

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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-101
Revised March 17, 1999

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED

AUG 27 2004

OOD-ARTESIA

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address MCKAY OIL CORPORATION P.O. BOX 2014 ROSWELL, NM 88202-2014		² OGRID Number 014424
³ Property Code 28077	⁵ Property Name NEW MEXICO "CS" "B" STATE	³ API Number 30 - 005-63383
		⁶ Well No 1.

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	2	7S	22E		860'	FNL	860'	FWL	CHAVES

⁸ Proposed 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
⁹ Proposed Pool 1 WEST PECOS SLOPE ABO						¹⁰ Proposed Pool 2			

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary ROTARY	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4173'
¹⁶ Multiple NO	¹⁷ Proposed Depth 3200'	¹⁸ Formation ABO	¹⁹ Contractor UNITED DRILLING	²⁰ Spud Date SEPT 2004

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	8 5/8	24# K-55	1000+	750+	Surface
7 7/8	4 1/2	11.60# J-55	TD	1200+	1500' to 800'

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

MCKAY OIL CORPORATION PROPOSES TO DRILL AND TEST THE ABO FORMATION, APPROXIMATELY 1000' OF SURFACE CASING WILL BE SET AND CEMENTED TO SURFACE. IF COMMERCIAL, 5 1/2" PRODUCTION CASING WILL BE RUN AND CEMENTED WITH ADEQUATE COVER, PERFORATED AND STIMULATED AS NEEDED FOR PRODUCTION.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: 

Printed name: APRIL D. MCKAY

Title: VICE PRESIDENT

Date:
8/26/04

Phone:
505-623-4735

OIL CONSERVATION DIVISION

Approved by:

TIM W. GUM

Title: DISTRICT II SUPERVISOR

Approval Date: AUG 30 2004 Expiration Date: AUG 30 2005

Conditions of Approval:

Attached ☐

French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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-144
March 12, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For 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 4-16-04
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: MCKAY OIL CORPORATION Telephone: 505-623-4735 e-mail address: april@mckayoil.com
Address: P.O. BOX 2014 ROSWELL, NEW MEXICO 88202-2014
Facility or well name: NM CS STATE #1B API #: 30-005-63383 U/L or Qtr/Qtr D Sec 2 T 7S R 22E
County: CHAVES Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

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 <u>20</u> mil Clay <input type="checkbox"/> Volume _____ bbl	Below-grade tank NOT APPLICABLE 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	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	<u>100 feet or more</u>	<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	(20 points)
	<u>No</u>	<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	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	<u>1000 feet or more</u>	<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: on-site ☐ off-site ☐ If off-site, 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.

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: 8-26-04

Printed Name/Title APRIL D. MCKAY /VICE PRESIDENT

Signature [Signature]

Our 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.

Approved AUG 30 2004

Date: _____ Signature [Signature]

Printed Name/Title _____

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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	NM "CS" "B" STATE	Property Name
OGRID No.	McKAY OIL CORPORATION	Operator Name
		Well Number 1
		Elevation 4173

