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Hand delivered

David K. Brooks
Oil Conservation Division
1220 South St. Francis Drive
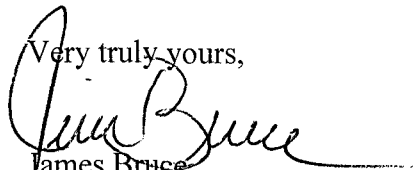Santa Fe, New Mexico 87505

   Re: Case No. 13,976/Application of McKay Oil Corporation to amend the special
         rules and regulations for the West Pecos Slope-Abo Gas Pool, Chaves County,
         New Mexico.

Dear David:

Enclosed is a spreadsheet regarding estimated ultimate drainage of the wells identified on
applicant's technical plats. While the average drainage figure seems relatively high, please note
that drainage calculations are highly dependent on water saturation (S_w). In his testimony, Mr.
Horne stated that, although an S_w of 35% was used in the calculations, wells in the pool produce
virtually no water. Thus, in the drainage calculation, $(1 - S_w)$ results in a factor of 1.00 - 0.35 =
0.65 being used in the denominator, when the factor should be 1.00 - 0.00 = 1.00. As a result,
the average drainage area of the wells (112.55 acres) is over-estimated by 35%. Changing the S_w
to 0% would result in average drainage areas of about 73 acres.

Please call me if you need anything further on this matter.

Very truly yours,

James Bruce

Attorney for McKay Oil & Gas, LLC

McKay Vertical Well Drainage Area

API#	Well Name	Well #	Location	EUR (MMCF)	RF	OGIP (MMCF)	FVF	Porosity	Net Pay	S_w	Drainage Area (Acres)	Drainage Area (Ft^2)	Drainage Diameter (Ft)
3.001E+09	Four Mile Dr	1	SW SE NE	81.52	0.65	125.42	0.016	0.11	16	0.35	40.27	1754161	747
3.001E+09	Four Mile Dr	2	SW SE 15-6	343.56	0.65	528.55	0.016	0.11	15	0.35	181.02	7885231	1585
3.001E+09	Four Mile Dr	3	SW SW 14-	242.3	0.65	372.77	0.016	0.11	7	0.35	273.58	11917145	1948
3.001E+09	So Four Mile	1	NE NW 22-6	136.15	0.65	209.46	0.016	0.12	11	0.35	89.67	3906025	1115
3.001E+09	Four Mile Dr	5	SW NW 14-	57.5	0.65	88.46	0.016	0.09	2	0.35	277.72	12097483	1963
3.001E+09	Four Mile Dr	7	NE SW 15-6	243.86	0.65	375.17	0.016	0.13	20	0.35	81.54	3551882	1064
3.001E+09	So Four Mile	8	SE NW 15-6	468	0.65	720	0.016	0.16	13	0.35	195.61	8520710	1647
3.001E+09	Lookout Fed	1	NW SE 10-6	26	0.65	40	0.016	0.12	4	0.35	47.09	2051240	808
3.001E+09	Lookout Fed	3	NE SW 10-6	231.86	0.65	356.71	0.016	0.14	20	0.35	71.99	3135912	983
3.001E+09	Lookout Fed	5	NE SE 9-6S	53.8	0.65	82.77	0.016	0.13	14	0.35	25.7	1119449	597
3.001E+09	So Four Mile	7	NE SE 21-6	107	0.65	164.62	0.016	0.15	22	0.35	28.19	1227935	625
3.001E+09	So Four Mile	8	NW SE 22-6	270.41	0.65	416.02	0.016	0.11	15	0.35	142.48	6206290	1406
3.001E+09	So Four Mile	9	NE NE 22-6	89	0.65	136.92	0.016	0.1	4	0.35	193.43	8425846	1638
3.001E+09	So Four Mile	11-B	NE SW 22-6	54.7	0.65	84.15	0.016	0.14	20	0.35	16.98	739780	485
3.001E+09	So Four Mile	1-B	SW SE NW	79.07	0.65	121.65	0.016	0.13	23	0.35	22.99	1001460	565

age Drainage = 112.55 A

Area of Well Drainage

$$G = \frac{43560 \, Ah\emptyset(1-S_w)}{B_{gi}}$$

$$A = \frac{GB_{gi}}{43560 \, h\emptyset(1-S_w)}$$

A = Area of Drainage (in Acres)

G = Original Gas-In-Place

B_{gi} = Formation Volume Factor (0.016 for the Abo Sandstones)

$\emptyset$ = Porosity (Percentage of 100)

h = Net Pay (Thickness of Gas Crossover)

S_w = Water Saturation (Used 35% Although Abo Produces Little Water)