

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(April 2004)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

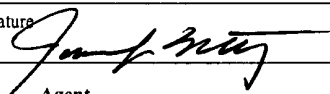
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. 26901
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Snakeweed B #1 Fed.
2. Name of Operator McKay Oil Corporation		9. API Well No. 30-005-63233
3a. Address PO Box 2014 Roswell, NM 88202-2014	3b. Phone No. (include area code) 505-623	10. Field and Pool, or Exploratory W. Pecos ABO Slope
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1980' FNL & 1980' FWL At proposed prod. zone (F)		11. Sec., T. R. M. or Blk. and Survey or Area Unit F, Sec. 18, T6S, R23E
14. Distance in miles and direction from nearest town or post office* Approximately 25 miles		12. County or Parish Chaves
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1980'	16. No. of acres in lease 2009.00	17. Spacing Unit dedicated to this well 160'
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 4300'	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4138'	22. Approximate date work will start* 11/01/2004	23. Estimated duration 7-10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) James L. Schultz	Date 10/11/2004
Title Agent		

Approved by (Signature) (ORIG. SGD.) ARMANDO A. LOPEZ	Name (Printed/Typed) (ORIG. SGD.) ARMANDO A. LOPEZ	Date JAN 21 2005
Title Assistant Field Manager,	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)



DISTRICT I

1625 N. FRENCH DR., HOBBES, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, 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

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code	Pool Name
Property Code	Property Name SNAKEWEED B		Well Number 1
OGRID No.	Operator Name McKAY OIL CORPORATION		Elevation 4138'

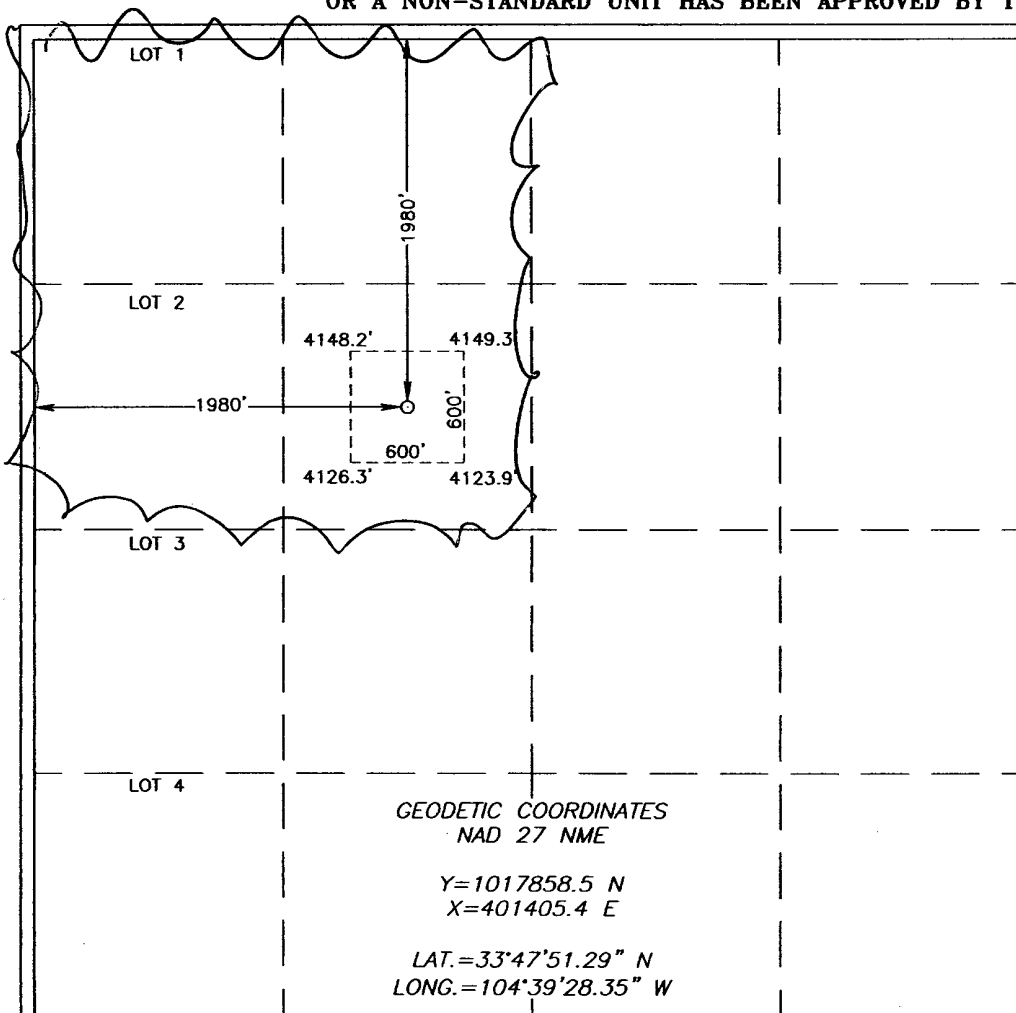
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	18	6-S	23-E		1980	NORTH	1980	WEST	CHAVES

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	County
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 the the information
contained herein is true and complete to the
best of my knowledge and belief.

Signature

James Schultz

Printed Name

Agent

Title

10/11/2004

Date

SURVEYOR CERTIFICATION

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 belief.

