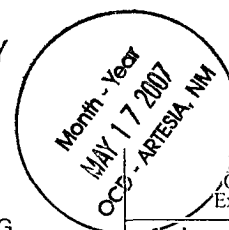


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO 1004-0137
Expires March 31, 2007

5 Lease Serial No. NMI-36194																																									
6 If Indian, Allottee or Tribe Name																																									
7 Unit or CA Agreement Name and No.																																									
8 Lease Name and Well No South Four Mile Draw C Fed																																									
9 API Well No 1H 30 005 63766																																									
10 Field and Pool, or Exploratory West Pecos ABO Slope																																									
11 Sec, T, R, M, on Block and Survey or Area SEC22, T6S, R22E																																									
12 County or Parish Chaves																																									
13 State NM																																									
17 Elevations (DF, RKB, RT, GL)* 4326' GL																																									
14 Date Spudded 07/14/2006																																									
15 Date T D Reached 08/28/2006																																									
16 Date Completed 08/29/2006 <input type="checkbox"/> D & A <input checked="" type="checkbox"/> Ready to Prod																																									
18. Total Depth MD TVD 4532'																																									
19. Plug Back T D MD TVD																																									
20. Depth Bridge Plug Set MD TVD																																									
21. Type Electric & Other Mechanical Logs Run (Submit copy of each) Cement, CNL (mailed directly to Schlumberger)																																									
22 Was well cored? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (Submit analysis) Was DST run? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit report) Directional Survey? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (Submit copy)																																									
23 Casing and Liner Record (Report all strings set in well)																																									
<table border="1"><thead><tr><th>Hole Size</th><th>Size/Grade</th><th>Wt (#/ft)</th><th>Top (MD)</th><th>Bottom (MD)</th><th>Stage Cementer Depth</th><th>No of Sks & Type of Cement</th><th>Slurry Vol (BBL)</th><th>Cement Top*</th><th>Amount Pulled</th></tr></thead><tbody><tr><td>12 1/4"</td><td>8 5/8"</td><td>24#</td><td></td><td>1063'</td><td></td><td>575sks Cls C w/6% CaCl2</td><td></td><td></td><td></td></tr><tr><td>7 7/8"</td><td>5 1/2"</td><td>17#</td><td></td><td>3167'</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Liner</td><td>3 1/2"</td><td></td><td>1734'</td><td>4251'</td><td></td><td>105sks 50/50 2+1%FL52A</td><td></td><td></td><td></td></tr></tbody></table>		Hole Size	Size/Grade	Wt (#/ft)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No of Sks & Type of Cement	Slurry Vol (BBL)	Cement Top*	Amount Pulled	12 1/4"	8 5/8"	24#		1063'		575sks Cls C w/6% CaCl2				7 7/8"	5 1/2"	17#		3167'						Liner	3 1/2"		1734'	4251'		105sks 50/50 2+1%FL52A			
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*(See instructions and spaces for additional data on page 2)

ACCEPTED FOR RECORD

MAY 3 2007

GARY GOURLEY
PETROLEUM ENGINEER

28b Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
Yeso	1077'				
Tubb	2573'				
Abo	2801'				

32. Additional remarks (include plugging procedure):

33. Indicate which items have been attached by placing a check in the appropriate boxes:

- ☐ Electrical/Mechanical Logs (1 full set req'd.)
 ☐ Geologic Report
 ☐ DST Report
 ☒ Directional Survey
☐ Sundry Notice for plugging and cement verification
 ☐ Core Analysis
 ☐ Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Carol Shanks

Title Production Analyst

Signature



Date 10/25/2006

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Crescent Directional Drilling

Survey Report

Company:	Conquest Energy Services of N M	Local Co-ordinate Reference:	Well Federal # 1H
Project:	Chaves County, New Mexico	TVD Reference:	RKB + 12" @ 4338.0ft (Rig Unknown)
Site:	South Four Mile Draw C	MD Reference:	RKB + 12" @ 4338.0ft (Rig Unknown)
Well:	Federal # 1H	North Reference:	Grid
Wellbore:	Sidetrack	Survey Calculation Method:	Minimum Curvature
Design:	Sidetrack	Database:	EDM 2003.14 Single User Db

