

UNITED STATES
DEPARTMENT OF THE INTERIOR
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

1,770' FWL-660' FNL

At proposed prod. zone

same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

32 air mile from Roswell, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

660'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

none

16. NO. OF ACRES IN LEASE

2,240.0

19. PROPOSED DEPTH

3,400'

17. NO. OF ACRES ASSIGNED TO THIS WELL

160

20. ROTARY OR CABLE TOOLS

Rotary

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

4,340' GR

22. APPROX. DATE WORK WILL START*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
9 7/8"	7"	23# J-55	700'	850 cf cement circ.
6 1/4"	4 1/2"	9.5# J-55	TD	Sufficient to isolate all water, oil and gas.

We propose to drill and test the Abo formation. Approximately 700' 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.

AIR DRILL FROM SURFACE TO TD.

BOP PROGRAM: Blowout preventer stack will consist of at least a rotary head with stripper rubber and 4" blow line with control valve.

Gas is not dedicated.

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 Agent DATE 4-7-91

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY S/Homer Meyer, Acting TITLE Area Manager DATE APR 2 5 1991

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 CONDUCE OPERATIONS HEREIN. PLEASE BE ADVISED THAT THERE WILL BE NO EXCAVATION OF FEDERALLY OWNED MINERAL MATERIAL FOR CONSTRUCTION OF ACCESS ROAD OR PAD WITHOUT PAYMENT TO THE APPLICANT. ADVANCE. I, the undersigned, do hereby certify that the foregoing information is true and correct to the best of my knowledge and belief, and that I am not making any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

10/10/10

10/10/10

10/10/10

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

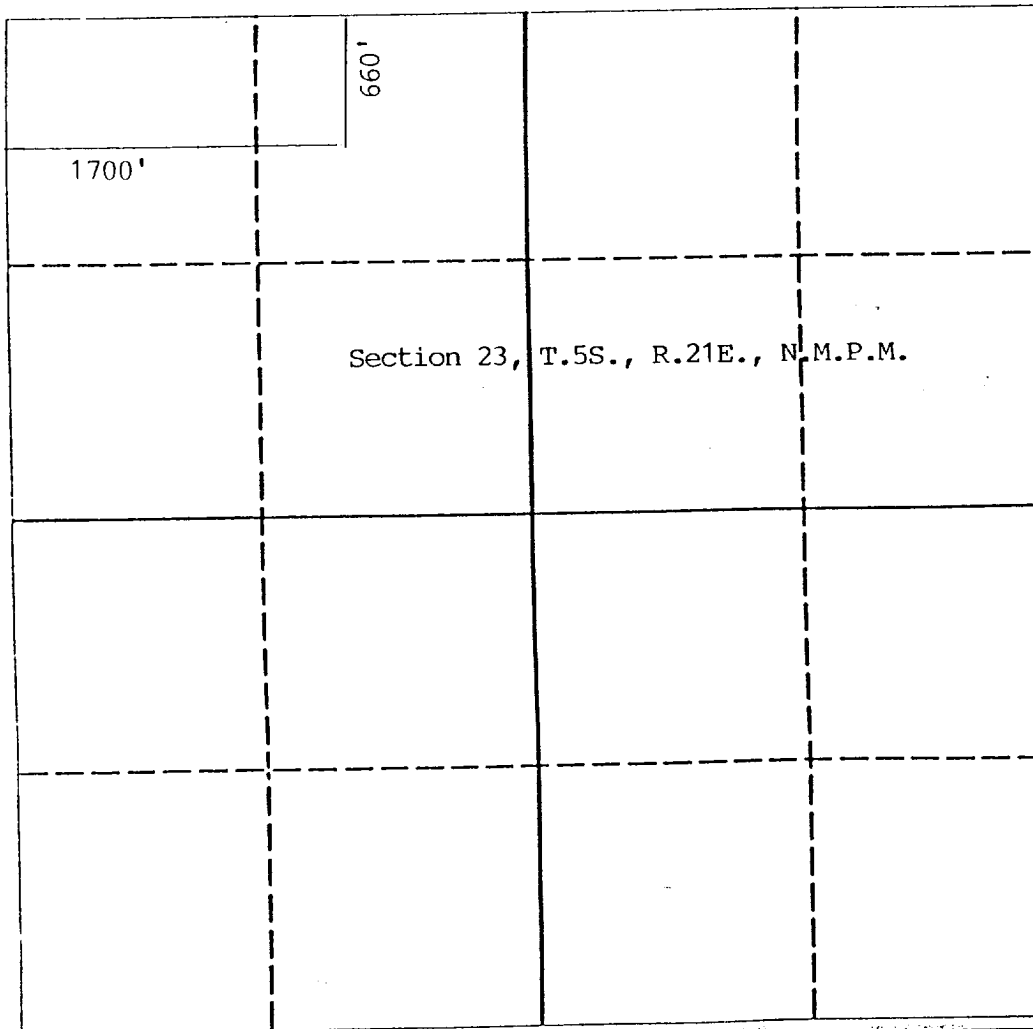
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator McKay Oil Corporation			Lease Rugged Federal		Well No. #1
Unit Letter C	Section 23	Township 5S.	Range 21E.	County Chaves	NMPM
Actual Footage Location of Well: 1700 feet from the West line and 660 feet from the North line					
Ground level Elev. 4340	Producing Formation ABO		Pool W. Pecos Slope Abo		Dedicated Acreage: 160.0 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☒ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Sam L. Shackelford

