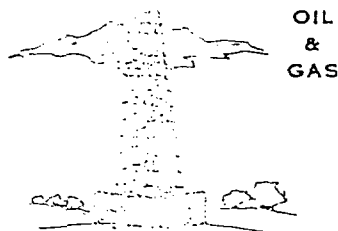


McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. BOX 2014 ROSWELL, N.M. 88202 • TELEPHONE 505/623-47

STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX NO. 505/624-22



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

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

Oil Conservation Division
June 5, 2001
Page 2 of 2

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

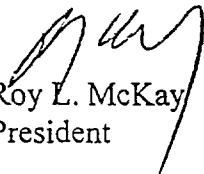
Please be advised that the owners of the offset acreage are McKay Oil Corporation – 1% and McKay Petroleum Corporation – 99%.

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,

MCKAY OIL CORPORATION



Roy L. McKay
President

RLM/bjm

Enclosures

cc: Mr. Tim Gum – OCD, Artesia, NM

District I
PO Box 1930, Hobbs, NM 88241-1930
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. McKay Oil Corporation P.O. Box 2014 Roswell, New Mexico 88202		¹ OGRID Number 014424
		¹ API Number 30 - 0
¹ Property Code	¹ Property Name Tanner Fee Com.	¹ Well No. 1

⁷ Surface Location

TL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West Line	County
E	35	6S	35E		2310'	FNL	660'	FWL	Chaves

⁸ Proposed Bottom Hole Location If Different From Surface

TL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West Line	County
¹⁰ Proposed Pool 1 W. Pecos Slope Abo					¹¹ Proposed Pool 2				

¹² Work Type Code N	¹³ Well Type Code G	¹⁴ Casing/Rotary Rotary	¹⁵ Lease Type Code P	¹⁶ Gross Land Elevation
¹⁷ Multiple No	¹⁸ Proposed Depth 3,200'	¹⁹ Formation Abo	²⁰ Contractor	²¹ Spud Date

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12½"	8-5/8"	23# X-42	950'+	750+	surface
7-7/8"	4½"	9.5# J-55	TD	1200+	1500' to 800'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

McKay Oil Corporation proposes to drill and test the Abo Formation, approximately 950' of surface casing will be set and cemented to surface. If commercial, 4½" production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Bill J. Milstead

Printed name:

Bill J. Milstead

Title:

Vice President

Date:

Phone:

505-623-4735

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C
Revised August 15
Submit to Appropriate District
State Lease - 4
Fee Lease - 3

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED RE

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name TANNER FEE COM	Well Number 1
OGRID No.	Operator Name McKAY OIL CORPORATION	Elevation 4155

