigned certifies as follows:

(a) Offeror is a citizen of the United States. Native born ☒ Naturalized _____ Corporation or other legal entity (specify what kind): _____

(b) Offeror's interests, direct and indirect, do not exceed 200,000 acres in oil and gas options or 246,080 chargeable acres in options, offers to lease and leases in the same State, or 300,000 chargeable acres in leases, offers to lease and options in each leasing district in Alaska. (c) Offeror accepts as a part of this lease, to the extent applicable, the stipulations provided for in 43 CFR 3103.2. (d) Offeror is 21 years of age or over (or if a corporation or other legal entity, is duly qualified as shown by statements made or referred to herein). (e) Offeror has described all surveyed lands by legal subdivisions, all lands covered by protracted surveys by appropriate subdivisions thereof, or all unsurveyed lands not covered by protracted surveys by metes and bounds, and further states that there are no settlers on unsurveyed lands described herein.

6. Offeror ☒ is ☐ is not the sole party in interest in this offer and lease, if issued. (If not the sole party in interest, statements should be filed as prescribed in Item 6 of the Special Instructions.)

7. Offeror's signature to this offer shall also constitute offeror's signature to, and acceptance of, this lease and any amendment thereto that may cover any land described in this offer open to lease application at the time the offer was filed but omitted from this lease for any reason, or signature to, or acceptance of, any separate lease for such land. The offeror further agrees that (a) this offer cannot be withdrawn, either in whole or in part, unless the withdrawal is received by the land office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed in behalf of the United States, and (b) this offer and lease shall apply only to lands not within a known geologic structure of a producing oil or gas field.

8. If this lease form does not contain all of the terms and conditions of the lease form in effect at the date of filing, the offeror further agrees to be bound by the terms and conditions contained in that form.

9. It is hereby certified that the statements made herein are complete and correct to the best of offeror's knowledge and belief and are made in good faith.

Offeror duly executed this instrument this 10 day of February, 1979

(Lessee signature)

(Lessee signature)

(Attorney-in-fact)

This lease for the lands described in item 3 above is hereby issued, subject to the provisions of the offer and on the reverse side hereof.

THE UNITED STATES OF AMERICA

By _____
(Signing officer)

Effective date of lease _____

(Title)

(Date)

THIS OFFER MAY BE REJECTED AND RETURNED TO THE OFFEROR AND WILL AFFORD THE OFFEROR NO PRIORITY IF IT IS NOT PROPERLY FILLED IN AND EXECUTED OR IF IT IS NOT ACCOMPANIED BY THE REQUIRED DOCUMENTS OR PAYMENTS.

18 U. S. C. sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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