Position

Agent

Company

McKay Oil Corp.

Date

4-7-91

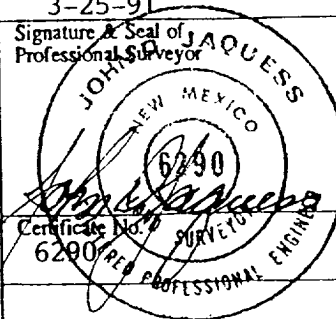
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

3-25-91

Signature & Seal of
Professional Surveyor



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

PERTINENT INFORMATION

For

MCKAY OIL CORPORATION
Rugged Federal #1
NE/4NW/4 of Sec. 23, T-5S, R-21E
Chaves County, New Mexico

<u>LOCATED:</u>	32 air miles Northwest of Roswell, N.M.
<u>LEASE NUMBER:</u>	NM-78341
<u>LEASE ISSUED</u>	May 1, 1981
<u>RECORD LESSEE:</u>	McKay Oil Corporation McKay Children,s Trust
<u>BOND COVERAGE:</u>	Lessee's \$25,000 Statewide
<u>AUTHORITY TO OPERATE:</u>	Designation of Operator
<u>ACRES IN LEASE:</u>	2,240.0 acres, more or less
<u>SURFACE OWNERSHIP:</u>	Federal
<u>OWNER:</u>	USA-BLM
<u>POOL RULES:</u>	General Statewide Rules
<u>EXHIBITS:</u>	A. Road and Well Map B. Contour Map C. Rig Layout D. BOP Diagram E. Lease Map F. Location Topography

SUPPLEMENTAL DRILLING DATA

MCKAY OIL CORPORATION
Rugged Federal #1
NE/4NW/4 of Sec. 23, T-5S, R-21E
Chaves County, New Mexico

NM-78341

The following items supplement Form 9-331C in accordance with instruction contained in NTL-6.

1. SURFACE FORMATION: San Andres
2. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Yeso	-	672'
Tubb	-	2374'
Abo	-	3074'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh Water	-	In surface formation above 600'
Gas	-	In Abo formation below 3074'
4. PROPOSED CASING PROGRAM: See Form 9-331C
5. PRESSURE CONTROL EQUIPMENT: Blowout preventer will consist of Rotary Head with a rotating rubber with 2,000#WP and 4,000# test pressure and a steel Blooey Line with 1500#WP valve. A sketch of the BOP is attached.
6. CIRCULATING MEDIUM:
Air Drilling
7. AUXILIARY EQUIPMENT: Full-opening drill string safety valve fit for the drill string in use, will be kept on the rig floor at all times.

8. TESTING, LOGGING AND CORING PROGRAM:
Samples: Catch samples from surface to TD.
DST'S: None
Logging: GR-CNL, Dual Lateral MSFL from
surface to TD.
Coring: None
9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:
None anticipated.
10. ANTICIPATED STARTING DATE: On or before May 1, 1991
Drilling should be completed within 60 days.
Completion operations (perforations and stimulation)
will follow drilling operations.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

McKAY OIL CORPORATION
Rugged Federal #1
NE/4NW/4 Sec. 23-5S-21E
Chaves County, N.M.

