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. 505/824-2202



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

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. Some state of the solution of this 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

LEASES • PRODUCTION • INVESTMENT

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

: :		,		:		
Form 3160-3 (August 1999)		• ]	FORM APPROVE OMB No. 1004-01			
UNITED STATES			Expires Novembar 30	. 2000		
DEPARTMENT OF THE IN BUREAU OF LAND MANAGE	· - · · · · = · ·		5. Lesse Serial No NM 91498			
APPLICATION FOR PERMIT TO DR		-	6. If Indian, Allottee or Trib	e Marrie I		
APPLICATION FOR PERMIT TO BE	ILL ON NEENTER					
12 Type of Work: RE DRILL   REENTER	₹		7. If Unit or CA Agreement, I	Name and No		
1b. Type of Well: Oil Well 23 Gas Well Other	Single Zone 🔲 Multip	ple Zone	8. Leise Name and Well No. Cactus "B" Fede	ral #6		
2. Name of Operator			9. API Well No.			
McKay Oil Corporation	3b. Phoas No. (include area code)		·			
Je Address P.O. Box 2014	1.	10. Field and Pool, or Exploratory				
Roswell, NM 88202		W. Pecos Slope A				
4. Location of Well (Report location clearly and in accordance with a	eny State requirements.*)		11. Sec., T., R., M., or Blk. and	•		
Alguetzee 330' FSL & 2230' FWL Alproposed prod. zone			35, T6S, R22E,	N.M.P.M.		
14. Distance in miles and direction from practical town or post office.		i	12. County or Parish.	13. State		
	approx. 25 miles		Chaves	NM :		
15. Distance from proposed* location to neares 2201	16. No. of Acres in Icase	17. Specing	Unit dedicated to this well	[		
projectly or lease line. ft. (Also to nearest drig. unit line, if any)	1,240.00	10	160.00			
13. Distance from proposed tomaton to nearest well, drilling, completed.	19. Proposed Depth	20. BUM/B	IA Bond No. on file	:		
applied for, on this lesse, file approx. 1,570	3400'	NM-	1981	:		
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	July 15, 2001	u.	23. Estimated duration 30 days			
:	24. Anachments			i		
The following completed in accordance with the requirements of Orehot	re Oil and Gas Order No.1, shall be an	පුදුරු දුරු දුරු	form;	<u> </u>		
1. Well plat certified by a registered surveyor.  2. A Drilling Plan.  3. A Surface Use Plan (if the location is on National Forest System SUPO shall be filled with the appropriate Forest Service Office).	liem 20 above).  S. Operator certific	ation. specific info	s ualess covered by an existing matica and/or placs as may l	1		
25. Signature	Hame (PrincedTyped)		Dute	:		
(Sill) Milster	Bill J. Milste	ead	5	-21-01 !		
Title				•		
Vice President Approved by (Signature)	Name (Bries of Town I)		! Dake			
	Name (PrintedTyped)		1 54%	•		
Title ·	Office		<u> </u>	!		
<u> </u>	1					
Application approval does not warrant or canify the the applicant holds )	egal or equitable title to those rights in	s the subject l	kase which would entitle the ap	plicant to conduct		
Conditions thereon.  Conditions of approval, if any, are attached.						
		. 4 2116 .11.		مريد والمرابع		
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make in States any false, fictitious or fraudulent statements or representations as the statement of the statemen	to any matter within its jurisdiction.	an amtanly p	o make to any department of a	i i		

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"(Instruccions on coverse)

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DISTRICT I 1625 N. French Dr., Sobbe, NN 88240

#### State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-1 Revised August 15, 20 Submit to Appropriate District Offi State Lease - 4 Copi Fee Lease - 3 Copi

