

Form 9-2009 (Jan. 1990)

CUB 42-R 1775

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

SUPPLEMENTARY APPLICATION FOR NATURAL GAS CATEGORY DETERMINATION
(See reverse side for instructions)

This form is required by the Oil and Gas Supervisor, Conservation Division, Geological Survey, the jurisdictional agency charged with determinations under the Natural Gas Policy Act of 1976, P.L. 95-621, for Federal, Indian, and OCS lands. The data requested is a requirement of the Federal Energy Regulatory Commission regulation 18 CFR 274. Determinations by Jurisdictional Agencies. All such data must be forwarded to the Federal Energy Regulatory Commission by the Supervisor.

RECEIVED

11. APPLICANT

McKay Oil Corporation ✓

ADDRESS

P. O. Box 2014, Roswell, NM 88202

TELEPHONE

505/623-4735

1. API WELL NO.

30005-61924

JUN 14 1983

2. LEASE NO.

NM-18489

O. C. D.

3. LEASE NAME AND WELL NO.

ARTESIA, OFFICE

#1 McKay-Pennzoil ~~Federal~~

4. SEC. T. & R.

Section 10-7S-26E

5. AREA AND BLOCK (OCS)

6. FIELD

~~Wildcat~~ *Deer & Lope Cbo*

7. RESERVOIR

Abo Sand

8. COUNTY AND STATE

Chaves County, New Mexico

9. OPERATOR

McKay Oil Corporation

10. TYPE OF WELL:

☐ OIL
WELL☒ GAS
WELL

12. REQUEST CATEGORY FOR DETERMINATION

- ☐ Section 102(c)(1)(A), New OCS Leases
☒ Section 102(c)(1)(B), New Onshore Wells
☐ Section 102(c)(1)(C), New Onshore Reservoirs
☐ Section 102(d), New Reservoirs on Old OCS Leases
☐ Section 103(c), New Onshore Production Well
☒ Section 107(c), High-Cost Natural Gas
☐ Section 108(b), Stripper-Well Natural Gas

13. PERSON RESPONSIBLE FOR ANSWER QUESTIONS

Sharon R. Hamilton

ADDRESS

P. O. Box 2014, Roswell, New Mexico 88202

TELEPHONE NO.

505/623-4735

14. NEWSPAPER, CITY, STATE, AND DATE (OR EXPECTED DATE) OF NOTICE

Roswell Daily Record, Roswell, New Mexico 88201

June 17, 1983

15. GAS PURCHASER

Transwestern Pipeline Company

ADDRESS

P. O. Box 2521, Houston, Texas 77001

GAS PURCHASER

ADDRESS

16. COLESSEE AND/OR WORKING INTEREST OWNER

See attached exhibit

ADDRESS

COLESSEE AND/OR WORKING INTEREST OWNER

ADDRESS

17. ATTACH THE APPROPRIATE CHECKLIST AND SUPPORT DATA (See instructions)

I CERTIFY THAT THE FOREGOING AND THE CHECKLIST ATTACHED ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AS DETERMINED FROM AVAILABLE RECORDS.

18. NAME

Sharon R. Hamilton

SIGNATURE

TITLE

Land Administrator

DATE

June 12, 1983

Exhibit "A"
McKay Oil Corporation
McKay-Pennzoil Federal #1
Section 10-7S-26E
API No. 30005-61924
Chaves County, New Mexico

RECEIVED

JUN 14 1983

O. C. D.
ARTESIA, OFFICE

McKay Oil Corporation
P.O. Box 2014
Roswell, New Mexico 88202

Mesa Petroleum Company
1000 Vaughn Building
Midland, Texas 79701

UMEX Production Company
P. O. Box 1517
Roswell, New Mexico 88202

OilSearch Corporation
1000-D Spain Road, NE
Albuquerque, New Mexico 87111

Fuller Petroleum, Inc.
2020 Texas American Bank Building
Fort Worth, Texas 76102

Robinson Resource Development Company, Inc.
P. O. Box 1227
Roswell, New Mexico 88202

Gas Purchaser
Transwestern Pipeline Company
P.O. Box 2521
Houston, Texas 77001

U.S. DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission
Washington, D.C. 20426

**APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL
PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)**
(Sections 102, 103, 107 and 108)

PLEASE READ BEFORE COMPLETING THIS FORM:

General Instructions:

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA. A separate application is required for each well. If any reservoir qualifies for a category which differs from the category applicable to the producing well, separate applications must be made for the producing well and the reservoir. Complete each appropriate item on the reverse side of this page. The code numbers used in items 4.0 and 6.0 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Enter any additional remarks in the space below.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 270.103. If there are any questions, call (202) 275-4539.

