

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

Form C-103
June 19, 2008

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



WELL API NO.
30-005-63986

5. Indicate Type of Lease
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
N/A

7. Lease Name or Unit Agreement Name
Charolette Fee

8. Well Number B #2

9. OGRID Number
014424

10. Pool name or Wildcat
West Pecos Slope Abo

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
McKay Oil Corp.

JUL 11 2008

3. Address of Operator
P.O. Box 2014, Roswell, NM 88202-2014

OCD-ARTESIA

4. Well Location

Unit Letter F : 2130 feet from the North line and 1650 feet from the West line
Section 17 Township 6S Range 23E NMPM Chaves County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4112'

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☒
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103 For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Operator desires to change the drilling and casing programs as described on the attached Drilling Procedure.

NOTE: CEMENT ON 5 1/2" CSG TIE BACK TO 500'.

Spud Date:

Rig Release Date:

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

SIGNATURE James L. Schultz TITLE Agent DATE 7/10/08

Type or print name James L. Schultz E-mail address: jschultz80@hotmail.com PHONE: 575-626-6879

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

Accepted for record - NMOCD

DRILLING PROCEDURE

MCKAY OIL CORPORATION
CHAROLETTE FEE B #2
2130' FNL & 1650' FSL, Sec. 17, T6S, R23E

Chaves County, New Mexico

1. SURFACE FORMATION: San Andres

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Yeso - 921'
Tubb - 2417'
Abo - 2877'
Abo Pay - 2930'

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

Fresh Water - Approx. 500'
Gas - In Abo Formation below 2930'

4. PROPOSED CASING PROGRAM:

| <u>Hole Size</u> | <u>Casing Size</u> | <u>Weight</u> | <u>Depth</u> |
|------------------|--------------------|---------------|--------------|
| 12-1/4" | 8-5/8" J-55 | #24 | 1000' ± |
| 7-1/2 " | 5-1/2" K-55 | #15.5 | 2935' ± |

McKay Oil Corporation proposes to air drill the well and open hole test the ABO formation. Approximately 1,000' of surface casing (8-5/8" - 24# J-55) will be set and cemented to surface. WOC a total of 18 hours before drilling out. Pressure test casing and BOP to 1000 psi before drilling out. 5-1/2", 1.5# K-55 seamless casing will be set to approximately 2,935'. Use a guide shoe, float collar, and 3 centralizers (on 1st, 3rd and 5th joints from bottom). Cement with 50/50 pozmix. Top of Cement should be brought up to 660' above the top of the Abo, or to about 2,220'. Note: Fresh water is to be used to pump the cementing plug down. Pressure test casing to 3000 psi after WOC a minimum of 18 hours. The water will later be displaced with air before drilling out with air and mist for an open-hole completion

— DO
TIE BACK
TO ~ 500'

5. PROPOSED CEMENTING PROGRAM:

8-5/8" - 600 sks 35% Poz/65% C, with 6% gel, 8#Gisonite/sk ¼# Cellflake/sk, all with 3% CACL and circulated to surface.
5-1/2" - 50/50 pozmix back up to 600' above top of Abo (Approx. 2200')

6. PROPOSED DRILLING PROGRAM:

0-1000' Drill with 2% KCL foam. If problem occurs, pump polymer or super sweep to address sticking problem.

1000-2905' Drill with air and foam mist, using anionic clay-swelling inhibitor. Use no water or KCL in this interval. Casing will be set at 2920'

2920'-3100' This interval will be drilled with 2-2/3" tubing and a 4-5/8" bit. Install drilling head and stripper before drilling out. Drill out shoe joint and continue drilling with the air and foam mist (anionic inhibitor) as above. It is anticipated that a strong flow of gas will occur within this interval. At this time, air and mist injection should be shut down, and the well secured and shut in. The purpose of this operation is to discover if, by allowing no water to contact the pay zone, an open-hole natural completion can result in a commercially successful gas well. NOTE: If drilling problems develop that prevents further air drilling, the option would be to continue to maximum depth of 3100' with drilling mud.

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 (See above)

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: None.

DST's: None.

Logging: None as offset well logs are available

Coring: None.

11. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:

None anticipated.

12. ANTICIPATED STARTING DATE: July 17, 2008. Drilling should be completed within 10 days. Completion operations (perforations and stimulation) will follow drilling operations.

11" 300 = 10" 900 or 10 300
 9 400 = 8" 900 or 8" 300

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 5-3

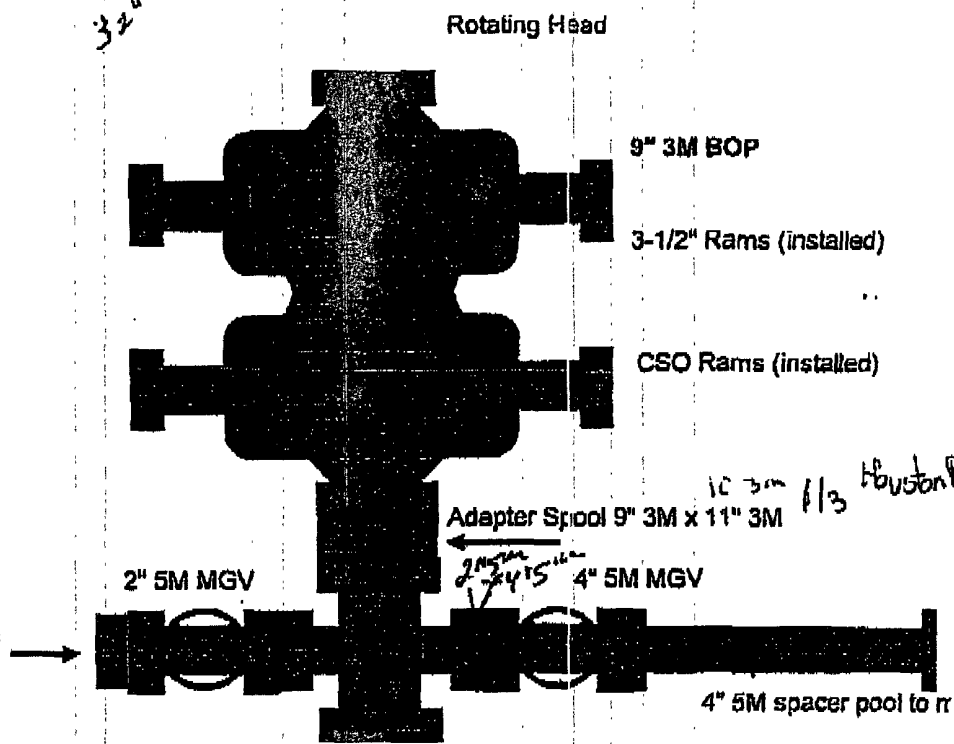
103110
 102010x

21 1/2

10"

20 1/4

2" 5M w/ LP



Manifold

4" 5M MG

4" 5M Weldneck



2" LP w/ bull plug & valve

on top here

2" LP

2" LP

2" 5M Choke

2" 5M Choke

2" 5M MG

2" 5M MG

4" 5M MG

adjustable
 skid

2" 5- R-24
 4" 5- R-39
 9" 3- R-49
 11" 3- R-53

cc Dan Pat
 Glob coast

CHAROLETTE FEE B #2