NM-78341

This plan is submitted with the application for permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. The well is approximately 32 miles North of Roswell, N.M.
- B. Directions: Heading North out of Roswell, New Mexico on U.S. 285 for approximately 23 miles and turn left on county road just before mile marker 137 (Cottonwood Road). Go approximately 3.0 miles, then turn north for 1 1/4 miles, then west to the cattleguard, turn west for 2 3/4 miles, then turn north in SW/4SW/4 of sec. 31 for 3 miles, then west for 3/4 miles to TX-NM pipeline, then continue southwest for 3/4 miles to location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: 3.0 miles long and 14' wide.
- B. Surfacing Materials: Sand, gravel and caliche where needed.
- C. Turnouts: three
- D. Maximum Grade: No more than 3%.
- E. Drainage Design: Road will have drainage ditches on both sides and a crowned top, with culverts and/or low water crossings as necessary.

- F. Culverts: None
 - G. Cuts and Fill: none
 - H. Gates, Cattleguards: cattleguard located at fence crossing in SE/4SE/4NE/4 of sec. 24, 5S-21E.
 - I. Top Soil: Very little
3. LOCATION OF EXISTING WELLS:
- A. A map indicating the location of adjacent wells is attached.
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:
- A. See Exhibit "A" for location of existing lease wells. IF the well is commercial, production facilities and tank battery will be constructed.
 - B. Cuts and Fills: Less than 10' of cut and fill will be required for the pad size of 125' x 125'. (see Exhibit "F")
 - C. Top Soil: Any top soil which can sustain plant vegetation will be bladed and piled for future rehabilitation.
5. LOCATION AND TYPE OF WATER SUPPLY:
- A. Water will be purchased from a commercial source and trucked to the location over existing and proposed access roads.
6. SOURCE OF CONSTRUCTION MATERIALS:
- A. State Pit located in the SE/4SE/4 Sec. 36-5S-21E.
7. METHODS OF HANDLING WASTE DISPOSAL:
- A. Drill cuttings will be disposed of in the drilling pits.
 - B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
 - C. Water produced during test will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.

- D. Current laws and regulations pertaining to the disposal of human waste will be complied with.
 - E. Trash, waste paper, garbage, and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt or deposited in an approved sanitary landfill. All waste material will be contained by a netted container to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "C".
 - F. All trash and debris will be buried or removed from the well site within 30 days after finishing drilling and/or completion operations.
8. ANCILLARY FACILITIES:
- A. None necessary
9. WELL SITE LAYOUT:
- A. Exhiabit "C" indicates the relation location and demensions of the well pad, mud pits, reserve pit and major rig equipment.
 - B. The location slopes very slightly to the southwest.
 - C. The reserve pit will be lined with plastic to prevent loss of water.
10. PLANS FOR RESTORATION OF THE SURFACE:
- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing condition as possible.
 - B. Any unguarded pits containing fluids will be fenced until they are filled.
 - C. If the well is non-productive or abandoned, the distrubed area will be rehabilitated using the preserved soil mentioned in 2. I. and 4. C.
11. OTHER INFORMATION:
- A. Topography: The topography is a gradual slope

to the southwest in the vicinity of the access road and southwest in the vicinity of the drill pad. Regional slope is south toward the Arroyo Del Macho which is approximately 2 miles from the location.

- B. Soil: Sandy loam with limestone outcropping.
- C. Flora and Fauna: The flora consists of typical desert vegetation, such as yucca, cactus and various grasses. Fauna consists of desert wildlife such as coyotes, rodents, snakes, deer and antelope.
- D. Ponds or Streams: Macho Draw is about 2.0 miles south of the proposed location.
- E. Residences and other Structures: The old Pierce ranch house is approximately 3 1/2 miles south of this location.
- F. Archaeological, Historical and Other Cultural Sites: An Archaeologist from Roswell, NM (A.S.C. Co.) has checked and approved this site and access road.
- G. Land Use: Grazing
- H. Surface Ownership: Federal

12. OPERATOR'S REPRESENTATIVE:

Gary Richburg
Roswell, New Mexico
(505) 623-4735

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exists; that the statements made in this plan are, to the best of my knowledge true and correct; that the work

