For Section 103(c), New Onshore Production Well

Mark below to indicate the materials reviewed and relevant to the request. Attach accordingly. Every blank should be checked to indicate that support data is attached or marked N/A indicate not applicable.

In conformance with Office of Management and Budget guidelines, data of a specific nature such as a Eureau of Land Management form, a directional drilling survey, etc., which has already been submitted to the Authorized Officer 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 Authorized Officer.

- Revised Form FERC 121, "Application for Determination of the Maximum Lawful Price Under the Natural Gas Policy Act."
- 2. Statements under oath as required by 18 CFR 274.204, as amended, for each application.
- 3. A statement that completed copies of revised Form FERC 121 have been forwarded to the purchaser(s) and to the colessee(s) and/or the working-interest owners.
- Form 9-330* "Well Completion or Recompletion Report and Log."

in ton

5. A plat locating and identifying the well of interest and the outline of the promation unit. Also, identification and explanation of any other wells within the promation unit.

4

- A copy of the State Spacing Order or, as applicable, the appropriate reference to a State regulation and/or a Federal units agreement.
- 7. For a new well which was spudded on or after February 19, 1977, and drilled as an additional well into an existing proration unit, a copy of the record developed prior to the commencement of drilling (as reasonably possible to do so), with geological and engineering support data included, sufficient to support a finding that the new well is necessary or a copy of the State Spacing Order allowing the exception well within the spaced area. Also, support data acquired after commencement of drilling, as appropriate.

8. Other:

"Will be renumbered within BLM 3162 series following conversion of operating regulations from Title 30 to Title 43 of the CFR.

Mc Kuy Oil Componation_____

ROY L MCKAY PRESIDENT HOME OFFICE PO Box 2014 Roswell, N.M. 88202 . TELEPHONE 505/623-4735



January 12, 1987

Roswell Daily Record 2301 North Main Street Roswell, New Mexico 88201

Attention: Legal Advertising

Gentlemen:

McKay Oil Corporation desires to place a public notice in your newspaper for one day. The notice is attached.

Please place this notice in your paper on January 26th and forward a copy of it along with your billing to:

McKay Oil Corporation P.O. Box 2014 Roswell, New Mexico 882.01

Your assistance in this matter is appreciated.

Yours very truly,

McKAY OIL CORPORATION

T Kelton

Assistant to the President

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Attachment

$\underline{N} \ \underline{O} \ \underline{T} \ \underline{I} \ \underline{C} \ \underline{F}$

McKAY OIL CORPORATION hereby gives notice that it has filed with the United States Department of the Interior, Bureau of Land Management, Assistant District Manager for Minerals, in Roswell, New Mexico, for a category determination under Section 103(c) and Section 107(c) of the Natural Gas Folicy Act of 1978 on the following property.

Well: Remmele Federal Comm. #8 Location: Section 24, T6S-R22E County: Chaves County, New Mexico

Written comments will be accepted by the Authorized Officer commencing with the publication date and continuing for at least 21 days following the placement of a preliminary category determination in the State BLM or Regional MMS Public Records Office.

APPLICATION PURSUANT TO SECTION 103(c) of THE NATURAL GAS POLICY ACT (NGPA) OF 1978

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, presonally came and appeared Cindy L. Kelton, who, being ly me first duly sworn, deposed and said:

That she is the Assistant to the President of McKay Oil Corporation, the applicant for the well as described heretofore in this application, and in that capacity, she is requesting the appropriate Authorized Officer to determine the eligibility of said well for wellhead pricing purposes pursuant to the rules and regulations of the Bureau of Land Management and the Federal Energy Regulatory Commission (FERC) and to the NGPA.

That to the best of her information and knowledge the surface drilling of the well for which she seeks a determination was begun after February 18, 1977, and that the well satisfies any applicable Federal or State well-spacing requirements.

She further states that application is made pursuant to 18 CFR 274.204(d) and that the well is not within a State law proration unit: (1) which was in existence at the time the surface drilling to the well began; (2) which as applicable to the reservoir from which natural gas is produced; and (3) which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which began before February 18, 1977, and was thereafter capable of producing natural gas in commercial quantities.

That she has concluded that to the best of her information and knowledge, the natural gas for which she seeks a determination is produced from a new onshore production well, and that he has no knowledge of any other information not described in the application which is inconsistant with this conclusion

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STATE OF NEW MEMICO INERGY ADD MUNIPALS DEPARIMENT

TONET ADDAA OOVERNOR

LAND COMMISSIONER

JIM BACA, MEMBER

OIL CONSERVATION COMMISSION

STATE PETFOLEUM ENCINEER JOE D. RAMEY, MEMBER AND DIRECTOR, OIL CONSERVATION DIVISION ED KELLEY DIRECTOR, MINING AND MINERALS

DIVISION AND MEMBER

PAUL BIDERMAN

SECRETARY

.