SEPTEMBER 15, 2004

Date Surveyed

JR

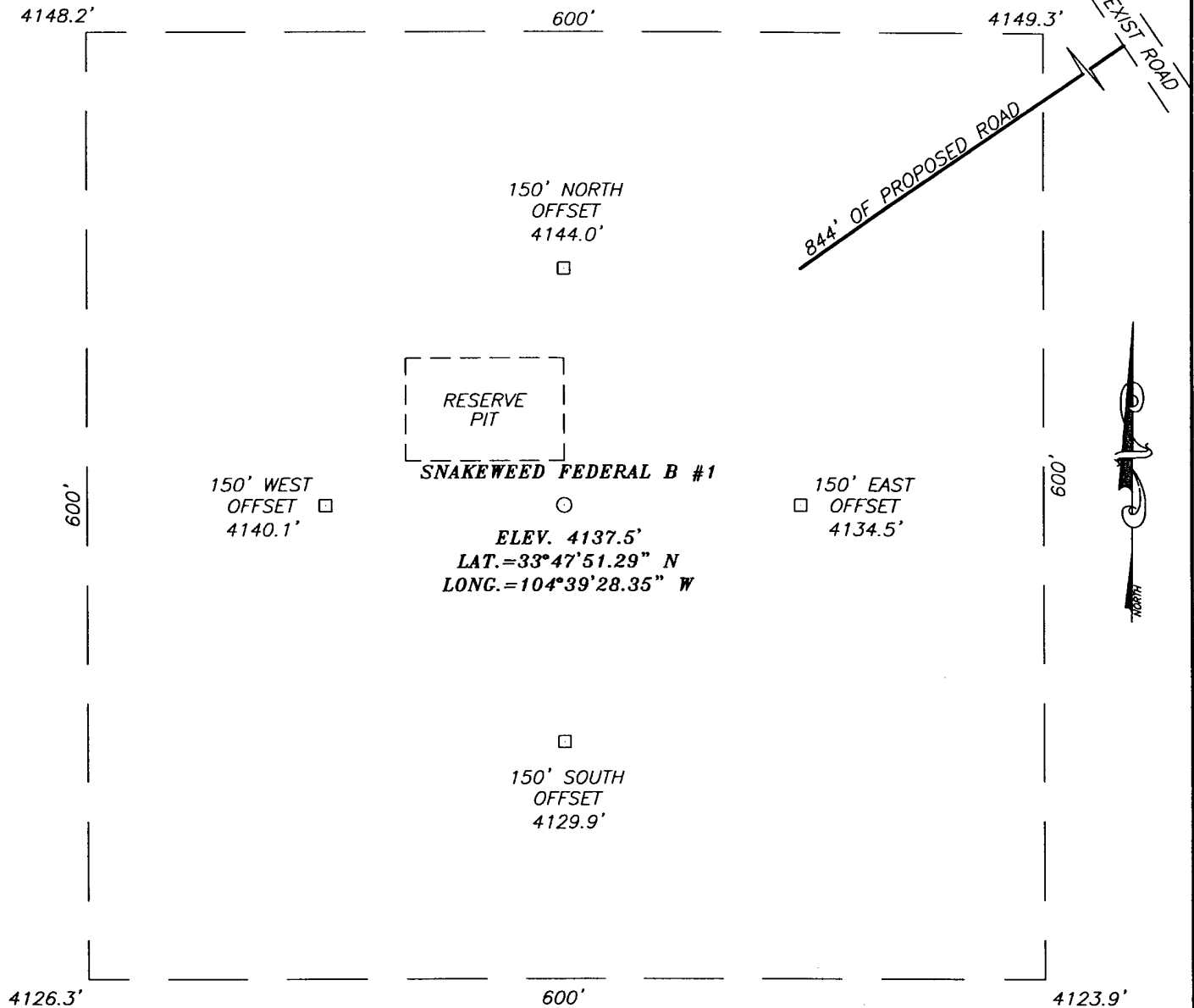
Signature & Seal of
Professional Surveyor

GARY EIDSON
NEW MEXICO
9/28/04
041401153

Certificate No. GARY EIDSON

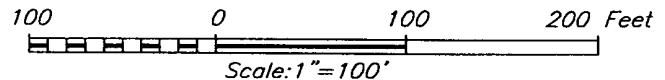
12841

SECTION 18, TOWNSHIP 6 SOUTH, RANGE 23 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. # 208 AND CO. RD. #40 (STARGRASS RD.) GO WEST ON CO. RD. #40 FOR APPROX. 2.5 MILES TO A CALICHE ROAD ON THE RIGHT. TURN RIGHT (NORTH) AND GO APPROX. 2.0 MILES, TURN LEFT (WEST) AND GO APPROX. 1.0 MILES. TURN SOUTH THRU CATTLEGUARD AND GO APPROX. 0.35 MILES PAST TEXAS/NEW MEXICO BPL. TURN SOUTH AND GO APPROX. 0.75 MILES TO A PROPOSED ROAD SURVEY. FOLLOW PROPOSED ROAD SURVEY APPROX. 840' TO PROPOSED LOCATION.



McKAY OIL CORPORATION

SNAKEWEED FEDERAL B #1 WELL
 LOCATED 1980 FEET FROM THE NORTH LINE
 AND 1980 FEET FROM THE WEST LINE OF SECTION 18,
 TOWNSHIP 6 SOUTH, RANGE 23 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 09/15/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1153	Dr By: J.R.
Date: 09/27/04	Disk: CD#10
04111153	Scale: 1"=100'



