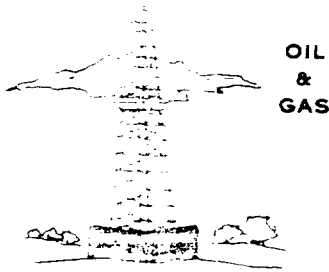


McKay Oil Corporation

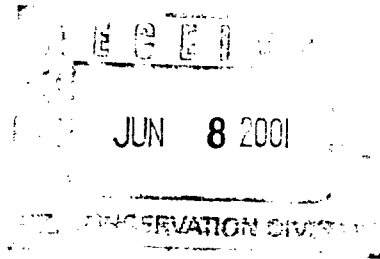
ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505 / 624 - 2202



June 6, 2001



Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

ATTENTION: Mr. Michael E. Stogner

REFERENCE: Non-Standard Locations

Case 12695

Gentlemen:

McKay Oil Corporation request to be placed on the hearing docket for the next available hearing after publication of McKay's request for approval of the following non-standard locations.

The names and justification for the non-standard locations are as follows:

1. TANNER FEE COM. #1 is located 660' FWL and 2310' FNL, Section 35, Township 6 South, Range 22 East, N.M.P.M. There is an existing dry hole, Tanner Fed. Com. #1 located at 660' FNL and 850' FWL, Section 35, Township 6 South, Range 22 East, N.M.P.M. McKay believes that the Abo formation channels widens somewhat south of the Tanner Fed. Com. #1; however, it is necessary to move the location of the Tanner Fee Com. #1 as far south as possible in the 160 acres spacing unit to ensure that encountering the channels. We have attached copies of the geological mapping of the channels for your review. Also, we have attached a copy of the APD which has been filed with the Oil Conservation Division's Artesia, New Mexico office.
2. CACTUS "B" FEDERAL #6 is located is located 330' FSL and 2430' FWL, Section 35, Township 6 South, Range 22 East, N.M.P.M. The well location has been placed in this location due to 2 constraints. The first constraint is geological in that we believe that the Abo formation channels are restricted to the very southern portion of this section. (SEE ATTACHED GEOLOGICAL MAPPING). The second constraint is topographical in nature. There is a major run-off draw located to the immediate

west and north of the location. The Bureau of Land Management has required McKay to locate this well at the specified location in an effort to restrict infringement upon this major topographic feature. (SEE ATTACHED TOPOGRAPHIC MAP) We have also attached a copy of the APD that has been filed with the Bureau of Land Management.

3. CACTUS FEDERAL #7 is located 380' FSL and 2130' FEL, Section 35, Township 6 South, Range 22 East, N.M.P.M. The well location has been placed in this location due to 2 constraints. The first constraint is geological in that we believe that the Abo formation channels are restricted to the very southern portion of this section. (SEE ATTACHED GEOLOGICAL MAPPING). The second constraint is topographical in nature. There is a major run-off draw located to the immediate

Please be advised that the owners of the offset acreage are McKay Oil Corporation – 1% and McKay Petroleum Corporation – 99%.

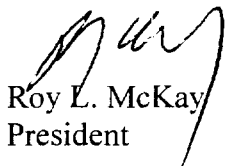
If any questions should arise concerning this request, please feel free to contact Mr. Roy McKay at 505-623-4735.

Thank you for your immediate attention to this matter.

Very truly yours,

West New Slope Abo Co Abo

MCKAY OIL CORPORATION


Roy L. McKay
President

RLM/bjm

Enclosures

cc: Mr. Tim Gum – OCD, Artesia, NM