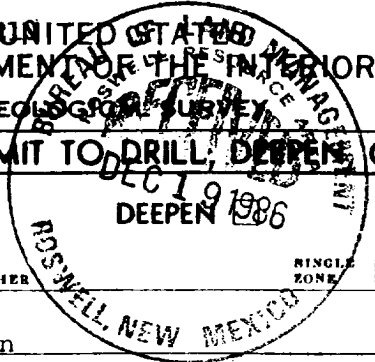


Form 9-331 C (May 1963) NM Oil Cons. Commission
Drawer DD
Artesia, NM 88201

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
BUREAU OF LAND MANAGEMENT



APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 McKay Oil Corporation

3. ADDRESS OF OPERATOR
 P.O. Box 2014, Roswell, New Mexico 88202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 1297FEL-511 FSL
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 28 Miles Northwest of Roswell, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 511'

16. NO. OF ACRES IN LEASE
 2113.35

17. NO. OF ACRES ASSIGNED TO THIS WELL
 160.0

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 n/a

19. PROPOSED DEPTH
 3,400'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 4276 GL

22. APPROX. DATE WORK WILL START*
 ASAP

5. LEASE DESIGNATION AND SERIAL NO.
 NM-36191

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Pierce Fed.

9. WELL NO.
 3

10. FIELD AND POOL, OR WILDCAT
 W. Pecos Slope Abo

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA
 Sec. 3-6S-22E

12. COUNTY OR PARISH
 Chaves

13. STATE
 NM

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24.0 J-55	900'	850 cf cement circulated
7 7/8"	4 1/2"	9.5 J-55	TD	1200 cf cement including 480 cf to tie in 4 1/2" to 8 5/8" from 1500' to 800'.

We propose to drill and test the Abo formation. Approximately 900' of surface casing will be set and cemented to surface. If commercial, 4 1/2" production casing will be run and cemented with adequate cover, perforated and stimulated as needed for production.

MUD PROGRAM: See Supplemental Drilling Data Which is Attached.

BOP PROGRAM: BOP will be installed on 8 5/8" casing and tested daily.

Gas is not dedicated.

Posted ID-1
NL, API
1-KC-87

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Landman DATE 12-18-86
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY S/Homer Meyer, Acting TITLE Area Manager DATE DEC 30 1986
CONDITIONS OF APPROVAL, IF ANY:

APPROVAL OF THIS APPLICATION DOES NOT WARRANT OR CERTIFY THAT THE APPLICANT HOLDS LEGAL OR EQUITABLE TITLE TO THOSE RIGHTS IN THE SUBJECT LEASE WHICH WOULD ENTITLE THE APPLICANT TO CONDUCT OPERATIONS THEREON