DISTRICT II 811 South First, Artesia, NN 88210

DISTRICT III

OIL CONSERVATION DIVISION

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

☐ AMENDED REPOR

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

		,	WELL LO	CATION	AND A	ACREA	GE DEDICAT	NOIT	PLAT		
API N	Vumber			Pool Code			<del>,</del>		Pool Name		
Property Co	ode	CACTU	JS "B"	FEDERA	Prope	erty Nam	е		<del></del>	Well Nur	mber
OGRID No.	•		r OIL C	<del></del>	Opera	tor Nam	е		<del></del>	Elevati 414	
<del></del>		l	<del></del>		Surfac	e Loca	ation				
UL or lot No.	Section	Township	Range	Lot Idn	Feet fro	m the	North/South line	e Fee	t from the	East/West line	Count
N	35 	6 S	22 E		330		SOUTH		2230	WEST	CHAV
JL or lot No.	Section	Township	Bottom Range	Hole Lot Idn	Feet fro		rent From St		t from the	East/West line	Count
											3322
Dedicated Acres	Joint o	r Infill Co	nsolidation	Code C	order No.		L	<del></del>	<del> </del>	<u> </u>	
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- <del>- 2</del> -								11	Signature  Printed Nam  Vict P  Title  SURVEY	President	TION
Proposed Lo Cactus Fede							<del></del>		correct to the  Date Surveys Signature & Profesional	is plotted from field made by me or und is that the same is to the same is the same is to the same is the same is to the same is the sa	ar my

# **PERTINENT INFORMATION**

#### **FOR**

MCKAY OIL CORPORATION CACTUS "B" FEDERAL #6 SE/4SW/4 of Sec. 35, T-6S, R-22E Chaves County, New Mexico

**LOCATED**: 21 air miles Northwest of Roswell, NM. **LEASE NUMBER:** NM-91498 **LEASE ISSUED:** September 1, 1993 RECORD LESSEE: Sanders Petroleum Corporation **BOND COVERAGE:** Operator's \$25,000 Statewide **AUTHORITY TO OPERATE:** Assignment of Operating Rights **ACRES IN LEASE:** 1,240.00 acres, more or less **SURFACE OWNERSHIP:** USA-BLM OWNER: **USA-BLM POOL RULES:** General Statewide Rules **EXHIBITS**: A. Road and Well Map

B. Contour MapC. Rig LayoutD. BOP DiagramE. Lease Map

F. Location Topography

# SUPPLEMENTAL DRILLING DATA

# MCKAY OIL CORPORATION CACTUS FEDERAL #6 SE/4SW/4 of Sec. 35, T-6S, R-22E Chaves County, New Mexico

The following items supplement Form 3160-3 in accordance with instruction contained in Onshore Oil and Gas Order No. 1:

1. SURFACE FORMATION: San Andres

# 2. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Yeso - 876' Tubb - 2372' Abo - 2600'

### 3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATIONS:

Fresh Water - In surface formation above 600'
Gas - In Abo Formation below 2600'

### 4. PROPOSED CASING PROGRAM:

12-1/4" hole	8-5/8" X-42	23#	950'+
7-7/8" hole	4-1/2" J-55	10.5#	TD

#### 5. PROPOSED CEMENTING PROGRAM:

Surface to 950' class "C" - 350 sxs cemented and circulated

to surface.

Production Casing class "C" - 300 sxs cemented with adequate

cover.

When cementing surface casing, the cement does not circulate to the surface, McKay will calculate the approximate height of the cement by using the lift pressure calculations. McKay will then wait 2 hours after displacing the cement, run the 1" tubing down the annulus to tag the top of the cement. In the event the tubing does not reach the top of the cement or within 100 feet of the top of the cement, McKay will run a temperature survey to determine the top of the cement.

At such time as the 1" tubing reaches the top of the cement or within a reasonable distance from the top, commence dumping pea gravel down the annulus and

pumping cement through the 1" tubing, until the cement circulates to the surface. If cement top is within 50' of the surface, pea gravel can be dumped down the annulus as a slurrey (pea gravel and cement).

#### 6. PROPOSED DRILLING PROGRAM:

McKay Oil Corporation proposes to drill and test the ABO formation. Approximately 950' of surface casing will be set and cemented to surface. 4-1/2" production casing will be set and cemented with adequate cover, perforated and stimulated as needed for production.

- 7. PRESSURE CONTROL EQUIPMENT: Blowout preventer will consist of 2 ram, 2M system. A sketch of the BOP is attached.
- 8. CIRCULATION MEDIUM: Air Drilling
- 9. <u>AUXILIARY EQUIPMENT</u>: Full-opening drill string safety valve fit for the drill string in use, will be kept on the rig floor at all times.
- 10. TESTING, LOGGING AND CORING PROGRAM:

Samples: Catch samples from surface to TD.

DST's: None.

Logging: GR-CNL, Dual Lateral MSFL from

surface to TD.