Specific Instructions for Item 2.0, Type of Determination:

<u>Section of NGPA</u>	<u>Category Code</u>	<u>Description</u>
102	1	New OCS Lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1,000 feet deeper test)
102	4	New onshore reservoir
102	5	New reservoir on old OCS Lease
103	—	New onshore production well
107	—	High cost natural gas
108	—	Stripper well

Other Purchasers/Contracts:

<u>Contract Date</u> (Mo. Day Yr.)	<u>Purchaser</u>	<u>Buyer Code</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Remarks:

McKay Oil Corporation
#1 McKay-Pennzoil Federal

1.0 API well number: (If not available, leave blank. 14 digits.)	<u>30005-61924</u>			
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	<u>102</u> Section of NGPA		<u>2</u> Category Code	
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	_____ feet			
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	<u>McKAY OIL CORPORATION</u> Name _____ Seller Code _____ <u>P. O. Box 2014</u> Street _____ <u>Roswell</u> <u>NM</u> <u>88202</u> City State Zip Code			
5.0 Location of this well: (Complete (a) or (b).) (a) For onshore wells (35 letters maximum for field name.)	<u>Pecos Slope Abo (Gas)</u> Field Name _____ <u>Chaves</u> <u>NM</u> County State			
(b) For OCS wells:	Area Name _____ Block Number _____ Date of Lease: _____ Mo. Day Yr. OCS Lease Number _____			
(c) Name and identification number of this well: (35 letters and digits maximum.)	<u>McKay-Pennzoil Federal #1</u>			
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	_____			
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	<u>Transwestern Pipeline Company</u> <u>019120</u> Name Buyer Code			
(b) Date of the contract:	<u>Not received yet</u> _____ Mo. Day Yr.			
(c) Estimated annual production:	<u>146</u> MMcf.			
	(a) Base Price (\$/MMBTU)	(b) Tax	(c) All Other Prices [Indicate (+) or (-).]	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	<u>3.421</u>	<u>-.262</u>	<u>+.103</u>	<u>3.786</u>
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	<u>3.421</u>	<u>-.262</u>	<u>+.103</u>	<u>3.786</u>
9.0 Person responsible for this application:	<u>Sharon R. Hamilton</u> <u>Land Administrator</u> Name Title <u>Sharon R. Hamilton</u> Signature <u>June 13, 1983</u> <u>(505) 623-4735</u> Date Application is Completed Phone Number			
Agency Use Only				
Date Received by Juris. Agency				
Date Received by FERC				

Mark below to indicate the materials reviewed and relevant to the request. Attach accordingly.

In conformance with Office of Management and Budget Guidelines, data of a specific nature such as a Geological Survey form, a directional drilling survey, etc., which has already been submitted to the Supervisor for another purpose, shall not be submitted again as a requirement but may be submitted voluntarily. If such data is not submitted, the applicant shall so indicate below that the data is on file with the Supervisor. (In choosing not to submit the data, the applicant must understand that processing of the application may be delayed several days and perhaps weeks while the Supervisor locates and reproduces the data.)

1. Form FERC 121, Application for Determination of the Maximum Lawful Price Under the Natural Gas Policy Act. X
2. A statement(s) under oath as required by FERC for each application, including answers to certain questions as applicable. X
3. A statement that completed copies of Form FERC 121 have been forwarded to the purchaser(s) and to the colessees and/or the working interest owners. X
4. A statement of certification for each of the supporting documents, except for the conventional Geological Survey agreements and forms already certified. X
- 5a. 2.5-mile test:
 - Form 9-330, Well Completion or Recompletion Report and Log. X
 - Directional drilling survey. NA
 - A plat locating and identifying the well of interest and any other well within a 2.5-mile radius which produced natural gas after January 1, 1970, and before April 20, 1977. X
- 5b. 1,000 feet deeper test:
 - Form 9-330, Well Completion or Recompletion Report and Log. NA
 - Directional drilling survey. NA
 - A plat locating and identifying the well of interest and any other well within a 2.5-mile radius which produced natural gas after January 1, 1970, and before April 20, 1977, including identification of all marker wells and specific identification of the deeper marker wells which may be critical to the application. NA
 - A listing of the deeper marker wells with elevations and completion locations. NA
6. Other: Well Log with heading, Plat "Designated Tight Gas Sands
Area in Chaves & DeBaca Counties, New Mexico". X