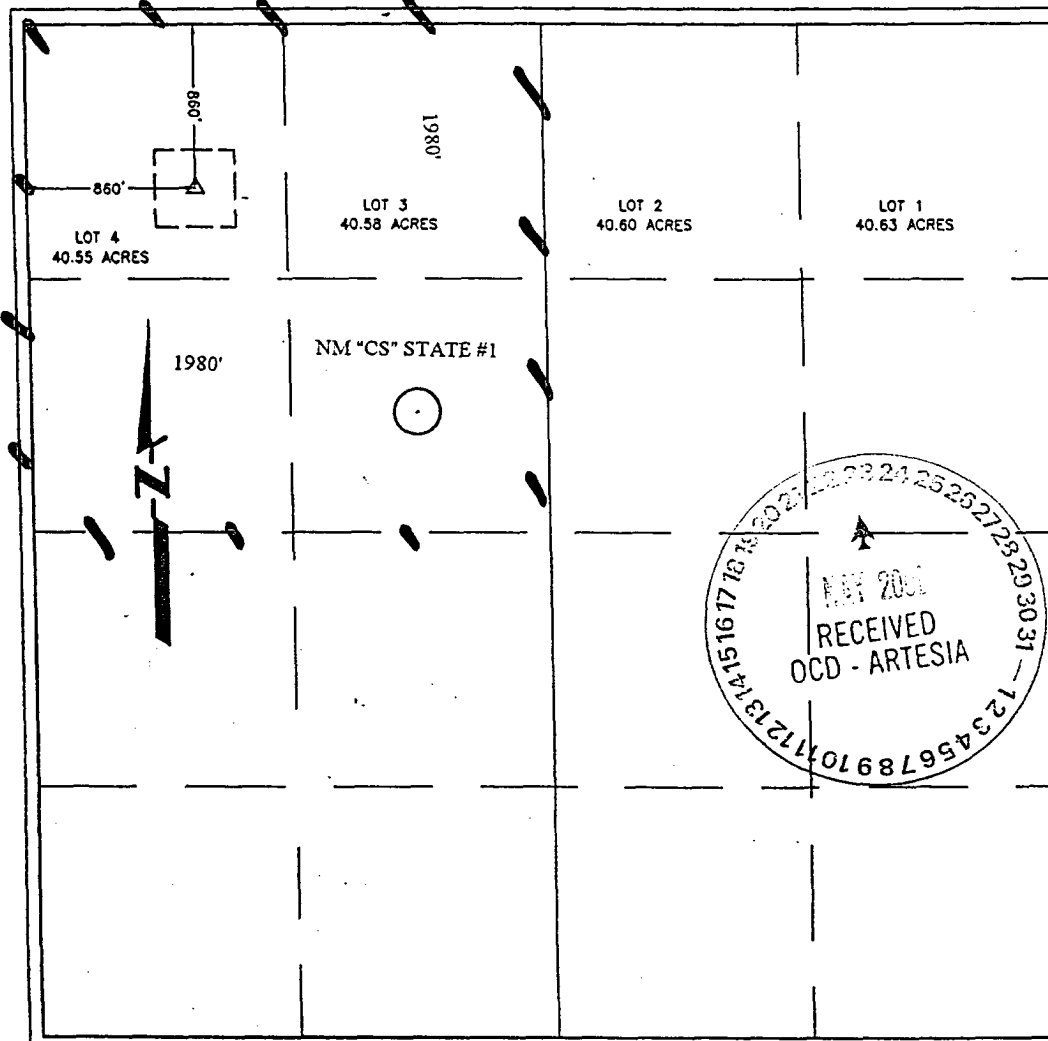
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	2	7 S	22 E		860	NORTH	860	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.						
161.13									