Coring: None.

- 11. <u>ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE</u>: None anticipated.
- 12. ANTICIPATED STARTING DATE: On or before June 20, 2001

  Drilling should be completed within 15 days. Completion operations (perforations and stimulation) will follow drilling operations.

# MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MCKAY OIL CORPORATION CACTUS "B" FEDERAL #6 SE/4SW/4 of Sec. 35, T-6S, R-22E Chaves County, New Mexico

#### NM 91498

This plan is submitted with the application for permit to drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

#### 1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a road map showing the location of the proposed well is staked. The well is approximately 21 miles north of Roswell, NM.
- B. <u>Directions</u>: Heading North out of Roswell, New Mexico on U.S. 285 for approximately 23 miles and turn left on county road just before mile marker 137 (Stargrass Road). Go approximately 8.5 miles, then turn south for approximately 2-1/2 miles to the cattleguard, turn south for approximately 100 feet, then turn east for approximately ½ mile along the China Draw, then south for 3/4 miles, then turn east along new access road for approximately 1/4 mile to the location.

#### 2. PLANNED ACCESS ROAD:

- A. Length and Width: 1/4 miles long and 20' wide.
- B. Surface Materials: Sand, gravel and caliche where needed.
- C. Turnouts: None
- D. Maximum Grade: No more than 3%.
- E. <u>Drain Design</u>: Road will have drainage ditches on both sides and a crowned top, with culverts and/or low water crossings as necessary.
- F. Culverts: None.
- G. Cuts and Fill: None.

- H. Gates, Cattleguards: Cattleguard located at fence crossing in NE/4 of Section 34, T6S, R22E, said cattleguard is already in place.
- I. Top Soil: Very little.

#### 3. LOCATION OF EXISTING WELLS:

A. A map indicating the location of adjacent wells is attached.

#### 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A: <u>See Exhibit "A"</u> for location of existing lease wells. If the well is commercial, production facilities and tank battery will be constructed.
- B. <u>Cuts and Fills</u>: Less than 10' of cut and fill will be required for the pad size of 258' x 350'. (See Exhibit "F")
- C. <u>Top Soil</u>: Any top soil which can sustain plant vegetation will be bladed and piled for future rehabilitation.

#### 5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water will be purchased from a commercial source and trucked to the location over existing and proposed access roads.

#### 6. SOURCE OF CONSTRUCTION MATERIALS:

A. Closest Pit to the location.

#### 7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Water produced during test will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- E. Trash, waste paper, garbage, and junk will be placed in portable receptacles and hauled from the location upon completion of drilling and completion operations.

F. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

#### 8. ANCILLARY FACILITIES:

A. None necessary.

#### 9. WELL SITE LAYOUT:

- A. Exhibit "C" indicates the relation location and dimensions of the well pad, mud pits, reserve pit and major rig equipment.
- B. The location slopes very slightly to the east and southeast.
- C. The reserve pit will be lined with plastic to prevent loss of water.

#### 10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing conditions as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the well is non-productive or abandoned, the disturbed area will be rehabilitated using the preserved soil mentioned in 2.I. and 4.C.

#### 11. OTHER INFORMATION:

- A. <u>Topography</u>: The topography is a gradual slope to the east-southeast in the vicinity of the access road and east-southeast in the vicinity of the drill pad. Regional slope is northeast toward the China Draw which is northeast of the location.
- B. Soil: Sandy loam with limestone outcropping.
- C. <u>Flora and Fauna</u>: The flora consists of typical desert vegetation, such as yucca, cactus and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, dear and antelope.
- D. Ponds and Streams: China Draw northeast of the proposed location.

- E. Residences and other Structures: The old China Draw windmill is approximately 1-1/2 miles north of this location. The David Corn ranch house (old W.R. McKnight Ranch) is approximately 3-1/2 miles to the northeast.
- F. Archaeological, Historical and Other Cultural Sites: An Archaeologist from Roswell, NM will be contracted to check and approve this site and access road.
- G. Land Use: Grazing.
- H. Surface Ownership: USA/BLM.