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

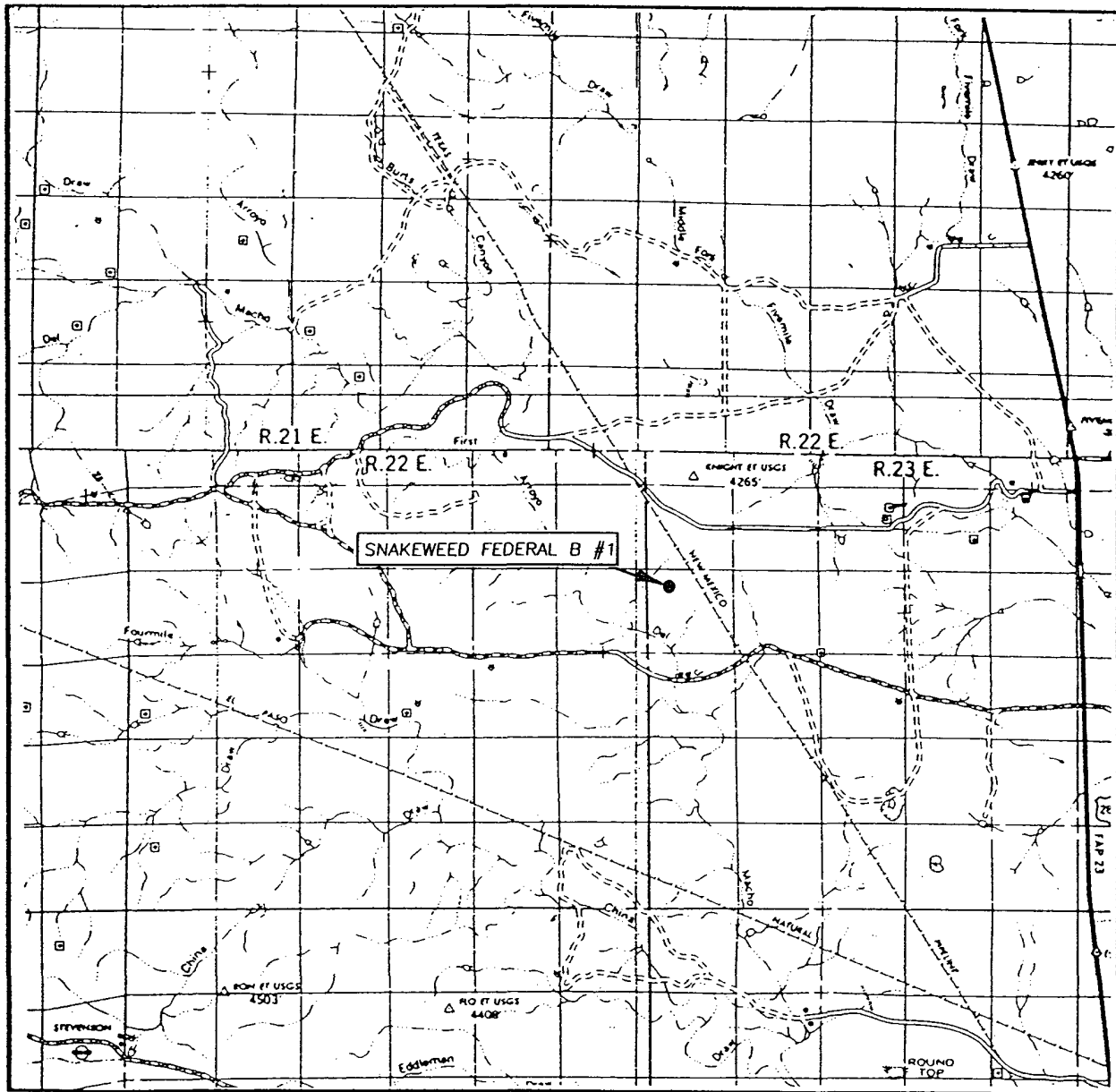
PERTINENT INFORMATION

FOR
MCKAY OIL CORPORATION
SNAKEWEED B #1
1980' FNL & 1980' FWL Sec. 18, T6S, R23E

Chaves County, New Mexico

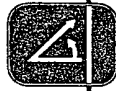
<u>LOCATED:</u>	25 air miles Northwest of Roswell, NM.
<u>LEASE NUMBER:</u>	NM 32323
<u>LEASE ISSUED:</u>	11/1/1978
<u>RECORD LESSEE:</u>	McKay Petroleum Corporation
<u>BOND COVERAGE:</u>	Operator's \$25,000 Statewide
<u>AUTHORITY TO OPERATE:</u>	Assignment of Operating Rights
<u>ACRES IN LEASE:</u>	2009.00
<u>SURFACE OWNERSHIP:</u>	Federal
<u>OWNER:</u>	USA-BLM
<u>POOL RULES:</u>	General Statewide Rules
<u>EXHIBITS:</u>	A. Road and Well Map B. Contour Map C. Rig Layout D. BOP Diagram E. Lease Map