OIL CONSERVATION DIVISION

PRINCIFAL OFFICE: STATE LAND OFFICE BLDG., OLD SANTA FE TRAIL, SANTA FE MALLENG ADDRESS: P. O. BOX 2083, SANTA FE, NEW MEXICO 87501

TELEPHONE: (505) 827-5800

JOE D. RAMEY, DIRECTOR

TECHNICAL SUPPORT CUTEF RIGHTOD M. STANDAS 4 -WATER RECOURCE SPECIALICT CECAR A. SIMUSCI

GULFAL COURSEL PELSIC PRAPED GEOLOGISTS CARL G. ULVOG ROY E. JOHNSON

ENGINEERS MICHAEL E. STOCNER GILBERT QUINTANA

DISTRICT OFFICES

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3. M. Senton, Expendisor on t All a Cast Explosion

F. F. Fautz, Oxolocial & Deputy Class Geo Inspirator

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A. M. Castleberry
D. Catanach
E. W. Seay
A. A. Plattemer
O. W. Wink

DISTRUCT INT - ACTED STATE

1000 Rio Erazos Road Telephone: (505) 334-6178

L. S. Station

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F. T. Chavez, Supervisor and Cil & Gus Inspector

J. A. Edmister, Geologist and Deputy Oil & Gas Inspector

C. C. Cholson, Deputy Oil & Gas Inspector

DISTRICT II - APTESIA 38210

P. O. DRAWER DD Telephone: (505) 748-1283

L. A. Clements, Supervisor and Oil & Gas Inspector

Larry Brooks, Geologist & Doonty Oil & Gas Inspector

Deputy Oil & Gas Inspectors:

M. B. Williams

B. W. Weaver

M. C. Stubblefield

DISTRICT IV - SANTA FE 87501

P. O. Box 2088 Telephone: (505) 827-5800

C. G. Ulvog, Geologist and Oil & Gas Inspector

R. E. Johnson, Geologist and Deputy Oil & Gas Inspector

11. San barr, Electric big and clandered Courter

(a) Wildeat Gas Wells

In San Juan, Rio Arriba, and condowal Countles, a wildcat well which is projected to a gasgradating horizon shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 790 feet to any outer boundary of the tract nor closer than 130 teet to any quarter-quarter section or subdivision inner boundary.

In the event oil production is encountered in a well which was projected to a gas-producing horizon and which is located accordingly but does not conform to the oil well location rule below, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of oil can

(b) Wildcat Oil Wells

A wildcat well which is projected to an oil-producing horizon as recognized by the Division shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of square which is a legal subdivision of the U.S. Public Land Surveys, or on a governmental quarter-quarter section or lot, and shall be located not closer than 330 feet to any boundary of such tract.

In the event gas production is encountered in a well which was projected to an oil-producing horizon and which is located accordingly but does not conform to the above gas well location rules, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of gas can

III. All counties except loa, Chaves, Eddy, Renseveln, San Juan, Rio Arriba, and Sandoval

Any wildcat well which is projected as an oil well in any county other than Lea, Chaves, Eddy, Rocsevelt, San Juna, Rio Arrilà, and Sandovil shill be locited on a tract subsisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U.S. Public Land Surveys, or on a governmental quarter-quarter section or lot and shall be located not closer than 330 feet to any boundary of

Any wildowt well which is projected as a gas well to a formation and in an area which, in the opinion of the 5 within representative approving the application to Sciil, may reasonably be presumed to be productive of 9 s rither than oil shall be located on a drillian trace consisting of 160 surface contiguous area, more or less, e structioned of annual de charge on a diffin chaos consisting of its surface contiguous area, more or less oubstantially in the form of a source which is a jubiter section, being # legal subdivision of the U.S. Fucho Lar Surveys and shall be located not cluster tran 380 fost on any other boundary of such tract nor sloper than the feat to any guarter-quirter soution or sublicities, onder boundary of such tract nor sloper that

C. ACREADE AND WELL LOCATION REQUIREMENTS FOR DEVELOPMENT WELLS

<u>011 Wells</u>, All Counties

Unless otherwise provided is special youl rules, such development well for a defined oil pool shall chieds otherwise provided in spicial (soi rules, which development well for a defined only pool sha or located at a trust consisting of approximately we surface configurate acres substantially in the form of space which is a legal subliviation of the D.S. Prohis Land Servers, or on a governmental quarter-quarter feating of lit, and shall be converted by closer than 330 fact to any boundary of such tract nor closer than 130 feating of the management of a set of producing for the Same pool, provided however, only tracte consistent to indive pressure projects of it be permitted acres than four wells.

11. Jas Wells

(a) Lea, Chaves, Eddy, and Roosevels Counties

Unless otherwise provided in special pool rules, each development well for a defined gas pool in a formation younger than the Welfcamp formation, or in the Welfcamp formation which was created and defined by the Division prior to November 1, 1975, or in a Pennsylvanian age or older formation which was created and defined by the Division prior to June 1, 1964, shall be located on a designated drilling tract consisting of 160 purface contiguous acres, pore or less, substantially in the form of a square which is a quarter section being a legal subdivision of the L.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same

Unless otherwise provided in the special port rules, each development well for a defined gas pool in the Wolfcarp formation which was created and defined by the Division after November 1, 1975, or of Pennsylvan/an age or older which wis created and defined by the Division after June 1, 1964, shall be located on a designated drilling tract consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U.S. Public Land Surveys. Any such well having more than 160 acres dedicated to it shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. (For the purpose of this rule, "side" boundary and "end" boundary are as defined in Section B I(a) of this rule.)