## 12. OPERATOR'S REPRESENTATIVE:

Gary Richburg Roswell, New Mexico (505) 623-4735 (O) (505) 626-8581 (C)

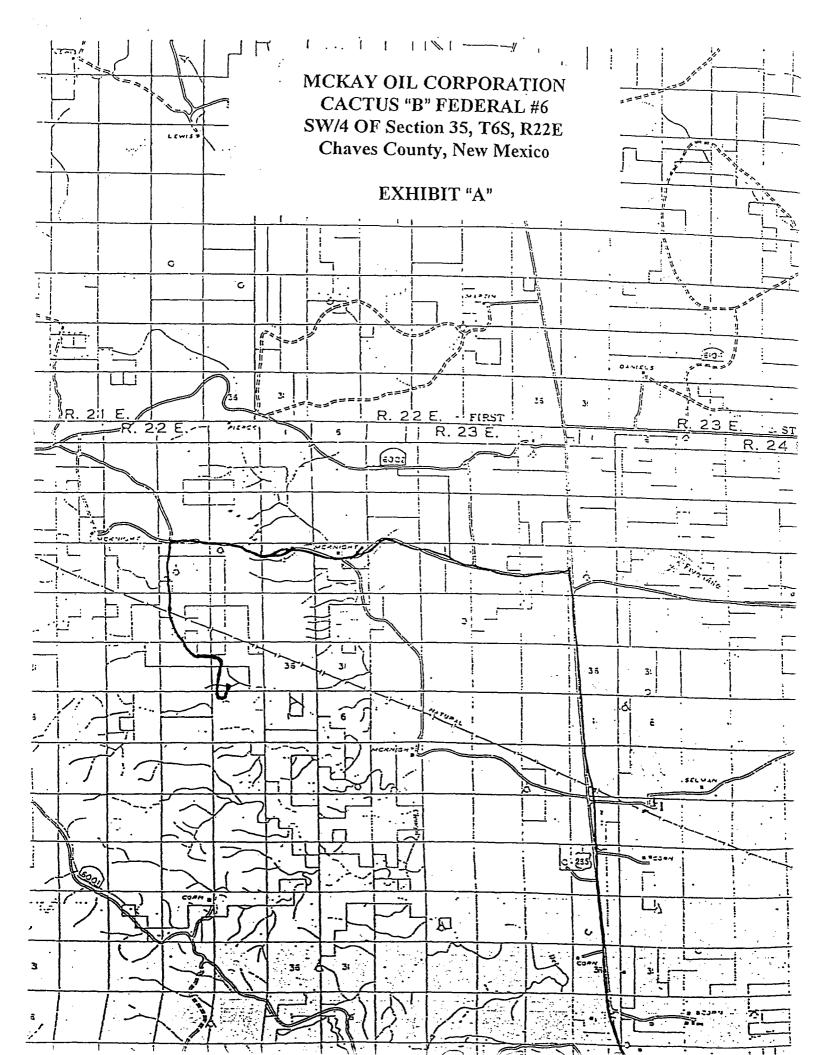
## 13. **CERTIFICATION**:

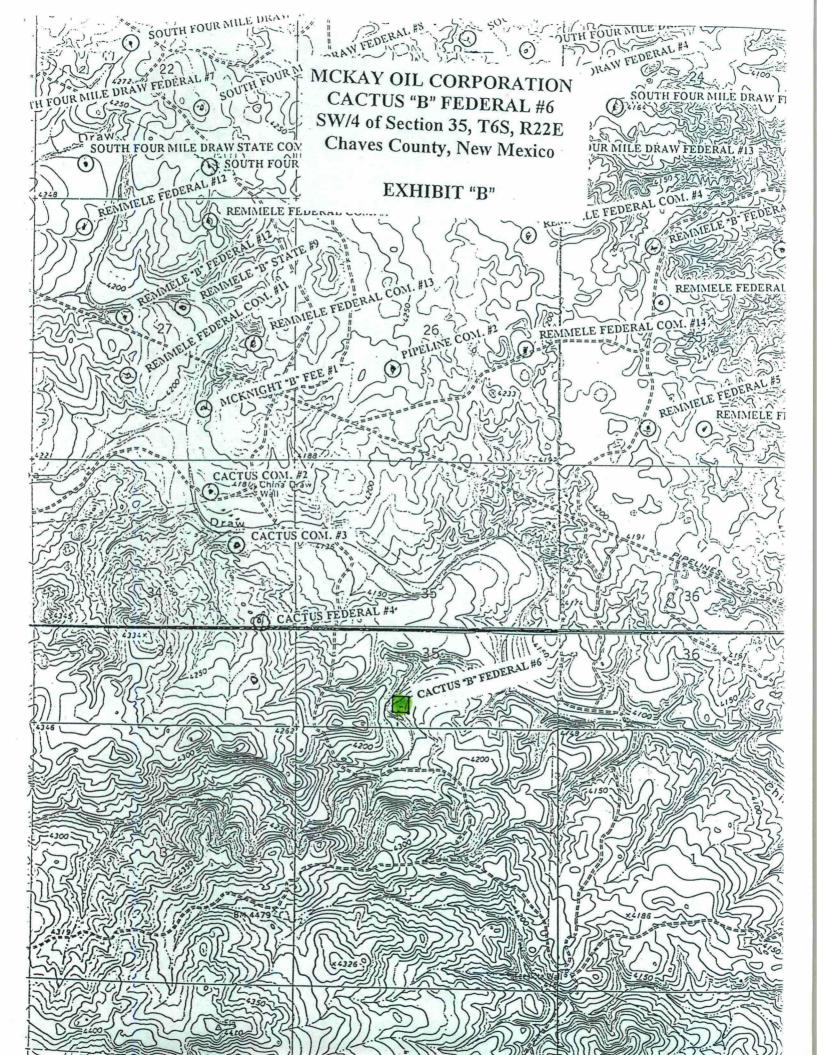
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exists; that he statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by MCKAY OIL CORPORATION and its subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.