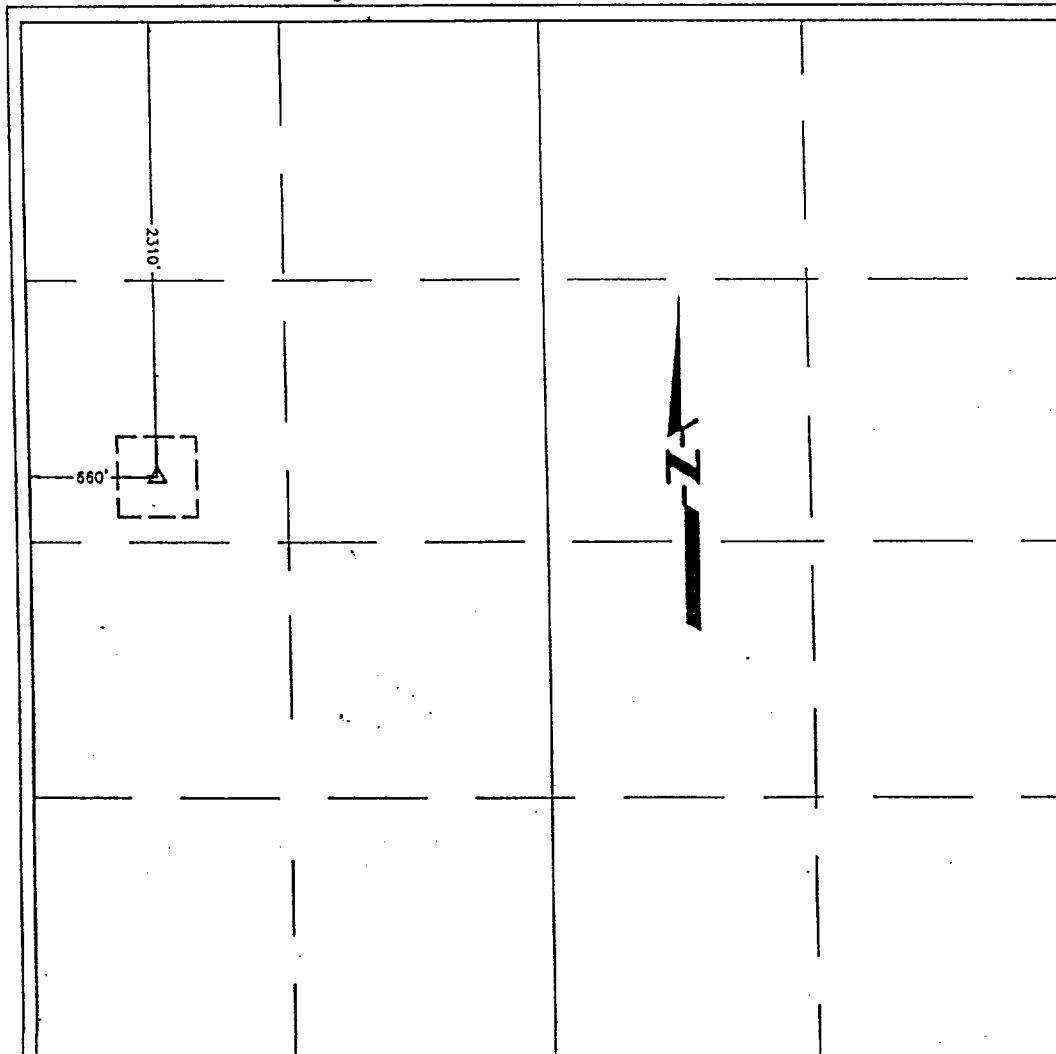
Surface Location

UL or lot No. E	Section 35	Township 6 S	Range 22 E	Lot Idn	Feet from the 2310	North/South line NORTH	Feet from the 660	East/West line WEST	C CH
--------------------	---------------	-----------------	---------------	---------	-----------------------	---------------------------	----------------------	------------------------	---------

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	C
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

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

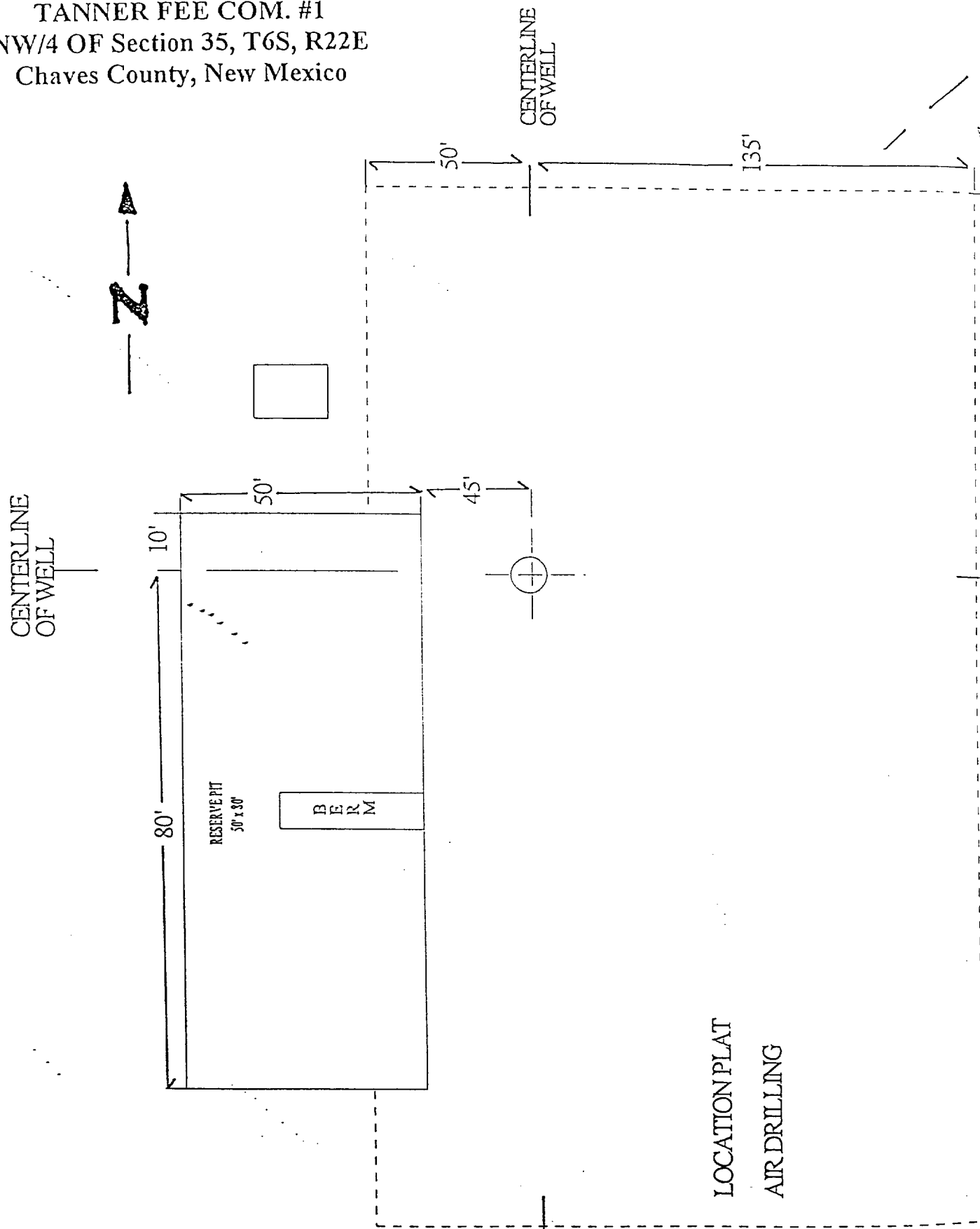
Bill J. Milstead
Signature
Bill J. Milstead
Printed Name
Vice President
Title
5-21-01
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes, actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

