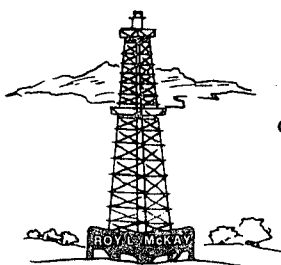


McKay Oil Corporation



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
JAN 2 1987
OIL CONSERVATION DIVISION
SANTA FE

December 31, 1986

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

Attention: Dave Catanach

RE: Pierce Federal #5
E/2 Sec. 5-6S-22E
Chaves County, New Mexico

Gentlemen:

McKay Oil Corporation desires to drill a Federal lease in the E/2 of Section 5, Township 6 South, Range 22 East, NMPM. (See Attachment "A") Due to variation in legal subdivision of the U.S. Public Land Surveys, McKay Oil is requesting a Non-Standard Gas Unit of 139.76 acres.

The well has been staked at 1980' feet from the East line and 890' feet from the South line, which has been approved by the BLM and the Eastern New Mexico Archological Service. (See Attachment " B")

Therefore, pursuant to Rule 104 D (II) of the State of New Mexico Oil Conservation Division Rules and Regulations, McKay Oil Corporation request that this Non-Standard Gas Unit be approved.

Thank you for your cooperation and assistance in this matter.

Very truly yours,

MCKAY OIL CORPORATION

Jim Schultz
James L. Schultz
Contracts & Land

enclosures

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

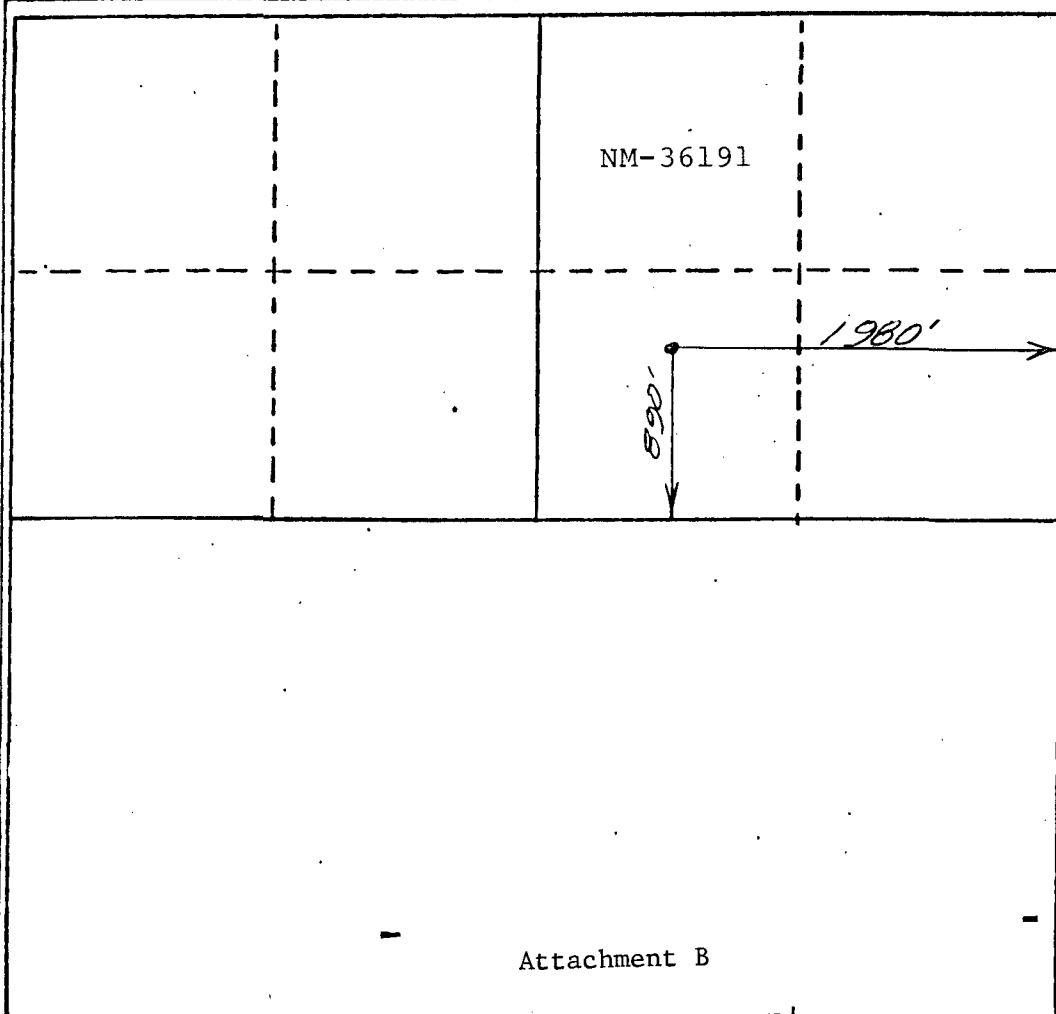
Operator McKay Oil Corp.			Lease Pierce Federal		Well No. #5
Unit Letter G	Section 5	Township 6 South	Range 22 East	County Chaves	
Actual Footage Location of Well: 890 feet from the South line and 1980 feet from the East line					
Ground Level Elev. 4396	Producing Formation Abo		Pool W. Pecos Slope Abo		Dedicated Acreage: 139.76 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 _____

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.



CERTIFICATION

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

Name
Sam L. Shackelford

Position
Agent

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, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
December 23, 1986
Registered Professional Engineer and/or Land Surveyor
John D. Jaquess, P.E., L.S.
Certificate No. 6250

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600