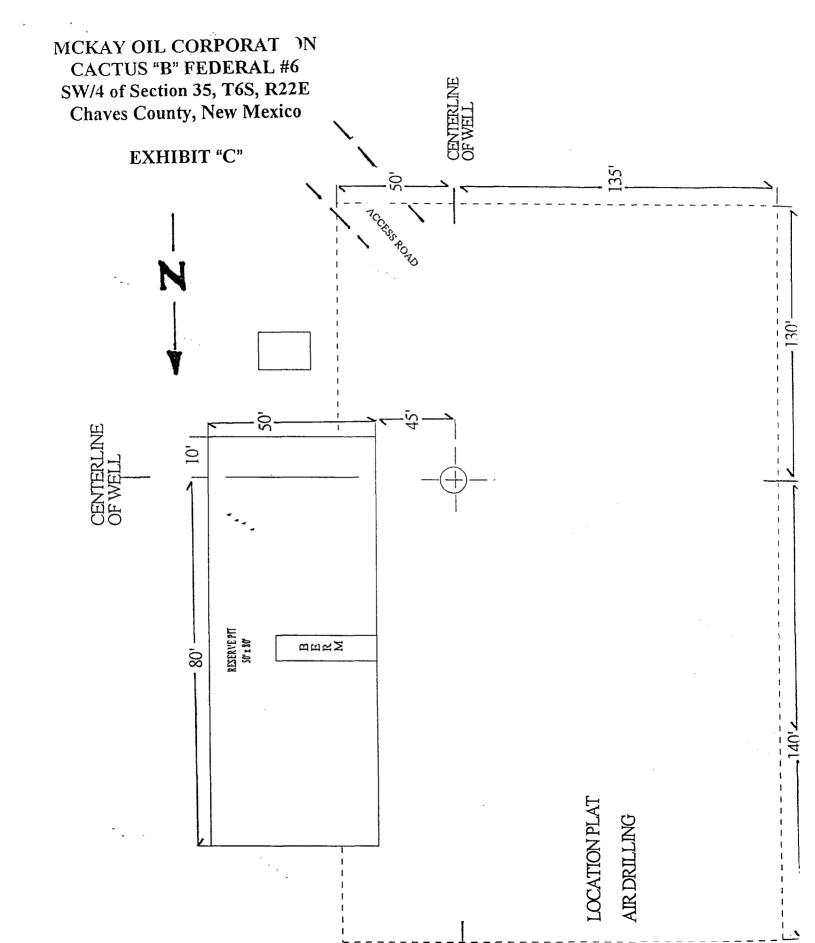
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DATE