Project	Chaves County, New Mexico		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site South Four Mile Draw C

Site Position:		Northing:	1,013,902.30ft	Latitude:	33° 47' 11.570 N
From:	Lat/Long	Easting:	384,330.80ft	Longitude:	104° 42' 50.510 W
Position Uncertainty:	0 0 ft	Slot Radius:	"	Grid Convergence:	-0 21 °

Well Federal # 1H

Well Position	+N/-S	0 0 ft	Northing:	1,013,902.30 ft	Latitude:	33° 47' 11.570 N
	+E/-W	0 0 ft	Easting:	384,330.80 ft	Longitude:	104° 42' 50.510 W
Position Uncertainty		0 0 ft	Wellhead Elevation:	0 0 ft	Ground Level:	4,326.0 ft

Wellbore Sidetrack

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	2006-10-02	8.79	61.54	49,903

Design Sidetrack

Audit Notes:

Version:	1.0	Phase:	ACTUAL	Tie On Depth:	3,108.0
----------	-----	--------	--------	---------------	---------

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.0	0.0	0.0	180.00

Survey Program Date 2006-10-02

From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
1,180.0	3,108.0	Original Hole (Wellbore #1)	MWD	MWD - Standard
3,182.0	3,841.0	Sidetrack Surveys (Sidetrack)	MWD	MWD - Standard

Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
1,180.0	1.80	112.30	1,179.8	-7.0	17.1	7.0	0.15	0.15	0.00
1,672.0	0.40	178.90	1,671.7	-11.7	24.3	11.7	0.34	-0.28	13.54
2,042.0	0.70	175.40	2,041.7	-15.2	24.5	15.2	0.08	0.08	-0.95
2,086.0	0.40	193.10	2,085.7	-15.6	24.5	15.6	0.78	-0.68	40.23
2,118.0	0.70	180.30	2,117.7	-15.9	24.5	15.9	1.01	0.94	-40.00
2,148.0	0.40	176.90	2,147.7	-16.2	24.5	16.2	1.01	-1.00	-11.33
2,163.0	0.70	163.20	2,162.7	-16.4	24.5	16.4	2.17	2.00	-91.33
2,180.0	0.70	149.50	2,179.7	-16.6	24.6	16.6	0.98	0.00	-80.59
2,211.0	2.70	178.20	2,210.7	-17.5	24.7	17.5	6.82	6.45	92.58
2,242.0	6.90	182.60	2,241.6	-20.0	24.7	20.0	13.59	13.55	14.19
2,274.0	11.30	182.60	2,273.1	-25.1	24.4	25.1	13.75	13.75	0.00