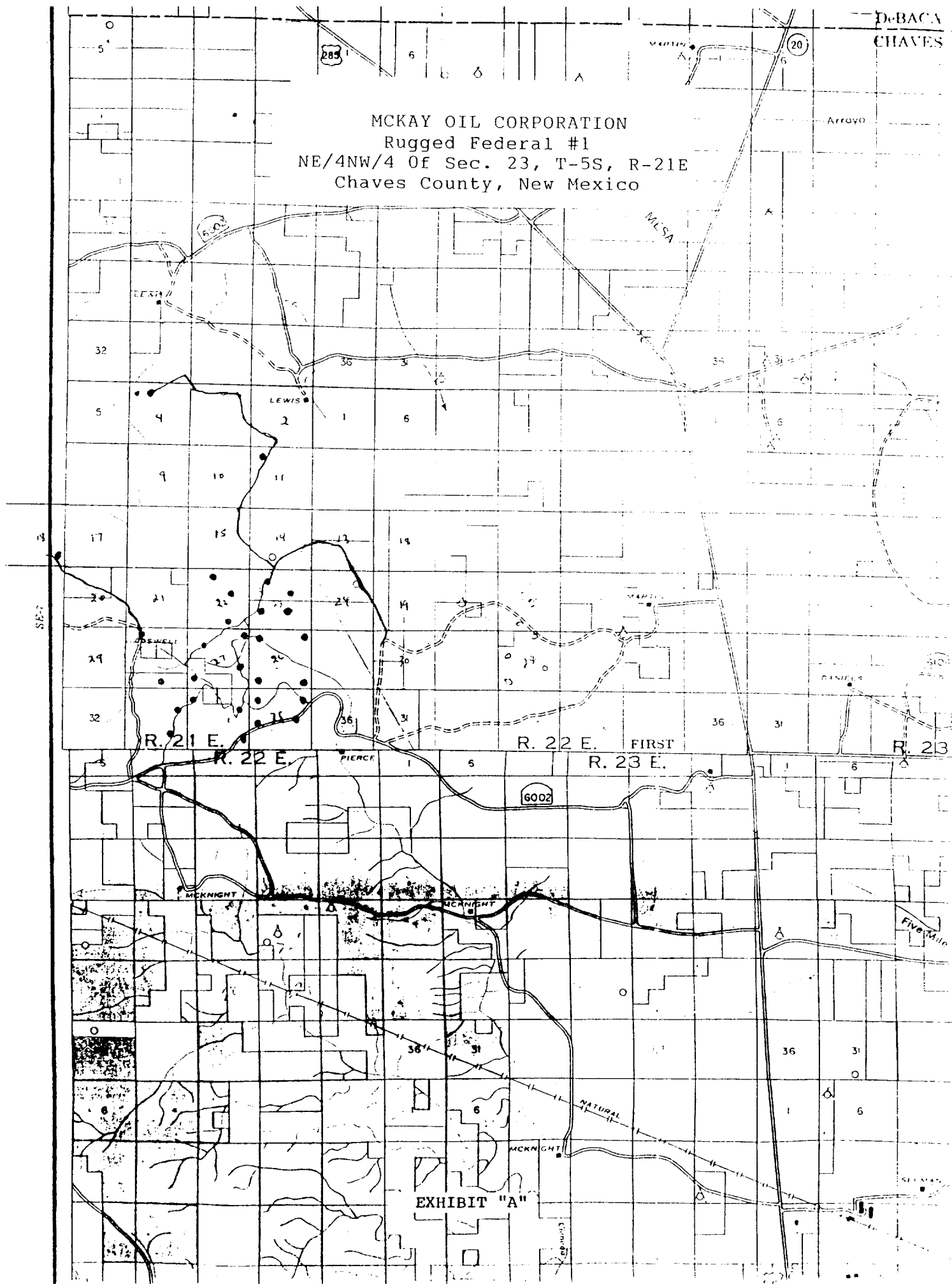
associated with the operations proposed herein will be performed by MCKAY OIL CORPORATION and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.

4-7-51
DATE:

ASL

DeBACA
CHAVES

MCKAY OIL CORPORATION
Rugged Federal #1
NE/4NW/4 Of Sec. 23, T-5S, R-21E
Chaves County, New Mexico



MCKAY OIL CORPORATION
Rugged Federal #1
NE/4NW/4 Of Sec. 23, T-5S, R-21E
Chaves County, New Mexico

NM-78340 NM-36187 NM-78341

Burt's Tank Wells Tank JY Ranch, INC.

FEE USED WELLS TANK JY RANCH, INC.