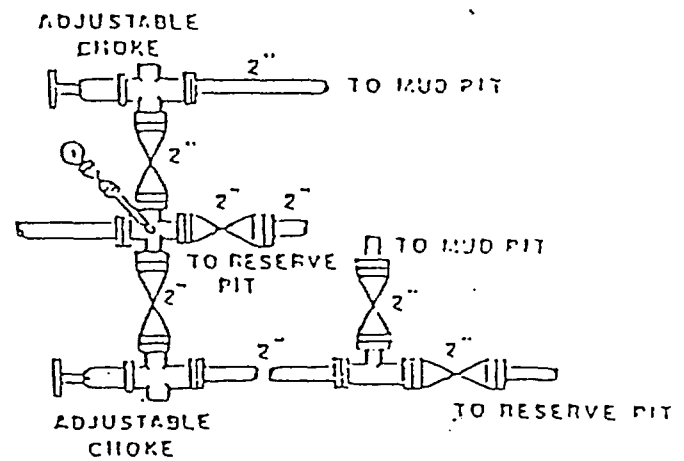
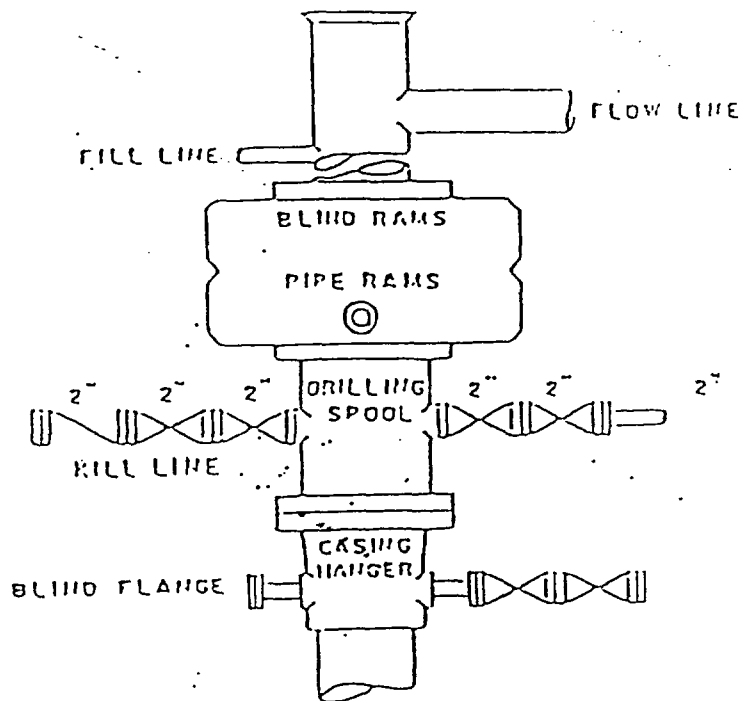
5-21-01
Date Surveyed
Signature of Professional Surveyor
Professional Surveyor
9242
Certificate No. 1000-R WAGNER NM
WAGNER ENGINEERING
1410 N. MISSOURI AVE.
ROSWELL, NM 88201
505-823-8382