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

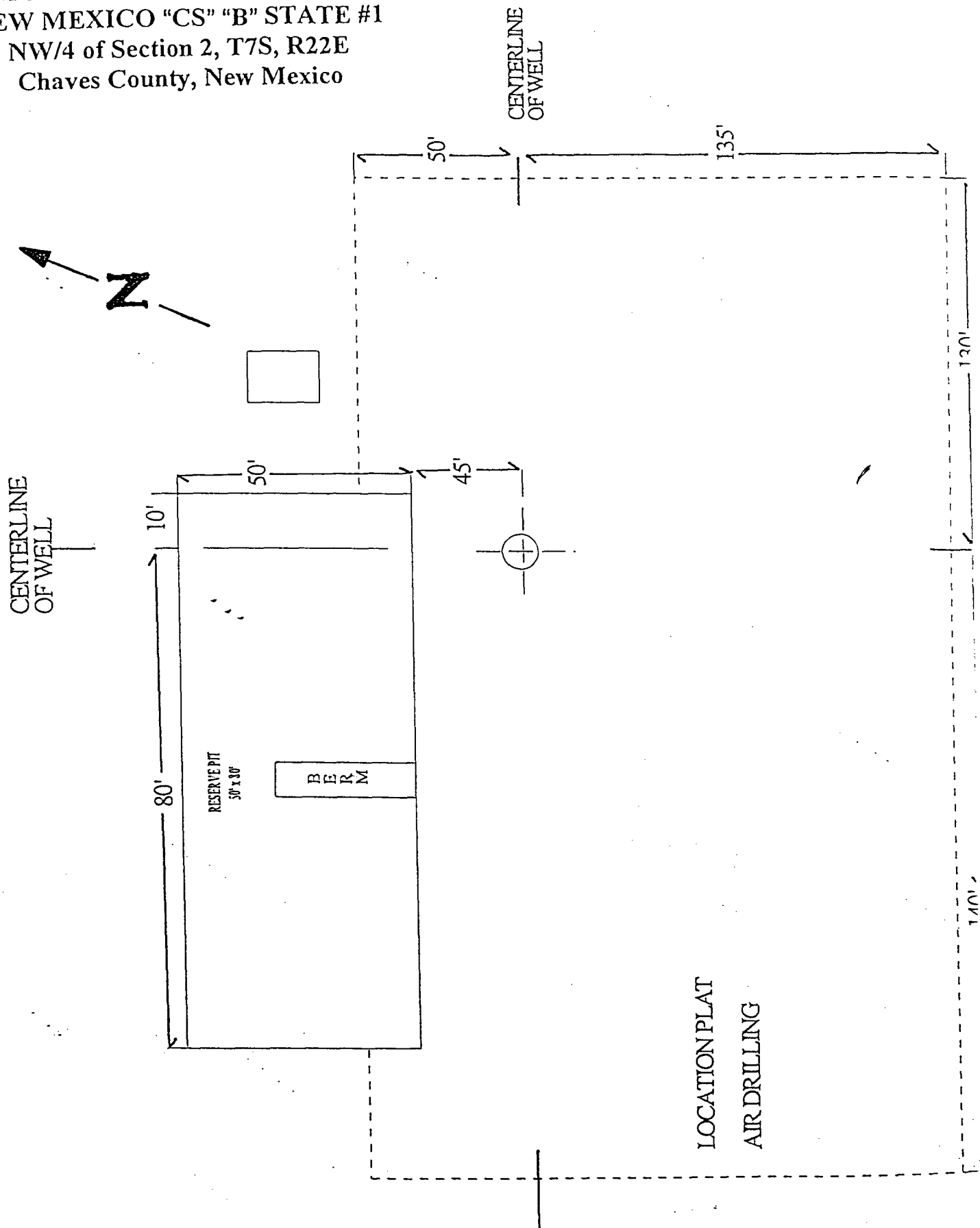
Bill J. Milstead
Signature
Bill J. Milstead
Printed Name
Vice President
Title
5-22-01
Date

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.

5-21-01
Date Surveyed
Signature of Surveyor
Professional Surveyor
TODD P. WAGENER
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
9242
Certificate No. 9242
WAGENER ENGINEERING
1410 N. MISSOURI AVE.
ROSWELL, NM 88201
505-823-8382