VICINITY MAP



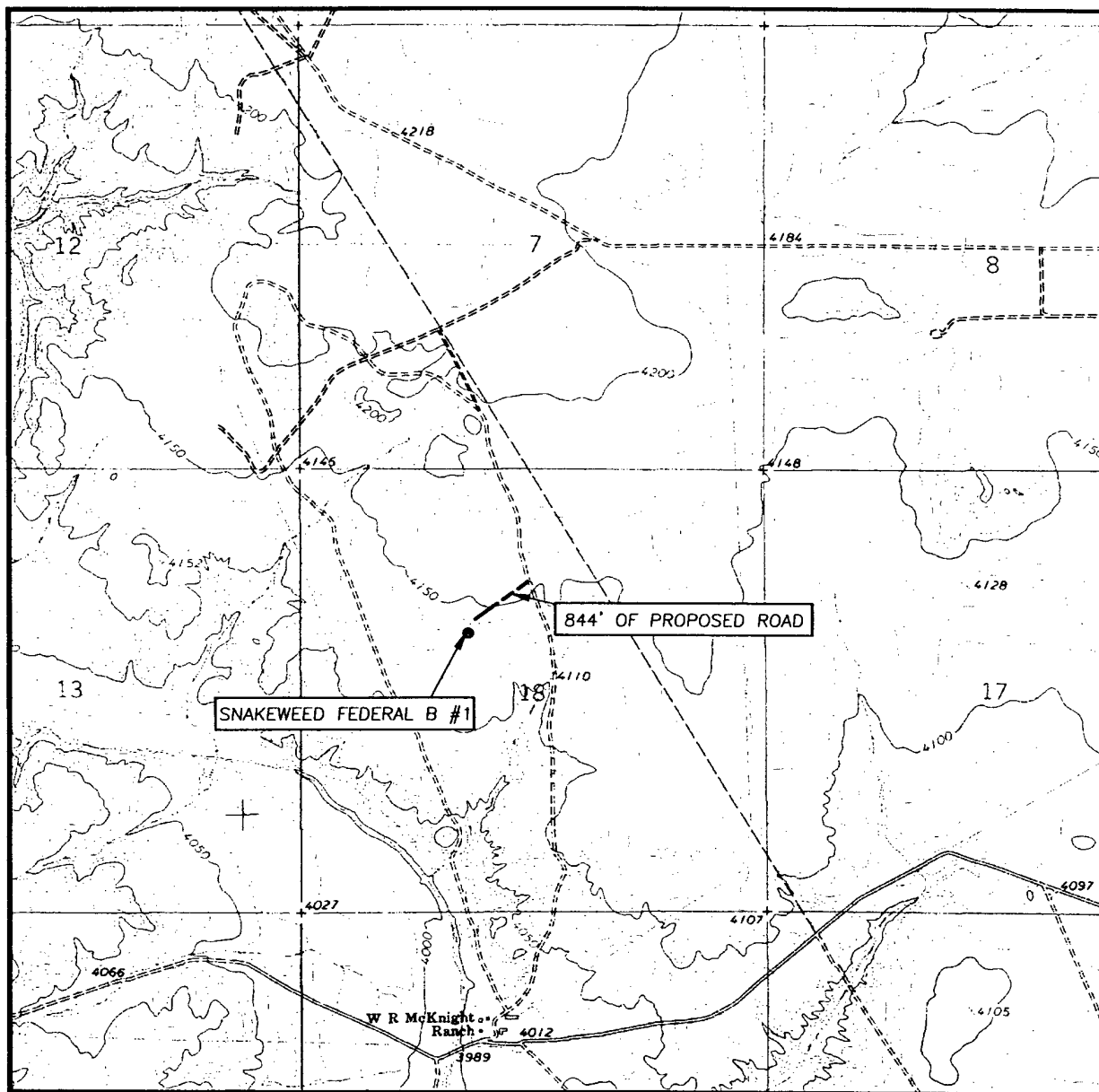
SCALE: 1" = 2 MILES

SEC. 18 TWP. 6-S RGE. 23-E
 SURVEY N.M.P.M.
 COUNTY CHAVES
 DESCRIPTION 1980' FNL & 1980' FWL
 ELEVATION 4138'
 OPERATOR McKAY OIL CORPORATION
 LEASE SNAKEWEED FEDERAL B



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MESA SW, N.M. - 10'

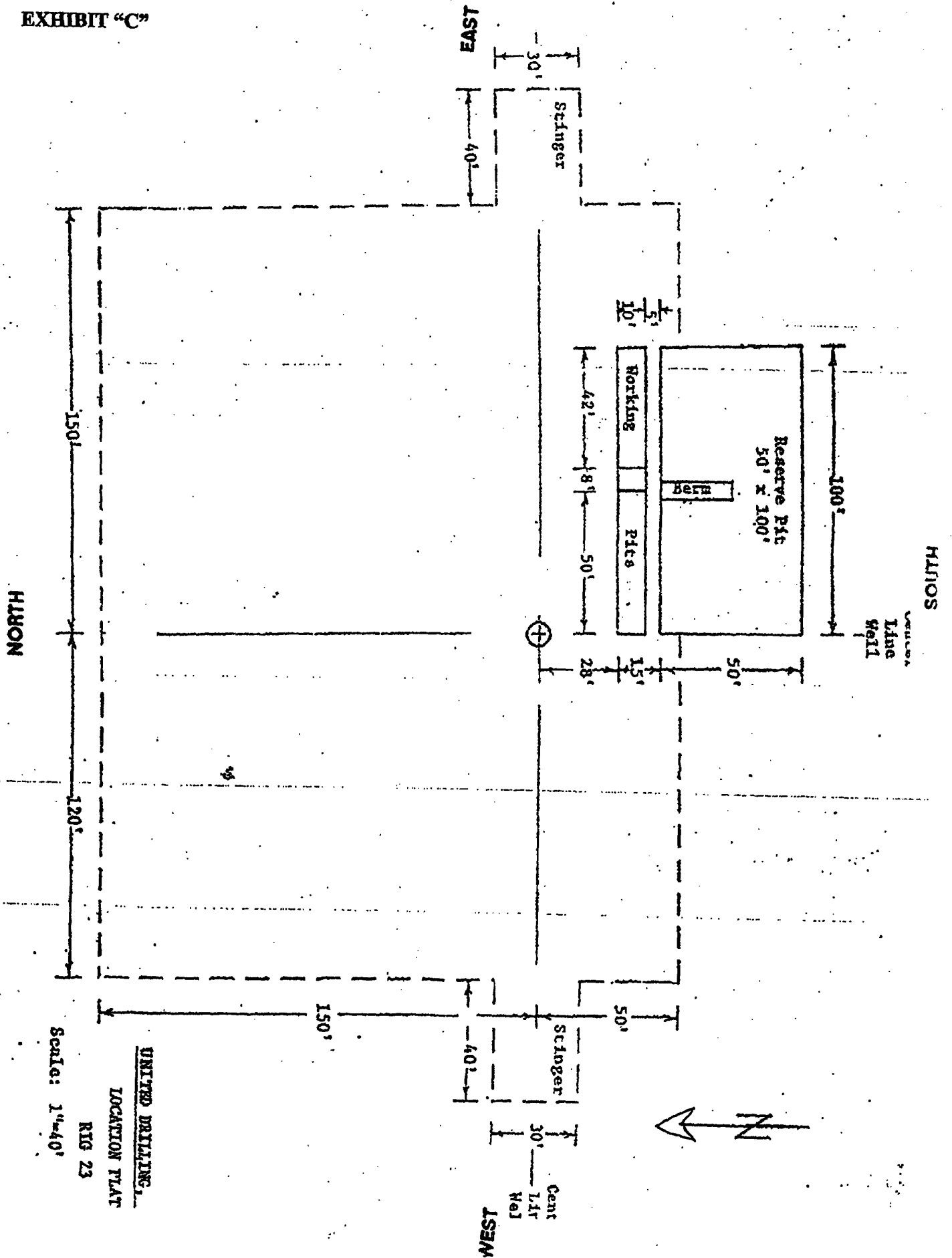
SEC. 18 TWP. 6-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 1980' FNL & 1980' FWL

EXHIBIT "C"