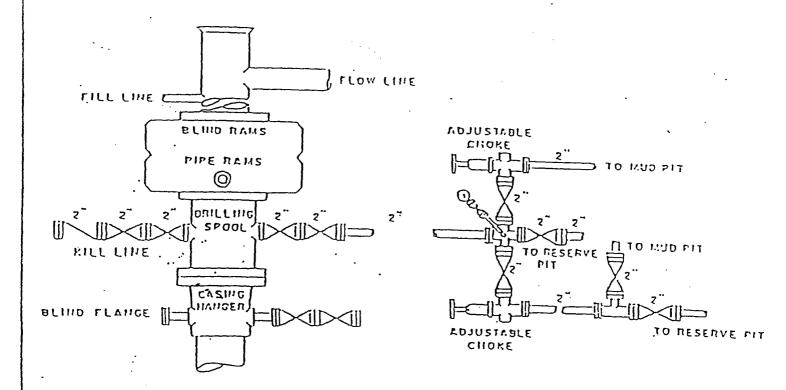


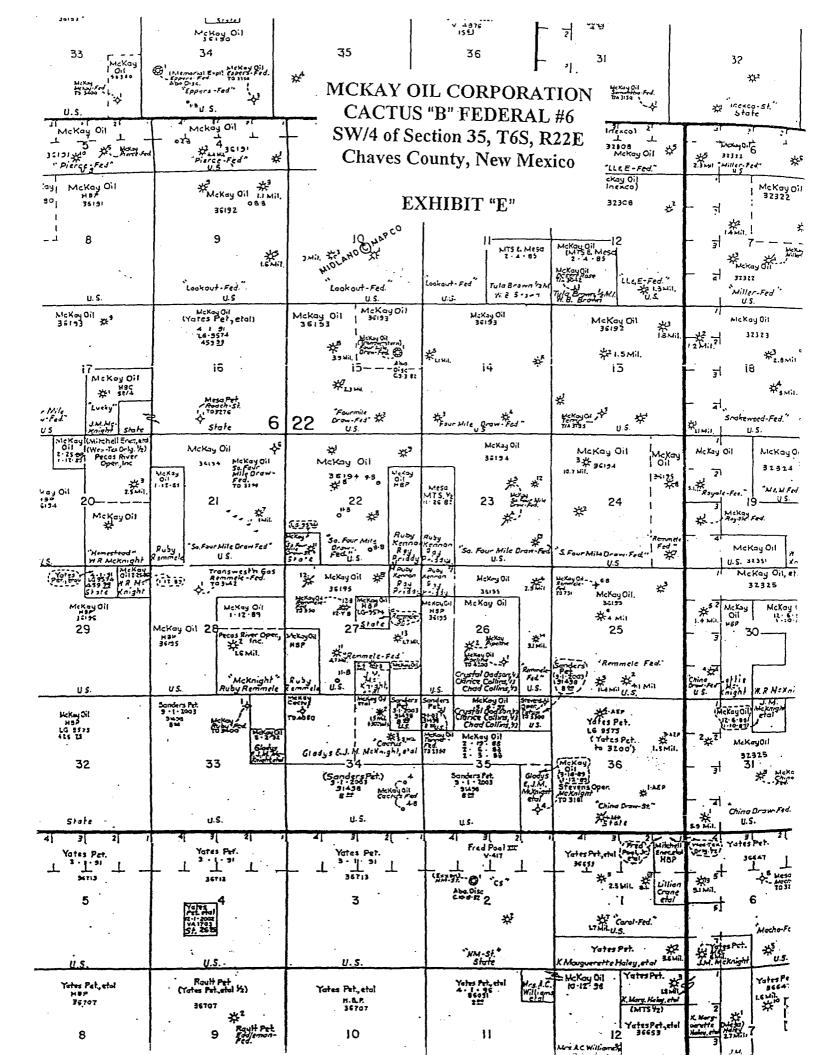




# MCKAY OIL CORPORATION CACTUS "B" FEDERAL #6 SW/4 of Section 35, T6S, R22E Chaves County, New Mexico

# EXHIBIT "D"





Form 3160-5 (November 1994)