Crescent Directional Drilling

Survey Report

Company:	Conquest Energy Services of N M	Local Co-ordinate Reference:	Well Federal # 1H
Project:	Chaves County, New Mexico	TVD Reference:	RKB + 12" @ 4338 0ft (Rig Unknown)
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Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
2,305.0	15.50	182.40	2,303.3	-32.3	24.1	32.3	13.55	13.55	-0.65
2,337.0	18.40	182.80	2,333.9	-41.6	23.7	41.6	9.07	9.06	1.25
2,367.0	21.10	183.70	2,362.1	-51.7	23.1	51.7	9.06	9.00	3.00
2,399.0	23.60	183.20	2,391.7	-63.9	22.4	63.9	7.83	7.81	-1.56
2,430.0	26.20	182.60	2,419.8	-76.9	21.7	76.9	8.43	8.39	-1.94
2,461.0	28.70	182.10	2,447.4	-91.2	21.2	91.2	8.10	8.06	-1.61
2,491.0	30.90	182.00	2,473.4	-106.1	20.6	106.1	7.34	7.33	-0.33
2,523.0	32.80	181.50	2,500.6	-123.0	20.1	123.0	5.99	5.94	-1.56
2,554.0	34.80	181.50	2,526.3	-140.2	19.7	140.2	6.45	6.45	0.00
2,586.0	37.10	182.30	2,552.2	-159.0	19.0	159.0	7.34	7.19	2.50
2,610.0	38.90	183.40	2,571.1	-173.7	18.3	173.7	8.01	7.50	4.58
2,642.0	41.10	183.30	2,595.7	-194.3	17.1	194.3	6.88	6.87	-0.31
2,673.0	43.50	183.30	2,618.6	-215.1	15.9	215.1	7.74	7.74	0.00
2,704.0	46.20	183.00	2,640.6	-236.9	14.7	236.9	8.74	8.71	-0.97
2,736.0	48.80	182.40	2,662.2	-260.5	13.6	260.5	8.24	8.12	-1.87
2,767.0	52.00	182.30	2,681.9	-284.3	12.6	284.3	10.33	10.32	-0.32
2,798.0	54.90	182.30	2,700.4	-309.2	11.6	309.2	9.35	9.35	0.00
2,830.0	57.00	182.30	2,718.3	-335.7	10.5	335.7	6.56	6.56	0.00
2,861.0	59.60	183.10	2,734.6	-362.0	9.3	362.0	8.67	8.39	2.58
2,892.0	62.40	183.90	2,749.6	-389.1	7.6	389.1	9.31	9.03	2.58
2,923.0	65.10	185.00	2,763.3	-416.8	5.5	416.8	9.27	8.71	3.55
2,953.0	67.70	185.50	2,775.3	-444.2	3.0	444.2	8.80	8.67	1.67
2,984.0	70.40	185.40	2,786.4	-473.0	0.2	473.0	8.71	8.71	-0.32
3,015.0	72.80	185.60	2,796.2	-502.3	-2.6	502.3	7.77	7.74	0.65
3,046.0	75.40	185.30	2,804.7	-532.0	-5.4	532.0	8.44	8.39	-0.97
3,077.0	78.00	184.90	2,811.8	-562.0	-8.1	562.0	8.48	8.39	-1.29
3,108.0	80.80	184.50	2,817.5	-592.4	-10.6	592.4	9.12	9.03	-1.29
3,182.0	85.10	183.20	2,826.6	-665.6	-15.5	665.6	6.07	5.81	-1.76
3,221.0	87.50	177.90	2,829.1	-704.5	-15.9	704.5	14.89	6.15	-13.59
3,266.0	93.10	172.90	2,828.9	-749.4	-12.3	749.4	16.68	12.44	-11.11
3,296.0	94.20	172.30	2,827.0	-779.0	-8.5	779.0	4.17	3.67	-2.00
3,327.0	94.10	173.10	2,824.7	-809.7	-4.5	809.7	2.59	-0.32	2.58
3,358.0	90.80	172.90	2,823.4	-840.5	-0.7	840.5	10.66	-10.65	-0.65
3,390.0	88.10	170.40	2,823.7	-872.1	3.9	872.1	11.50	-8.44	-7.81
3,421.0	89.10	169.80	2,824.5	-902.6	9.2	902.6	3.76	3.23	-1.94
3,453.0	91.10	169.60	2,824.4	-934.1	14.9	934.1	6.28	6.25	-0.62
3,485.0	88.40	170.70	2,824.6	-965.6	20.4	965.6	9.11	-8.44	3.44
3,516.0	87.60	171.10	2,825.6	-996.2	25.3	996.2	2.88	-2.58	1.29
3,547.0	89.50	172.50	2,826.4	-1,026.9	29.7	1,026.9	7.61	6.13	4.52
3,578.0	90.20	172.90	2,826.5	-1,057.7	33.7	1,057.7	2.60	2.26	1.29
3,608.0	90.50	174.60	2,826.3	-1,087.5	36.9	1,087.5	5.75	1.00	5.67
3,640.0	90.70	175.30	2,826.0	-1,119.3	39.8	1,119.3	2.27	0.62	2.19
3,669.0	91.40	174.60	2,825.5	-1,148.2	42.3	1,148.2	3.41	2.41	-2.41
3,701.0	91.80	176.20	2,824.6	-1,180.1	44.9	1,180.1	5.15	1.25	5.00
3,732.0	93.40	175.80	2,823.2	-1,211.0	47.0	1,211.0	5.32	5.16	-1.29
3,763.0	93.80	176.00	2,821.2	-1,241.9	49.3	1,241.9	1.44	1.29	0.65
3,793.0	92.90	175.80	2,819.5	-1,271.7	51.4	1,271.7	3.07	-3.00	-0.67
3,841.0	91.10	174.40	2,817.8	-1,319.5	55.5	1,319.5	4.75	-3.75	-2.92