D E B A C A

OUTLINE OF
DESIGNATED TIGHT GAS SANDS AREA

CHAVES

ROSWELL

MCKAY OIL CORPORATION

DESIGNATED TIGHT GAS
SANDS AREA IN
CHAVES & DE BACA COUNTIES
NEW MEXICO

PERC CATEGORY 107 FOR

#1 McKay-Pennzoil Federal

2 MILES

JUN 14 1983

APPLICATION PURSUANT TO
SECTION 102 (C)(1)(B) of
THE NATURAL GAS POLICY ACT OF 1978 (NGPA)

O. C. D.
ARTESIA, OFFICE

AFFIDAVIT

STATE OF NEW MEXICO

COUNTY OF CHAVES

BEFORE ME, the undersigned authority, duly commissioned and qualified within and for the State and County aforesaid, personally came and appeared Sharon R. Hamilton who, being by me first duly sworn, deposed and said:

That she is the Land Administrator of McKay Oil Corporation, the applicant for the well as described heretofore in this application, and, in that capacity, she is requesting the Director of the Minerals Management Service to determine the eligibility of said well for wellhead pricing purposes pursuant to the rules and regulations of the Geological Survey, Federal Energy Regulatory Commission, NGPA, and the New Mexico Oil Conservation Division.

That she has made, or has caused to be made, pursuant to her instructions, a diligent search of all records, (including but not limited to production, severance tax, royalty payment, and jurisdictional agency determination records) which are reasonably available and contain information relevant to the determination eligibility. Said search was made in the following manner:

Wells within 2 1/2 mile radius circle were checked to determine
if they produced hydrocarbons within the guideline of Section 102
of the NGPA.

The following records were examined and reviewed:

Scout tickets and volumes of the Annual Report of New Mexico
Oil and Gas Engineering Committee, Southeast New Mexico, since
1977 and through the most recent volume.

The following records may also contain relevant information to this application but were not searched by her or at her direction because she determined that they were not reasonably available to her:

None.

2.5 Mile-Test: Based upon the search and examination described above, she has concluded to the best of her information and knowledge that there is no marker well within a 2.5 mile radius of the well McKay-Pennzoil Federal #1, API No. 30005-61924, and that she has no knowledge of any other information not described in the application which is inconsistent with this conclusion.

1,000 Feet Deeper Test: Based upon the search and examination described above, she has concluded to the best of her information and knowledge that there is no marker well within a 2.5 mile radius of the well McKay-Pennzoil Federal #1, API No. 30005-61924, which has a completion location less than 1,000 feet above the completion location of the new well, and that she has no knowledge of any other information not described in the application which is inconsistent with this conclusion.

She further states that she has mailed, or caused to be mailed, postage prepaid, a copy of the completed Form FERC 121, Application for Determination of the Maximum Lawful Price Under the Natural Gas Policy Act, to the purchaser (s) and to the

colessee (s) and/or working interest owners, which are listed separately.