# **UNITED STATES** DEPARTMENT OF THE INTERIOR

FORM APPROVED OMB No. 1004-0135 Expires July 31, 1996

	BUREAU OF LAND MAIN			5. Lease Serial No.
	Y NOTICES AND REP			NM 91498
Do not use the	is form for proposals to ell. Use Form 3160-3 (AF	o drill or to re-enter PD) for such proposa	an Is.	6. If Indian, Allottee or Tribe Name
SUBMIT IN TR	IPLICATE - Other Insti	ructions on reverse	side	7. If Unit or CA/Agreement, Name and/or No
1. Type of Well Gas Well C	Other			8. Well Name and No.
2. Name of Operator				Cactus "B" Federal #6
-	011 Corporation			9. API Well No.
3a. Address		3b. Phone No. (include	le area code)	
	Roswell, NM 88202		35	10. Field and Pool, or Exploratory Area
4. Location of Well (Footage, Sec.	, T., R., M., or Survey Description	on)		
330' FSL & 2430'	FWL, Section 35,	T6S, R22E		11. County or Parish, State Chaves, New Mexico
12. CHECK AP	PROPRIATE BOX(ES)	TO INDICATE NATU	RE OF NOTICE, I	REPORT, OR OTHER DATA
TYPE OF SUBMISSION		<del></del>	YPE OF ACTION	
	Acidize	Deepen Deepen	Production (Sta	art/Resume)
Notice of Intent	Alter Casing	Fracture Treat	Reclamation	Well Integrity
Subsequent Report	Casing Repair	New Construction		
yest Subsequent report	Change Plans		Recomplete Temporarily A	
☐ Final Abandonment Notice	Convert to Injection	Plug and Abandon Plug Back	☐ Temporarily A ☐ Water Disposal	
determined that the site is ready  McKay Oil Corpo	for final inspection.) ration request app	roval to move t	the well locat	clamation, have been completed, and the operator
14. I hereby certify that the foregoin Name (Printed/Typed)  Bill J Milstea Signatur	Mestad	Title Date	Vice Preside	
Approved by	THIS SPACE	FOR FEDERAL OR	STATE OFFICE US	Date
		,	Tine	, Date
Conditions of approval, if any, are certify that the applicant holds leg which would entitle the applicant to	al or equitable title to those ri		Office	

DISTRICT I 1825 M. French Dr., Hobbe, NM 88240

#### State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-1

Revised August 15, 2:

Submit to Appropriate District Off

State Lease - 4 Con

State Lease - 4 Cop Fee Lease - 3 Cop

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

## OIL CONSERVATION DIVISION

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

□ AMENDED REPO

API	Number			Pool Code				Pool Name		
Property	Code	CACTI	JS "B" F	EDEDA	Propert	y Name			Well Nu	mber
OGRID' N	0.	CACTO	73 6 1	CULKA		r Name			6 Elevati	on
		McKA	Y OIL CO	ORPORA					415	
180				2	Surface					
N N	Section 35	6 S	Range 22 E	Lot Idn	Feet from 330		SOUTH	Feet from the 2430	East/West line WEST	CHA
	1.00		Bottom	Hole Lo	cation If	Differe	ent From Sur	face		
L or lot No.	Section	Township	Range	Lot Idn	Feet from	the I	North/South line	Feet from the	East/West line	Cour
Dedicated Acre	s Joint	or Infill Co	onsolidation	Code C	rder No.					
	34									
NO ALL	OWABLE	WILL BE A	SSIGNED	TO THIS	COMPLETI	ON UN	TIL ALL INTER	ESTS HAVE BI	EEN CONSOLII	DATED
		OR A	NON-STAI	NDARD U	NIT HAS E	BEEN A	PPROVED BY	THE DIVISION		
								Date  SURVEY I hereby certif on this plat w actual surveys supervision an	OR CERTIFIC.  That the well loca  as plotted from field  made by me or und that the same is	tion sho i notes der my
	-			-				5/3/ Date Survey Signature Profession	best of my belief.  WAGEN  Courseyor C	13