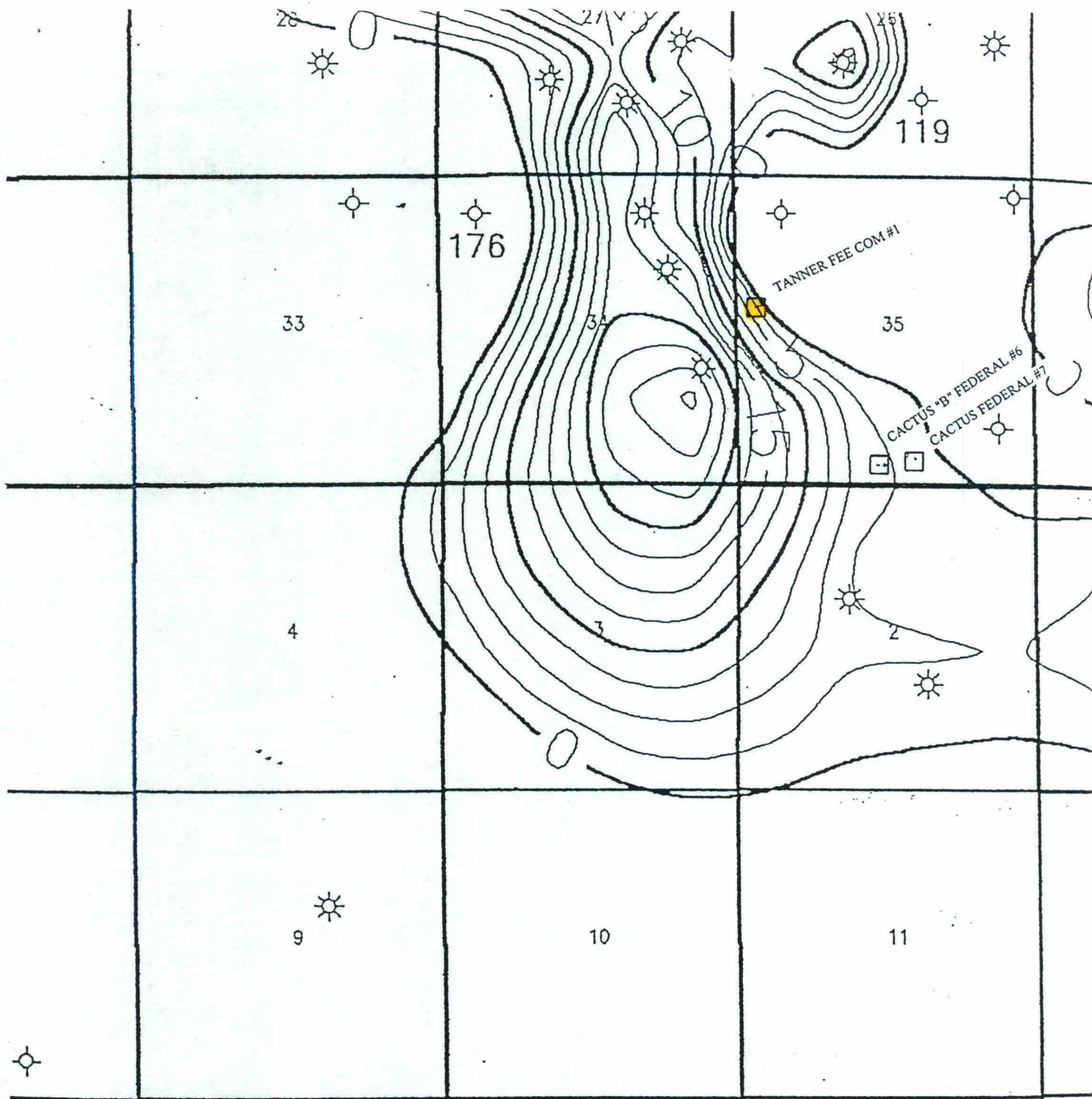
MCKAY OIL CORPORATION
TANNER FEE COM. #1
NW/4 OF Section 35, T6S, R22E
Chaves County, New Mexico



MCKAY OIL CORPORATION
TANNER FEE COM. #1
NW/4 of Section 35, T6S, R22E
Chaves County, New Mexico