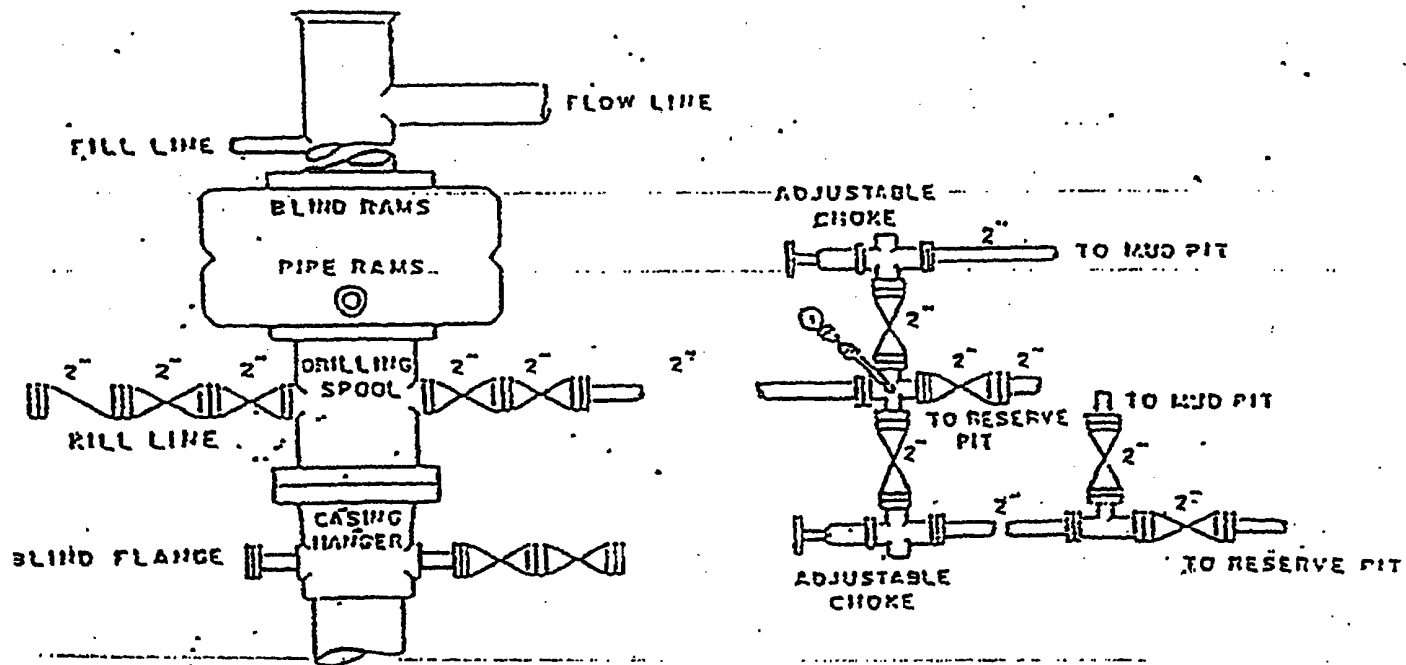
MCKAY OIL CORPORATION

Snakeweed B #1

SE4NW4 of Section 18, T6S, R23E

Chaves County, New Mexico

EXHIBIT "D"



Snakeweed B #1
SE4NW4 of Section 18, T6S, R23E
Chaves County, New Mexico

[illegible]

SUPPLEMENTAL DRILLING DATA

MCKAY OIL CORPORATION
SNAKEWEED B #1
1980' FNL & 1980' FWL Sec. 18, T6S, R23E

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 - 921'
Tubb - 2417'
Abo - 2630'

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

Fresh Water - In surface formation above 600'
Gas - In Abo Formation below 2630'

4. PROPOSED CASING PROGRAM:

12-1/4" hole 8-5/8" ~~X-42~~ 24# 950' +
7-7/8" hole 5-1/2" J-55 15.5# 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.

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. 5-1/2" 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. AUXILIARY EQUIPMENT: 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. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:
None anticipated.
12. ANTICIPATED STARTING DATE: On or before November 1, 2004
Drilling should be completed within 10 days. Completion operations (perforations and stimulation) will follow drilling operations.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MCKAY OIL CORPORATION
SNAKEWEED B #1
1980' FNL & 1980' FWL Sec. 18, T6S, R23E

Chaves County, New Mexico

NM 32323

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. Directions: Heading North out of Roswell, New Mexico on U.S. 285 for approximately 21 miles and turn left on county road just before mile marker 137 (Cottonwood Road). Go approximately 4 3/4 miles, then turn north for approximately 1 1/4 miles, and then turn south for 1/8 mile to the location.

2. PLANNED ACCESS ROAD:

A. Length and Width: 1/8 mile long and 20' wide.

B. Surface Materials: Sand, gravel and caliche where needed.

C. Turnouts: None

D. Maximum Grade: No more than 3%.

E. Drain Design: 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, Cattle guards: None needed. 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. See Exhibit "A" for location of existing lease wells. If the well is commercial, production facilities and tank battery will be constructed.

B. Cuts and Fills: Less than 30' of cut and fill will be required for the pad size of 400' x 400'. (See Exhibit "D")

C. Top Soil: 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. Topography: The topography is a gradual slope to the south in the vicinity of the access road and south-southwest in the vicinity of the drill pad. Regional slope is south-southwest toward the Arroyo del Macho which is south-southwest of the location.

B. Soil: Sandy loam with limestone outcropping.

C. Flora and Fauna: The flora consists of typical desert vegetation, such as yucca, cactus and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, deer and antelope.

D. Ponds and Streams: Arroyo del Macho south-southwest of the proposed location.

E. Residences and other Structures: The David Corn ranch house (old W.R. McKnight Ranch) is approximately 1 mile to the south-southwest.

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:

Humberto Perez
Roswell, New Mexico
(505) 623-4735 (O)
(505) 626-8580 (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 the 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 sub-contractors 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.



SIGNATURE

10-13-04

DATE

Grand Avenue, Artesia, NM 88210

District III
600 Rio Brazos Road, Aztec, NM 87410District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505For drilling and production facilities, submit to
appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe
office**Pit or Below-Grade Tank Registration or Closure**Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐ Submitted 4/16/04Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐Operator: MCKAY OIL CORPORATION Telephone: 505-623-4795 e-mail address: april@mckayoil.com
Address: PO Box 2014 Roswell NM 88202-2014
Facility or well name: Snakeweed Federal B #1 API #: 30-005-63733 U/L or Qtr/Qtr F Sec 18 T 6S R 23E
County: CHAVES Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input type="checkbox"/> Thickness _____ mil Clay <input type="checkbox"/> Pit Volume _____ bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet <u>100 feet or more</u>	(20 points) (10 points) <u>(0 points)</u>
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes <u>No</u>	(20 points) <u>(0 points)</u>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet <u>1000 feet or more</u>	(20 points) (10 points) <u>(0 points)</u>
	Ranking Score (Total Points)	0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☒ offsite ☐ If offsite, name of facility _____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☒ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 10/11/04Printed Name/Title: James L. Schultz, AgentSignature: [Signature]

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title: Mike BratcherCompliance Officer Signature: [Signature]Date: 1/25/05