PIPELINE WATER PIPE X LINE

EXHIBIT "B"

New Access-----
Existing Access-----

Existing Access-----

MCKAY OIL CORPORATION
 Rugged Federal #1
 NE/4NW/4 Of Sec. 23, T-5S, R-21E
 Chaves County, New Mexico

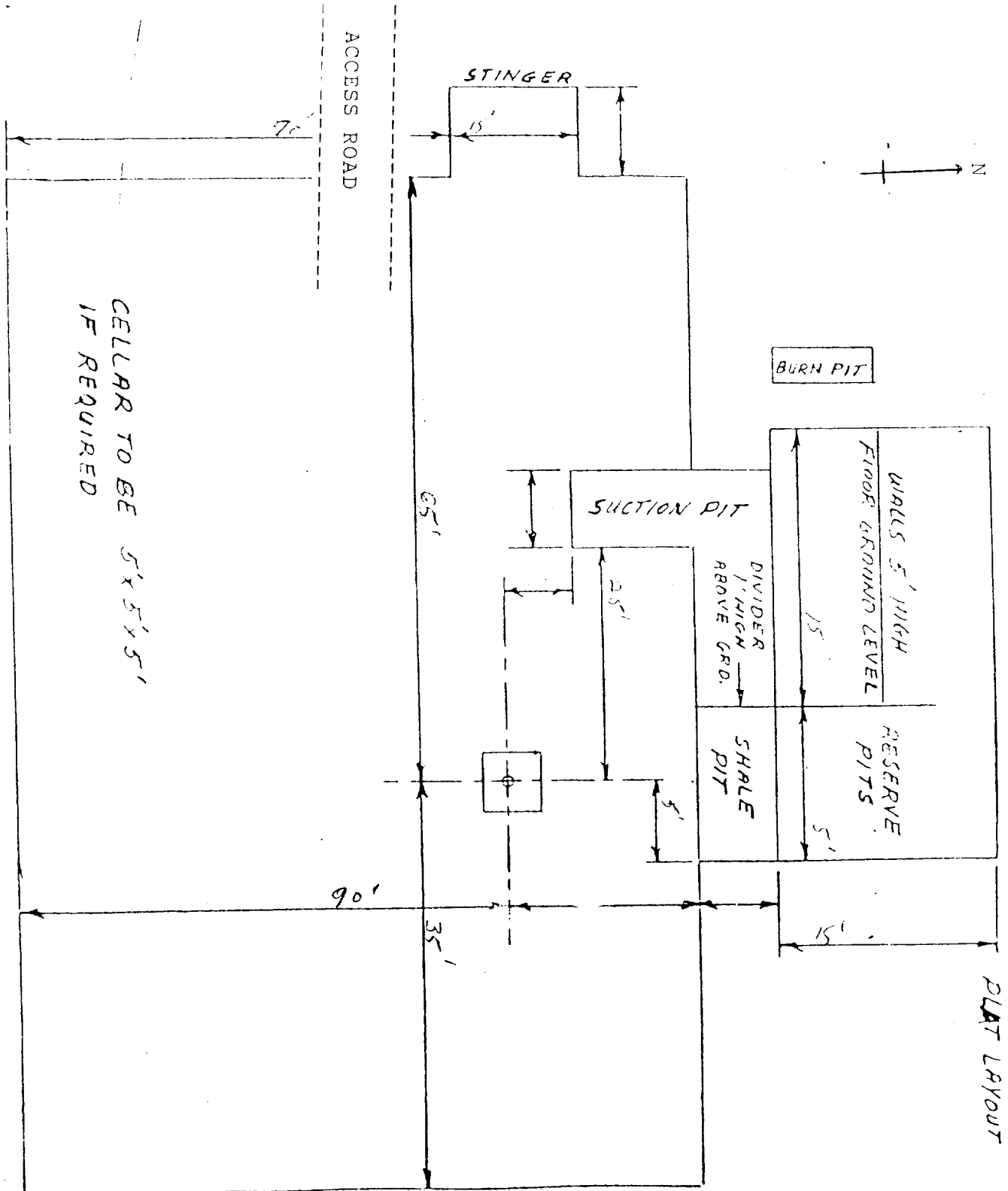


EXHIBIT C

SUPPLEMENTAL DRILLING DATA

MCKAY OIL CORPORATION
Rugged Federal #1
NE/4NW/4 of Sec. 23, T-5S, R-21E
Chaves County, New Mexico