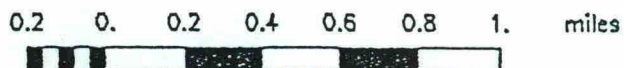
EXHIBIT "B"





McKay Oil Corporation

West Pecos Slope field
Net Reservoir Isopach
Composite IB and IC Abo



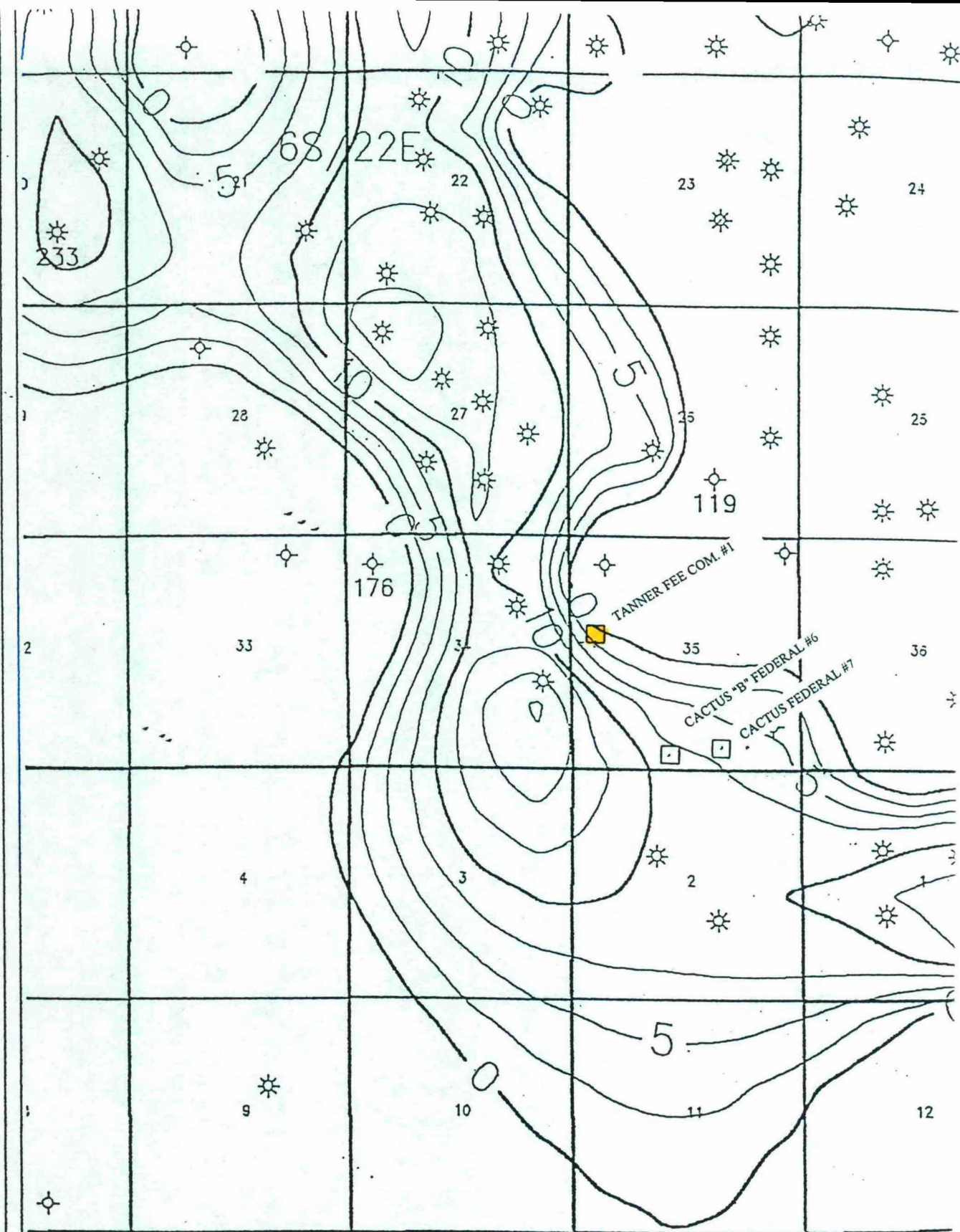
User ID: CRR

Cr 2.5"

06/25/2001

Scale 1:40000

Exhibit I



McKay Oil Corporation		
West Pecos Slope field Net Reservoir Isopach Abo IB Sandstone		
Drawn by: J. J. J.	Scale: 1"=1000'	Date: 06/25/2011

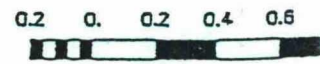


Exhibit II