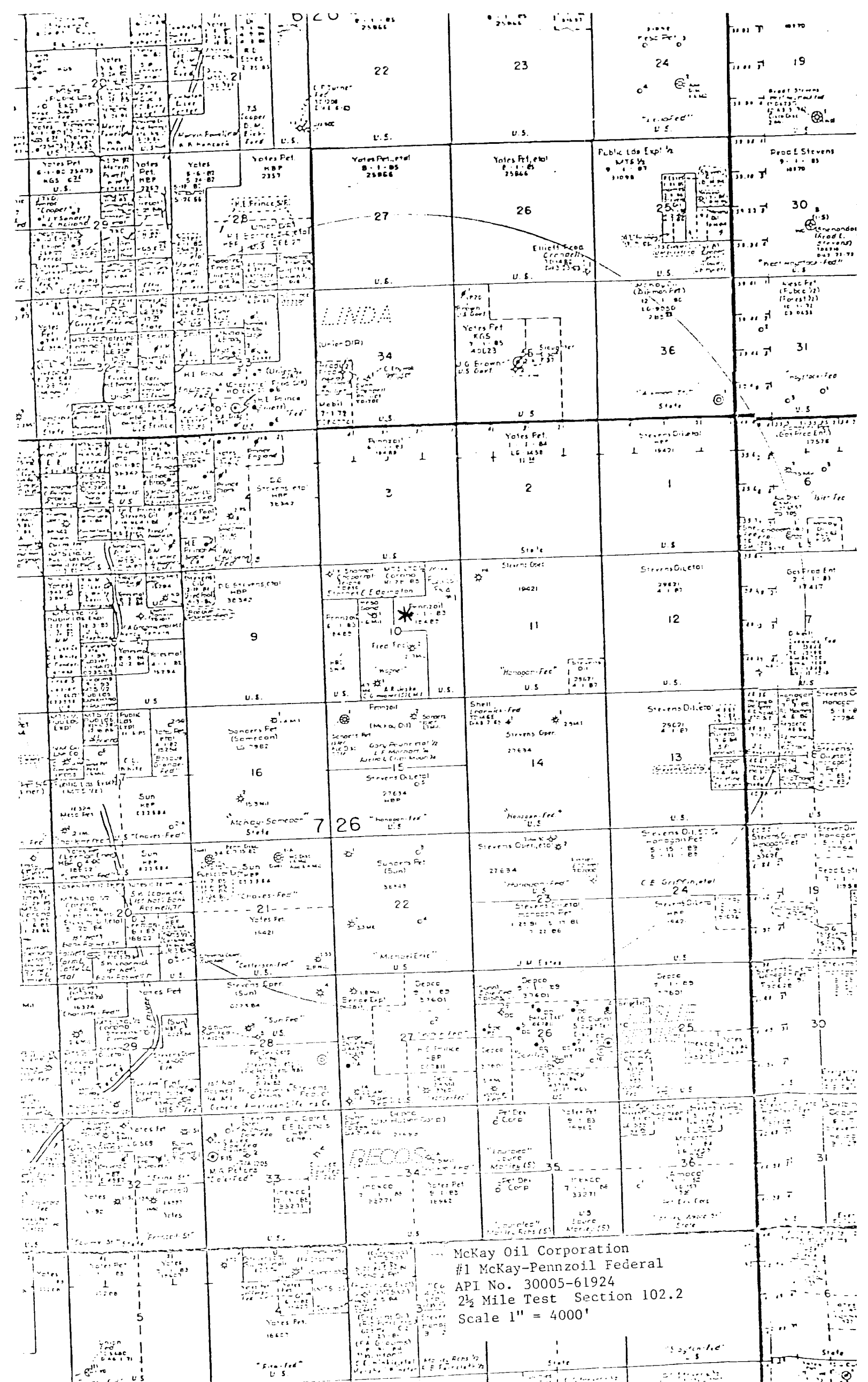
To the best of my knowledge and belief, all information contained in this application for category determination, pursuant to the NGPA, is true and correct including all documents, testimony, and evidence submitted with this application.

Signed Sharon R. Hamilton
Sharon R. Hamilton
Land Administrator
McKay Oil Corporation

Subscribed in my presence and duly sworn to before me, this
10th day of June, 1983.

My Commission expires:
3-18-86

Loisane L. Smith
Notary Public



U.S. DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission
Washington, D.C. 20426

**APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL
PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)**
(Sections 102, 103, 107 and 108)

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Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 270.103. If there are any questions, call (202) 275-4539.

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Other Purchasers/Contracts:

<u>Contract Date</u> (Mo. Day Yr.)	<u>Purchaser</u>	<u>Buyer Code</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Remarks:

McKay Oil Corporation
#1 McKay-Pennzoil Federal

1.0 API well number: (If not available, leave blank. 14 digits.)	30005-61924			
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	107 Section of NGPA		(C) (5) Category Code	
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	4430 feet			
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	McKay Oil Corporation Name P. O. Box 2014 Street Roswell NM 88202 City State Zip Code		Seller Code	
5.0 Location of this well: [Complete (a) or (b).] (a) For onshore wells (35 letters maximum for field name.)	Pecos Slope Abo (Gas) Field Name Chaves NM County State			
(b) For OCS wells:	Area Name Block Number Date of Lease: Mo. Day Yr. OCS Lease Number			
(c) Name and identification number of this well: (35 letters and digits maximum.)	McKay-Pennzoil Federal #1			
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)				
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	Transwestern Pipeline Company Name		019120 Buyer Code	
(b) Date of the contract:	not yet received Mo. Day Yr.			
(c) Estimated annual production:	146 MMcf.			
	(a) Base Price (\$/MMBTU)	(b) Tax	(c) All Other Prices [Indicate (+) or (-).]	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	5.556	.344	.167	6.067
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	5.556	.344	.167	6.067
9.0 Person responsible for this application:	Sharon R. Hamilton Land Administrator Name Title <i>Sharon R. Hamilton</i> Signature June 13, 1983 505/623-4735 Date Application is Completed Phone Number			
Agency Use Only				
Date Received by Juris. Agency				
Date Received by FERC				