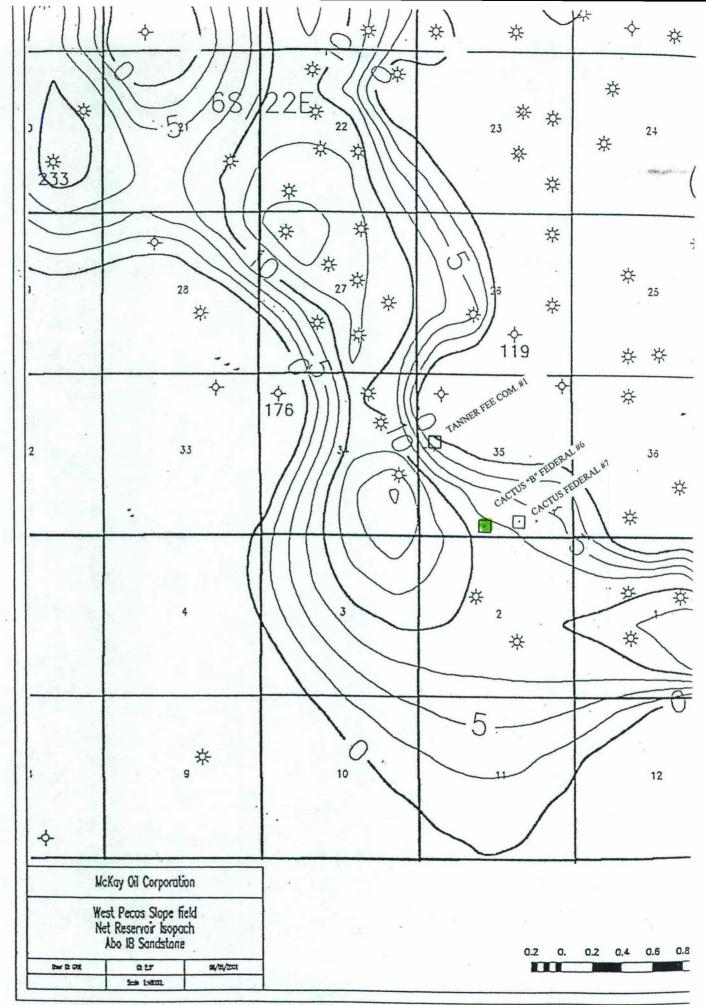


Exhibit I

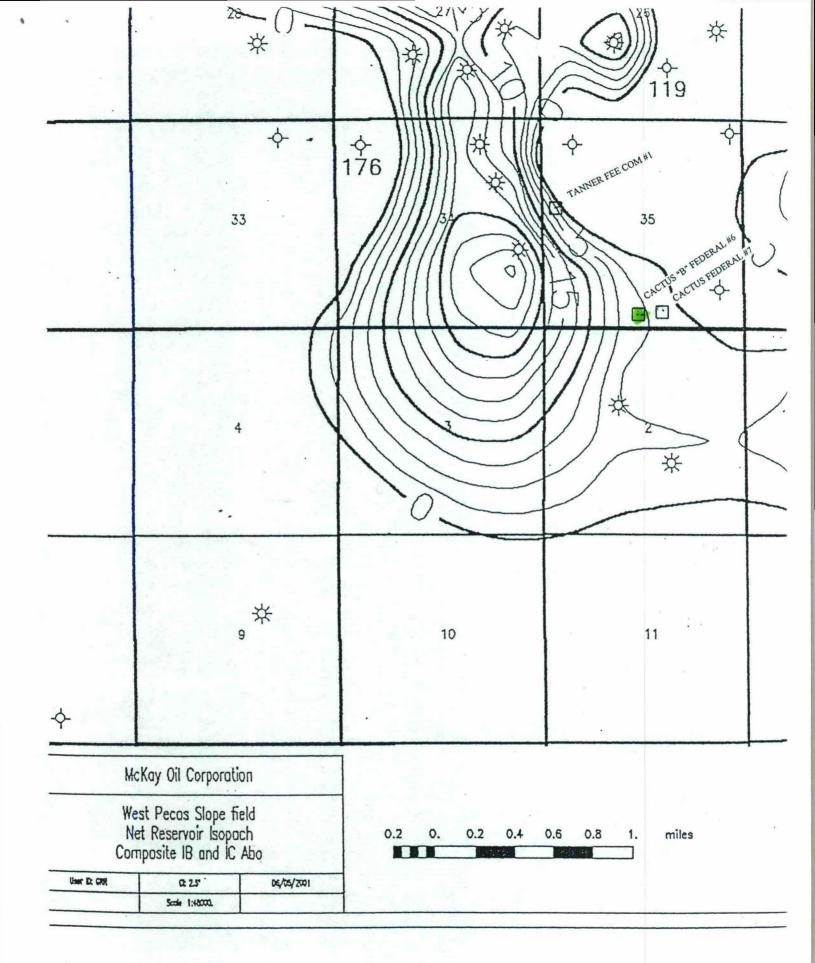


Exhibit I