MCKAY OIL CORPORATION
SNAKEWEED B #1
1980' FNL & 1980' FWL Sec. 18, T6S, R23E

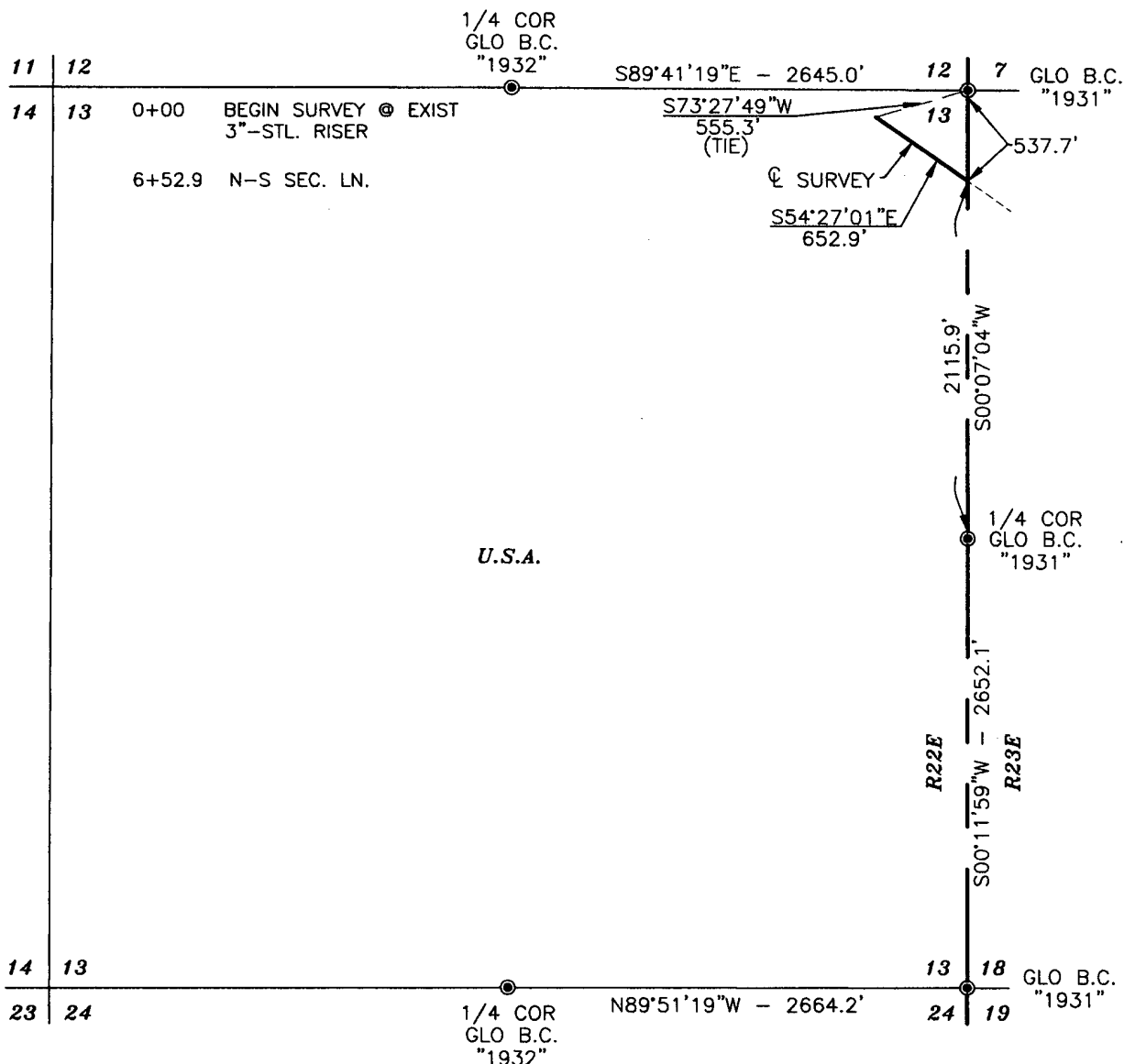
Chaves County, New Mexico

Other Specific Information and Plans

Proposed Pipeline

50' pipeline route as set forth on attached survey plat
Buried 2" steel low pressure (30-50 psi) pipeline

SECTION 13, TOWNSHIP 6 SOUTH, RANGE 22 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.

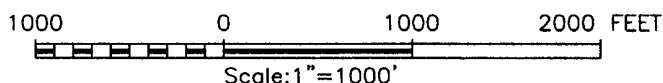


DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE AND 652.9 FEET OR 0.124 MILES IN LENGTH CROSSING USA LAND IN SECTION 13, TOWNSHIP 6 SOUTH, RANGE 22 EAST, NMPM, CHAVES COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE CENTERLINE.

NOTE: BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

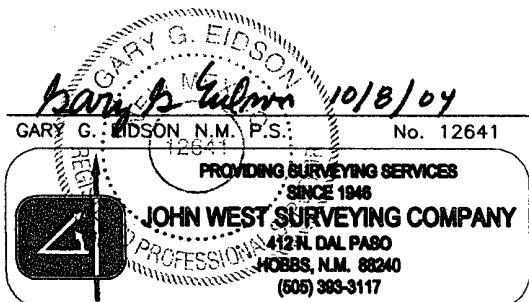
I HEREBY CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.