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3. A statement that completed copies of Form FERC 121 have been forwarded to the purchaser(s) and to the colessees and/or the working interest owners. X
4. A statement of certification for each of the supporting documents, except for the conventional Geological Survey agreements and forms already certified. X
5. For a new well with the completion location below 15,000 feet:

All Form 9-330's, Well Completion or Recompletion Report and Log. NA

Well log heading with the relevant log section, or service company reports, or other such information corroborating the well completion depth. NA

Directional drilling survey. NA

Water depth at well location (OCS leases). NA

Other: _____ NA

_____ NA
6. For a well producing geopressured brine:

Form 9-330, Well Completion or Recompletion Report and Log. NA

A bottom-hole pressure test report and other information to establish the initial pressure gradient. NA

A bottom-hole sample report reflecting the reservoir gas-liquid ratio and the surface gas-liquid ratio, and any other evidence which would establish the reservoir gas as being in solution. NA

A water analysis showing the parts per million of the various chlorides. NA

Other: _____ NA

_____ NA

7. For a well producing from coal seams:

Form 9-1147, Logs of Prospect Bore Holes.

NA

A gamma-ray log.

NA

Further evidence such as a stratigraphic cross section of the seam and a lab report on the methane content.

NA

Other: _____

NA

8. For a well producing from Devonian Shale:

Form 9-330, Well Completion or Recompletion Report and Log.

NA

A gamma-ray log.

NA

A statement fully identifying a stratigraphic chart or test, or the enclosure of such a chart or text, which establishes the producing interval as Devonian Shale.

NA

Other: _____

NA

9. For a well producing from Tight Sands:

Form 9-330 Well Completion or Recompletion Report and Log

X

A Gamma-Ray Log

X

If the gas qualifies for the new natural gas price, the information required in S 274.202 of S 274.203

X

A map which locates and identifies the well for which the determination is sought as being within the designated tight sand formation

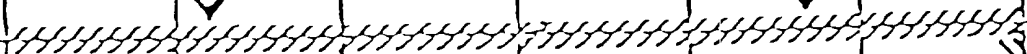
X

The heading and pertinent portions of the well log, or a drilling report indentifying the designated tight formation

X

D E B A C A

OUTLINE OF
DESIGNATED TIGHT GAS SANDS AREA



20 21 22 23 24 25 26 27 28 29 E
21 22 23 24 25 26 27 28 29 E

C H A V E S

ROSWELL

MCKAY OIL CORPORATION

DESIGNATED TIGHT GAS
SANDS AREA IN
CHAVES & DE BACA COUNTIES
NEW MEXICO

FERC CATEGORY 107 FCR

#1 McKay-Pennzoil Federal

APPLICATION PURSUANT TO
SECTION 107 (C)(5) of
THE NATURAL GAS POLICY ACT OF 1978 (NGPA)

AFFIDAVIT

STATE OF NEW MEXICO

COUNTY OF CHAVES

BEFORE ME, the undersigned authority, duly commissioned and qualified within and for the State and County aforesaid, personally came and appeared Sharon R. Hamilton who, being by me first duly sworn, deposed and said:

That she is the Land Administrator of McKay Oil Corporation, the Applicant for the well as described heretofore in this application, and, in that capacity, she is requesting the appropriate Director of the Minerals Management Service to determine the eligibility of said well for wellhead pricing purposes pursuant to the rules and regulations of the Geological Survey, Federal Energy Regulatory Commission, NGPA, and the New Mexico Oil Conservation Division.

That the surface drilling of the well McKay-Pennzoil Federal #1, API No. 30005-61924, began after July 16, 1979, and that the well completion location from which the subject gas is produced was designated a tight sands formation by the FERC on June 10, 1981, in Docket No. RM-79-76 (New Mexico-3), Order No. 157; and that she has no knowledge of any other information not described in the Application which is inconsistent with this conclusion.

She further states that she has mailed, or caused to be mailed, postage prepaid, a copy of the completed Form FERC 121, Application for Determination of the Maximum Lawful Price Under the Natural Gas Policy Act, to the purchaser (s) and the colessee (s) and/or working interest owners, which are listed separately.

To the best of her knowledge and belief, all information contained in this Application for category determination, pursuant to the NGPA, is true and correct including all documents, testimony, and evidence submitted with the Application.

Signed Sharon R. Hamilton
Sharon R. Hamilton
Land Administrator
McKAY OIL CORPORATION

Subscribed in my presence and duly sworn to before me, this
10th day of June, 1983.

My Commission expires:
3-18-86

Norma Schmitt
Notary Public

