

UNITED STATES 1301 W. Grand Avenue  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
Artesia, NM 88210

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



**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.*

5. 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 14 2008**

8. Well Name and No.

**SNAKEWEED B FEDERAL #1**

2. Name Of Operator

**MCKAY OIL CORPORATION**

**OCD-ARTESIA**

9. API Well No.

**30-005-64002**

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			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Commence Drilling</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>Operations.</u>

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 recompleat 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 recompleat 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.)

- 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, converting to a mud system. A 500BBL frac tank is on location and a pump tank is on standby in the event of excessive water flow, pit level can be maintained at acceptable levels.
- Water and cuttings removed from pit on 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. Pit was excavated to a greater depth, 4' minimum to provide for a contingent mud program (allowing for larger fluid contents). Pit remediation will be completed in accordance with OCD requirements upon pit closure, as approved by OCD Field Office on 9/29/08.
- Operator will re-line the reserve pit, pending BLM inspection and approval. Resume drilling.

**ACCEPTED FOR RECORD**

**SEE ATTACHMENT (1)**

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

Name (Printed/Typed)

**CAROL SHANKS**

Signature

*Carol Shanks*

Title

**PRODUCTION ANALYST**

Date

**10/07/2008**

**OCT 14 2008**

**C-144 Approval**

**Gerry Gage, Deputy Field Inspector  
NMOCD-District II ARTESIA**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By

*Carol Shanks*

**Assistant Field Manager,  
Lands And Minerals**

Date

**10-8-08**

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

**ROSWELL FIELD 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 to any matter within its jurisdiction.

(Instructions on reverse)

**McKay Oil Corporation**  
Snakeweed B Federal #1  
10/07/08

**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.

**MUD DRILLING PROGRAM – CONTINGENCY PLAN**

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 have been set in place. Blowout Preventor controls will be installed prior to continuing to drill. 4hrs notice will be given to BLM. Steel pits will be filled with water mixed with LCM, saltwater gel, and starch additives. Mud pumps will be connected to drilling rig. Commence drilling.

<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	25-35	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.

**ADDENDUM TO ORIGINAL CONDITIONS OF APPROVAL  
WITH ORIGINAL APD APPROVED  
AND ANY APPROVALS ON OR AFTER 11-19-2007**

<b>OPERATOR'S NAME:</b>	<b>McKay Oil Corporation</b>
<b>LEASE NO.:</b>	<b>NM-32323</b>
<b>WELL NAME &amp; NO.:</b>	<b>Snakeweed B Federal Well No. 1</b>
<b>SURFACE HOLE FOOTAGE:</b>	<b>1980' FSL &amp; 2080' FWL</b>
<b>BOTTOM HOLE FOOTAGE:</b>	<b>1980' FSL &amp; 2080' FWL</b>
<b>LOCATION:</b>	<b>Section 18, T. 6 S., R 23 E., NMPM</b>
<b>COUNTY:</b>	<b>Chaves County, New Mexico</b>

In the event problems occur with air drilling. Well will be shut in. Four (4) hours notice will be given to the BLM Roswell Field Office. During office hours call (575) 627-0205 or after office hours call (575) 910-6024. Engineer on call during office hours call (575) 627-0275 or after office hours call (575) 626-5749. Steel pits shall be filled with water mixed with LCM, saltwater gel, and starch additives. Mud pumps shall be connected to drilling rig. Blowout Preventer controls shall be installed and a 2000 psi Annular Preventer or Two Ram-Type Preventers shall be installed and shall be tested to 1000 psi. Any equipment failing to test satisfactorily shall be repaired or replaced prior to continuing to drill.

1. The BLM Roswell Field Office shall be notified a minimum of four (4) hours in advance for a representative to witness the tests.
2. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart will be submitted to the BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.
3. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
4. Testing must be done in a safe workman like manner. Hard line connections shall be required.