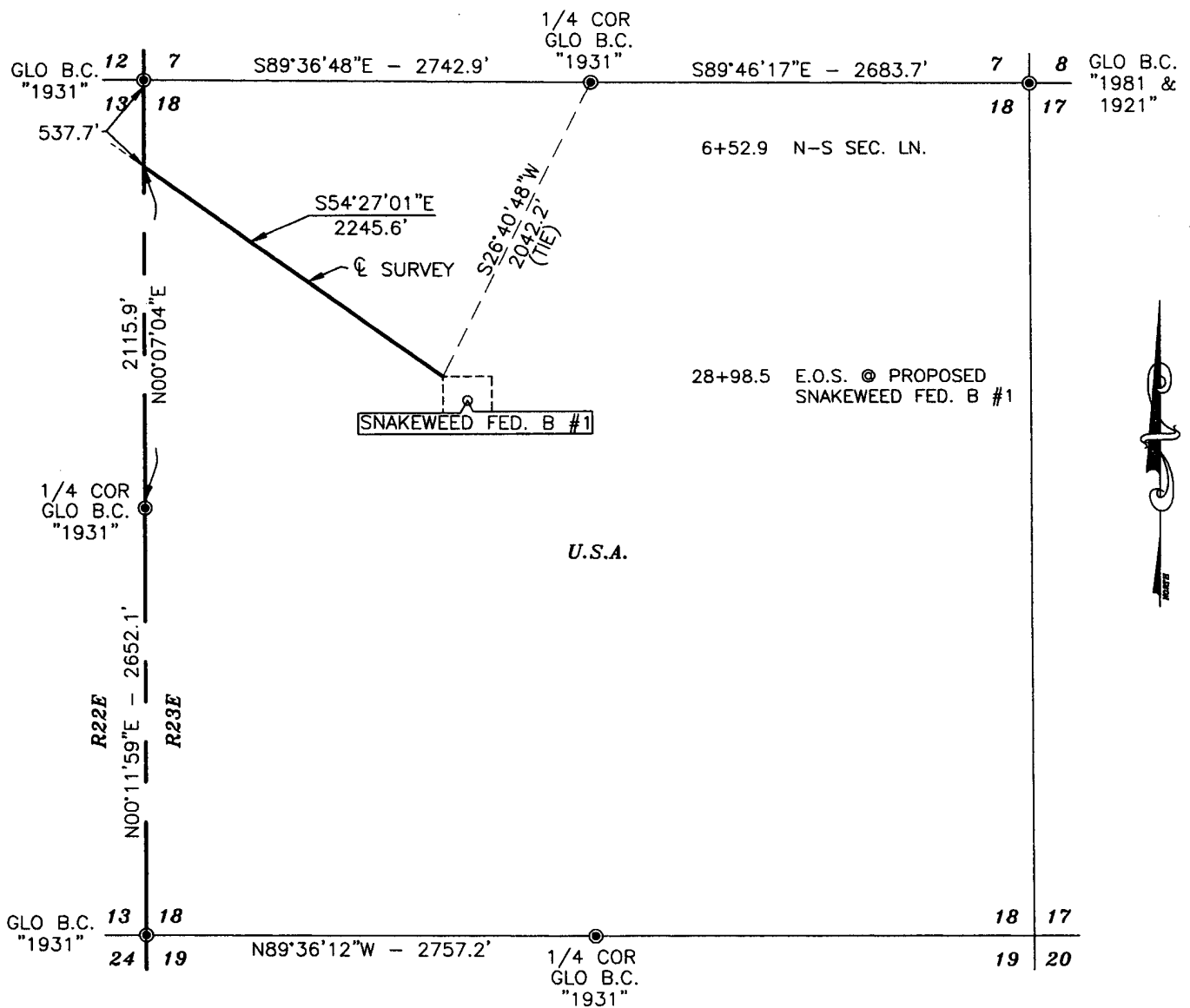
McKAY OIL CORPORATION

SURVEY A PIPELINE CROSSING
SECTION 13, TOWNSHIP 6 SOUTH, RANGE 22 EAST,
N.M.P.M., CHAVES COUNTY, NEW MEXICO

Survey Date: 10/4/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1153	Dr. By: J. RIVERO
Date: 10/7/04	DISK:CD#10 04111153_PL



SECTION 18, TOWNSHIP 6 SOUTH, RANGE 23 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.



DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE AND 2245.6 FEET OR 0.425 MILES IN LENGTH CROSSING USA LAND IN SECTION 18, TOWNSHIP 6 SOUTH, RANGE 23 EAST, NMPM, CHAVES COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE CENTERLINE.

NOTE: BEARINGS SHOWN HEREON ARE
MERCATOR GRID AND CONFORM TO THE
NEW MEXICO COORDINATE SYSTEM "NEW
MEXICO EAST ZONE" NORTH AMERICAN
DATUM 1983. DISTANCES ARE SURFACE
VALUES.

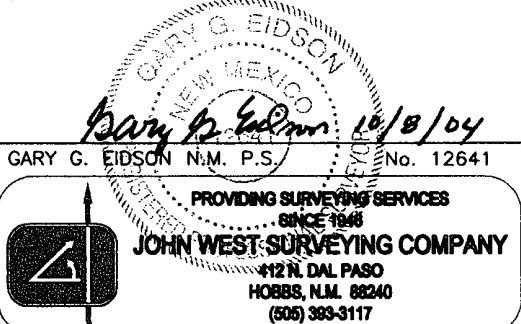
I HEREBY CERTIFY THAT I DIRECTED AND AM
RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS
TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE
AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET
THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

1000 0 1000 2000 FEET
Scale: 1"=1000'

McKAY OIL CORPORATION

SURVEY A PIPELINE IN
SECTION 18, TOWNSHIP 6 SOUTH, RANGE 23 EAST,
N.M.P.M., CHAVES COUNTY, NEW MEXICO

Survey Date: 10/4/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1153	Dr.By: J. RIVERO
Date: 10/7/04	DISK:CD#10 04111153_PL



**Southwest Petroleum
Land Services, LLC**

100 N. Pennsylvania
Roswell, NM 88203
(505) 622-6713
(505) 622-9282 fax

October 13, 2004

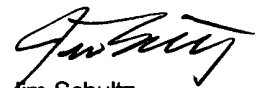
Oil Conservation Division
Bryan Arrant
1301 W. Grand Avenue
Artesia, NM

Re: H2S Contingency Plan-Snakeweed B #1

Bryan,

Please see attached Contingency Plan-H2S for the Snakeweed B #1 located in Sec 18, T6S, R23E 1980' FNL & 1980' FWL in Chaves County. Should you need any further information, please contact me at 505-626-6879.

Sincerely,



Jim Schultz
Agent for McKay Oil Corporation

MCKAY OIL CORPORATION
PO BOX 2014
ROSWELL, NM 88202-2014
505-623-4735

HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN FOR THE
SNAKEWEED B #1
LOCATED IN SEC 18, T6S, R23E IN
CHAVES COUNTY, NEW MEXICO

NO HYDROGEN SULFIDE OR OTHER HAZARDOUS GASES OR FLUIDS HAVE
BEEN ENCOUNTERED, REPORTED OR KNOWN TO EXIST AT THIS DEPTH IN
THIS AREA.