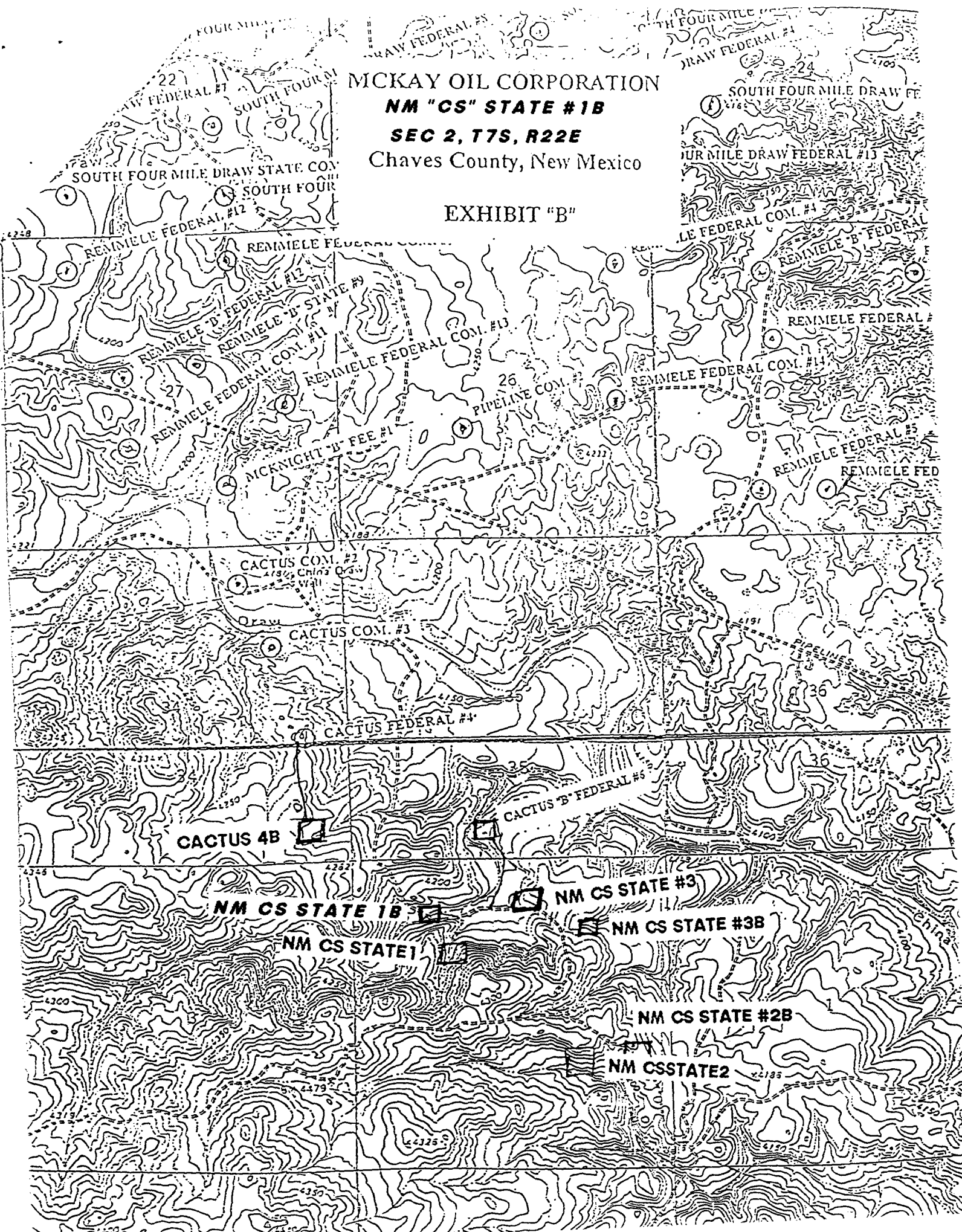
MCKAY OIL CORPORATION
NEW MEXICO "CS" "B" STATE #1
NW/4 of Section 2, T7S, R22E
Chaves County, New Mexico



[illegible]

