

Form 3160-3
(November 1994)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTN.M. Oil Cons. Div-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

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SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Lease Serial No.

NM-32323

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

OCT 07 2008

2. Name Of Operator

MCKAY OIL CORPORATION

OCD-ARTESIA

8. Well Name and No.

SNAKEWEED B FEDERAL #1

3a. Address

P.O. BOX 2014 ROSWELL, NM 88202-2014

3b. Phone No. (include area code)

505-623-4735

10. Field and Pool, or Exploratory Area

WEST PECOS ABO SLOPE

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1980' FSL, & 2080' FWL, UNIT K, SEC 18, T6S, R23E

11. County or Parish, State

CHAVES COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-Off☐ Subsequent Report☐ Alter Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☐ Final Abandonment Notice☐ Casing Repair☐ New Construction☐ Recomplete☒ Other☐ Change Plans☐ Plug and Abandon☐ Temporarily AbandonCommence Drilling
Operations☐ Convert to Injection☐ Plug Back☐ Water Disposal

13. Described Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

1) Operator wishes to move rig back to location and commence air drilling. If a drilling problem develops to prevent air drilling, a contingency plan is set up to continue drilling with a fluid or mud system. A 500BBL frac tank is on location and a vacuum tank is on standby in the event of excessive water flow, pit level can be maintained at acceptable levels.

2) Water and cuttings removal from pit, completed 10/1/08. Soil samples taken 10/01/08 identifying specific spill area and regional chloride content, as stated in approved C114-OCD Report. Soil samples sent to Lab for verification. Remediation will be completed in accordance with OCD requirements upon pit closure, as approved by OCD Field Office on 9/29/08.

3) Operator will re-line the reserve pit on 10/02/08 and resume drilling on 10/3/08.

ACCEPTED FOR RECORD

See Attachment

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

CAROL SHANKS

Title

PRODUCTION ANALYST

OCT 8 2008

Signature

Carol Shanks

Date

10/01/2008

Gerry Guye, Deputy Field Inspector
NMOCD-District II ARTESIA

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

[Signature]

Title

Date

OCT 03 2008

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, makes 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 reverse)

Attachment to Sundry Notices and Reports on Wells dated October 1, 2008 1544 Fax:

The Bureau of Land Management (BLM) received via fax on October 1, 2008 at 1544 a Sundry Notice and reports on Wells (Notice) Form number 3160-5 for the Snakeweed B Federal #1 located on lease NM 32323 1980 FSL & 2080 FWL Section 18, T. 6 S., R. 23 E., Chaves County, New Mexico. Within the notice McKay requested to resume drilling the Snakeweed utilizing air drilling, and further requested that if a drilling problem develops to prevent air drilling, a contingency plan is set up to continue drilling with a fluid or mud system. The "Air Drilling Program" provided by McKay dated October 1, 2008 reviewed by David Glass, Petroleum Engineer is not considered a complete plan addressing conversion from air drilling to fluids. At this time BLM cannot approve this notice and is requesting a copy of the contingency plan for review.

**McKay Oil Corporation
Snakeweed B Federal #1
10/01/08**

LEASE & WELL:

**Snakeweed B Fed #1
SEC 18, T6S, R23E
1980' FSL & 2080' FWL, Unit K
Lease NM-32323
API # 30-005-64002**

AIR DRILLING PROGRAM:

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

1000 – 2895 ft: Drill with air and foam mist, using anionic clay-swelling inhibitor. Use no water or KCl in this interval. Casing will be set at 2895

2895-3000 ft: This interval will be drilled with 2-3/8" 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. If gas flow is not strong enough to cause problems, drilling may continue to 3000' since other pay zones are expected. 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.

Safety:

A stream of water mist will be injected along with the air. The water-mist will serve as a suppressor against down-hole fire or explosion, as a lubricant for the bit, and for carrying the fine cuttings up the annulus to the vent. The water mist will contain an anionic inhibitor against clay swelling and damage to the pay zone, and also against swelling of the shale layers that are drilled. KCL water is not recommended, as it will not inhibit swelling of clays other than montmorillinite.

A tank of the inhibitor-water combination of sufficient volume to fill the hole should be ready and connected to the well through a pump at all times in the event of well-control problems.

A vent line with valve and at least 3 joints of tubing should extend to the surface pit at approximately 90 feet from the well.

In the event problems occur with air drilling. Well will be shut in. Pressure test will be conducted before drilling from under all casing strings, which may be set in place. Blowout Preventor controls will be installed prior to continuing to drill.

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Snakeweed B Fed #1

10/1/08

MUD DRILLING PROGRAM:

In the event problems occur with air drilling. Well will be shut in. Pressure test will be conducted before drilling from under all casing strings, which may be set in place. Blowout Preventor controls will be installed prior to continuing to drill.

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
860' – TD	Cut Brine Water	9.2 – 9.5	55-70	N/C

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.