Checked By:

Carol Shanks

Approved By:

CO

Date:

10/25/07

Susan Anderson

My commission expires:

7/22/2010

copy



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Month - Year
MAY 17 2007
OCD - ARTESIA, NM

May 2, 2007

Southwest Petroleum Land Services, LLC

Attn: James L. Schultz

100 N. Pennsylvania

Roswell, NM 88203

Administrative Order NSL-5612

Re: **McKay Oil Corp.****South Four Mile Draw C Federal Well No. 1H**

API No. 30-005-63766

D-22-6S-22E

Chaves County

Producing

Dear Mr. Schultz:

Reference is made to the following:

(a) your application (administrative application reference No. **pCLP07-10034102**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 9, 2007, on behalf of McKay Oil Corp. (McKay), and

(b) the Division's records pertinent to this request.

McKay has requested to complete its South Four Mile Draw C Federal Well No. 1H (API No. 30-005-63766) as a horizontal well at an unorthodox Abo gas well location. The well was commenced from an orthodox surface location 660 feet from the North line and 890 feet from the West line (Unit D) of Section 22, Township 6 South, Range 22 East, N.M.P.M., in Chaves County, New Mexico; intercepts the Abo formation at an orthodox penetration point approximately 1260 feet from the North line and 890 feet from the West line of said Section 22; and proceeds laterally to an unorthodox terminus, or bottom-hole location, 2637 feet from the North line and 1017 feet from the West line (Unit E) of Section 22. The NW/4 of Section 22 will be dedicated to this well in order to form a standard 160-acre gas spacing unit and project area in the West Pecos Slope-Abo Gas Pool (82740).

This pool is governed by the Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool, as amended by Order No. R-9976-D, issued February 4, 2004, which provide for 160-acres units, with wells located at least 660 feet from a unit outer boundary. These rules further mandate that there shall be no more than two wells in this pool in any 160-acre unit. This location is unorthodox because the terminus is less than 660 feet from the southern unit boundary. Also McKay has four wells completed in the Abo in this unit.

Your application on behalf of McKay has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that McKay is seeking this location for geologic reasons, in order to penetrate the maximum amount of productive area within this formation in this unit.

It is also understood that McKay owns 100% of the working interest in the adjoining spacing unit to the south. Accordingly, notice of this application to offsetting operators or owners is unnecessary.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2) and Rule 5 of the Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool, the above-described unorthodox location is hereby approved.

This approval is **CONDITIONED, HOWEVER**, such that this well **SHALL NOT BE PRODUCED** unless and until McKay causes at least two of the following wells to be shut in:

~~SHUT IN~~ South Four Mile Draw Federal Well No. 1 (API No. 30-005-62309), located 660 feet from the North line and 1780 feet from the West line (Unit C) of Section 22;

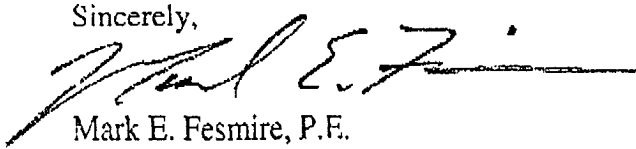
South Four Mile Draw B Federal Well No. 1 (API No. 30-005-63155), located 2058 feet from the North line and 1890 feet from the West line (Unit F) of Section 22; and

~~NOT DRILLED~~ Four Mile Draw Federal C Well No. 7H (API No. 30-005-63921), located 660 feet from the North line and 820 feet from the West line (Unit D) of Section 22.

The wells so shut in may be plugged or placed in approved temporary abandonment status, but, in any event, **SHALL REMAIN SHUT IN** so long as the subject well is produced, unless the Division otherwise order following a hearing.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,


Mark E. Fesmire, P.E.
Director

FROM :

FAX NO. :5056229282

May. 07 2007 10:30AM P7

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Roswell