McKay Drilling Corporation

Roy L. McKay. President

Mailing Address: P.O. Box 2014 Roswell, NM 88202 * Telephone 505 / 623 - 4735 Street Address: One McKay Place Roswell, NM 88201 * Fax No. 505 / 624 - 2202

OIL &

GAS

September 5, 2006

Bureau of Land Management

Attn: Larry Bray

2909 W. Second Street Roswell, NM 88201-2019

> RE: LL&E B FEDERAL #1Y

> > 1480' FSL, 1510' FEL, Unit J , SEC 12 , T6S, R22E

Chaves County, New Mexico

Spud 5/01/06

DEVIATION SURVEY

1	° @	238'
2	° @	508'
2 ½	° @	627'
2 1/4	° @	734'
2	° @	1021'
1/2	° @	1480'
3/4	° @	2038'
1 1/4	° @	2528'
1	° @	2862'
3/4	°Ō	3100'

TD 3100'

Released Date 6/18/06

Carol Shanks

Production Analyst

STATE OF NEW MEXICO)

COUNTY OF CHAVES

The foregoing instrument was Acknowledged before me this 5th day of September 2006, by the person known to me to be Carol Shanks.

My Commission Expires: June 27, 2009

LEASES**

PRODUCTION

*INVESTMENTS