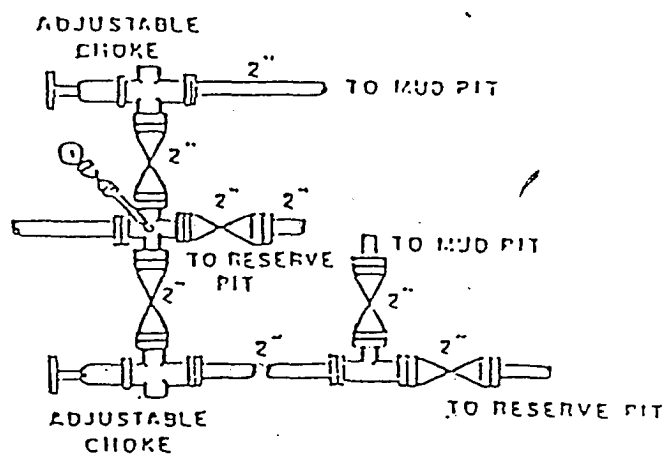
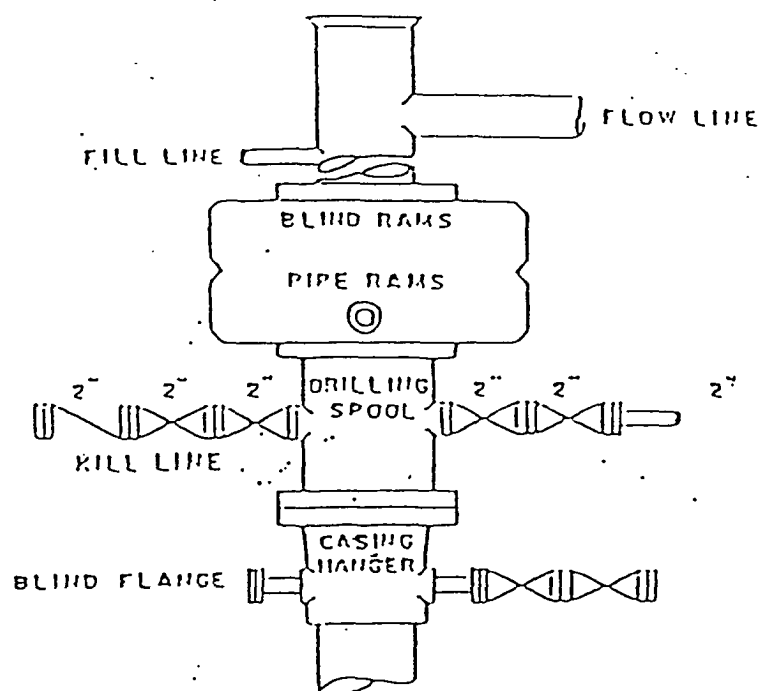
MCKAY OIL CORPORATION
NM "CS" STATE #1B
SEC 2, T7S, R22E
Chaves County, New Mexico

EXHIBIT "B"

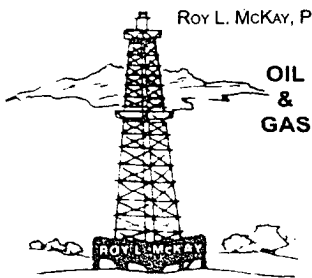


MCKAY OIL CORPORATION
NEW MEXICO "CS" "B" STATE #1
NW/4 of Section 2, T7S, R22E
Chaves County, New Mexico

EXHIBIT 'C'



McKay Oil Corporation



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 / 624 - 2202

August 26, 2004

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

Re: H2S Contingency Plan-NM CS State #1B

Bryan,

Please see attached Contingency Plan-H2S for the New Mexico "CS" State #1B located in Sec 2, T7S, R22E 860' FNL & 860' FWL in Chaves County. Should you need any further information, please contact me at 505-623-4735.

Sincerely,

A handwritten signature in dark ink, appearing to read "April McKay".

April McKay
Vice President

**MCKAY OIL CORPORATION
P.O. BOX 2014
ROSWELL, NM 88202-2014
505-623-4735**

**HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN FOR THE
NEW MEXICO "CS" State #1B
LOCATED IN SEC 2, T7S, R22E 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.**

NEW MEXICO "CS" STATE #1B

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 has an H2S indicator that puts off light and alarm of any indication of H2S being present.

MAPS-SEE ATTACHED

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 the 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 on 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