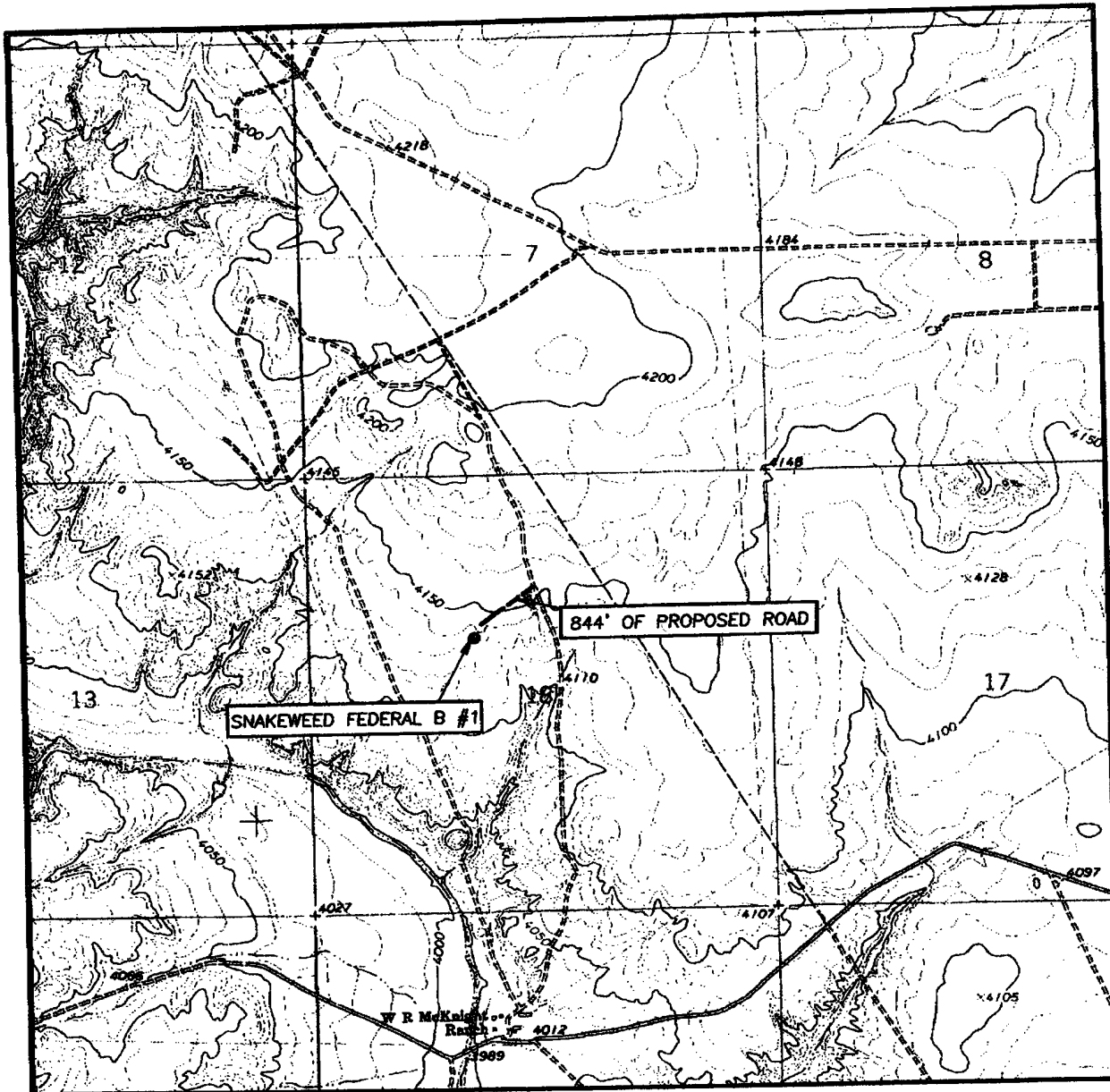
SNAKEWEED B #1

This is an open drilling Site. H2S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H2S, including warning signs, wind indicators and H2S monitor. Pumpers carry (MICROPACKS) H2S pocket testers at all times. Pulling units have an H2S indicator that puts off light and alarm on any indication of H2S being present.

MAPS – SEE ATTACHED

Sheet "B"

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
MESA SW, N.M. - 10'

SEC. 18 TWP. 6-S RGE. 23-E

SURVEY N.M.P.M.

COUNTY CHAVES

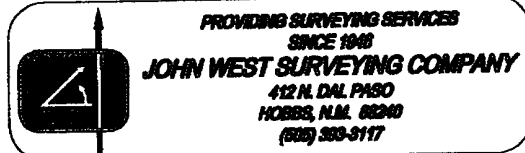
DESCRIPTION 1980' FNL & 1980' FWL

ELEVATION 4138'

OPERATOR McKAY
OIL CORPORATION

LEASE SNAKEWEED FEDERAL B

U.S.G.S. TOPOGRAPHIC MAP
MESA SW, N.M.



EMERGENCY PROCEDURES

In the case of a release of gas containing H₂S, the first responder must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder must evacuate any public spaces encompassed by the 100 ppm ROE. First responder must take care not to injure themselves during this operation. Company and or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the “buddy system” to ensure no injuries occur during the response.

IGNITION OF GAS SOURCE

Should control of the well be considered lost and ignition considered, take care to protect against exposure of sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

CHARACTERISTICS OF H₂S & SO₂

COMMON NAME	CHEMICAL FORMULA	SPECIFIC GRAVITY	THRESHOLD LIMIT	HAZARDOUS LIMIT	LETHAL CONCENTRATION
HYDROGEN SULFIDE	H ₂ S	1.189 AIR=1	10 PPM ₄	100 PPM/HR	600 PPM
SULFUR DIOXIDE	SO ₂	2.21 AIR=1	2 PPM	N/A	1000 PPM

CONTACTING AUTHORITIES

McKay Oil Corporation personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. be prepared with all information available. The following call list of essential and potential responders must be in coordination with the State of New Mexico’s Hazardous Materials Emergency Response Plan (HMER).

MCKAY OIL CORPORATION CALL LIST

CHAVES COUNTY (505)	OFFICE	CELL PHONE	HOME PHONE
HUMBERTO PEREZ	625-1154	626-8580	627-1985
JIM ROBINSON	625-1154	626-8579	624-1093
APRIL MCKAY	623-4735	626-8575	625-2848

CHAVES COUNTY (505)

ROSWELL

STATE POLICE	622-7200
CITY POLICE	911 or 624-6770
SHERIFF'S OFFICE	624-6500
AMBULANCE	911
FIRE DEPARTMENT	624-6800
LEPC (Local Emergency Planning Committee)	Teresa Barncastle 624-6770 ext 129
NMOCD	748-1283
ENMMC (Hospital)	622-8170