NM-78341

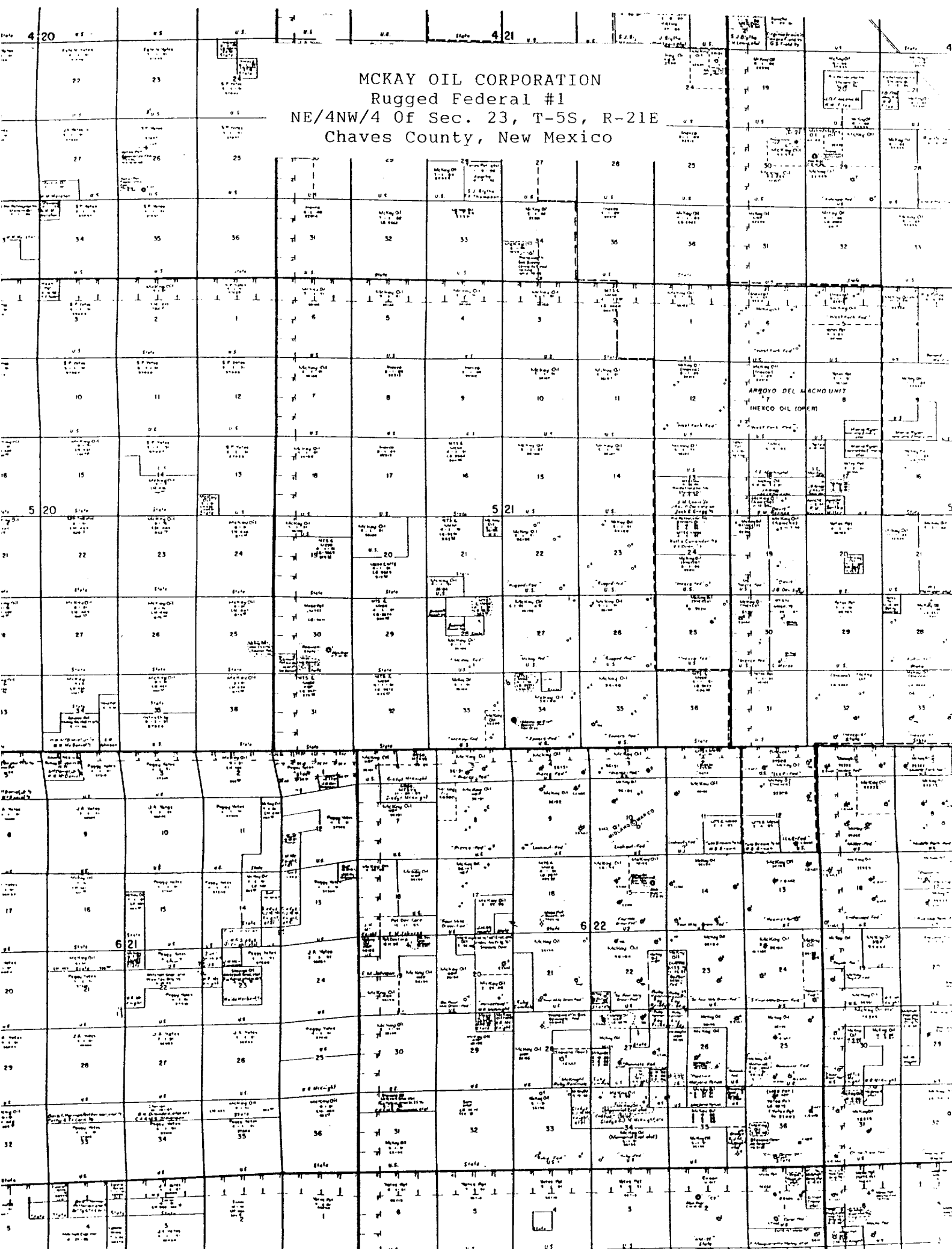
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MCKAY OIL CORPORATION
Rugged Federal #1
NE/4NW/4 Of Sec. 23, T-5S, R-21E
Chaves County, New Mexico



JOHN D. JAQUESS
CONSULTING ENGINEERS
P.O. Box 2565
ROSWELL, NEW MEXICO 88201
(505) 622-8866

GRID ELEVATI

JOB

SHEET NO

OF

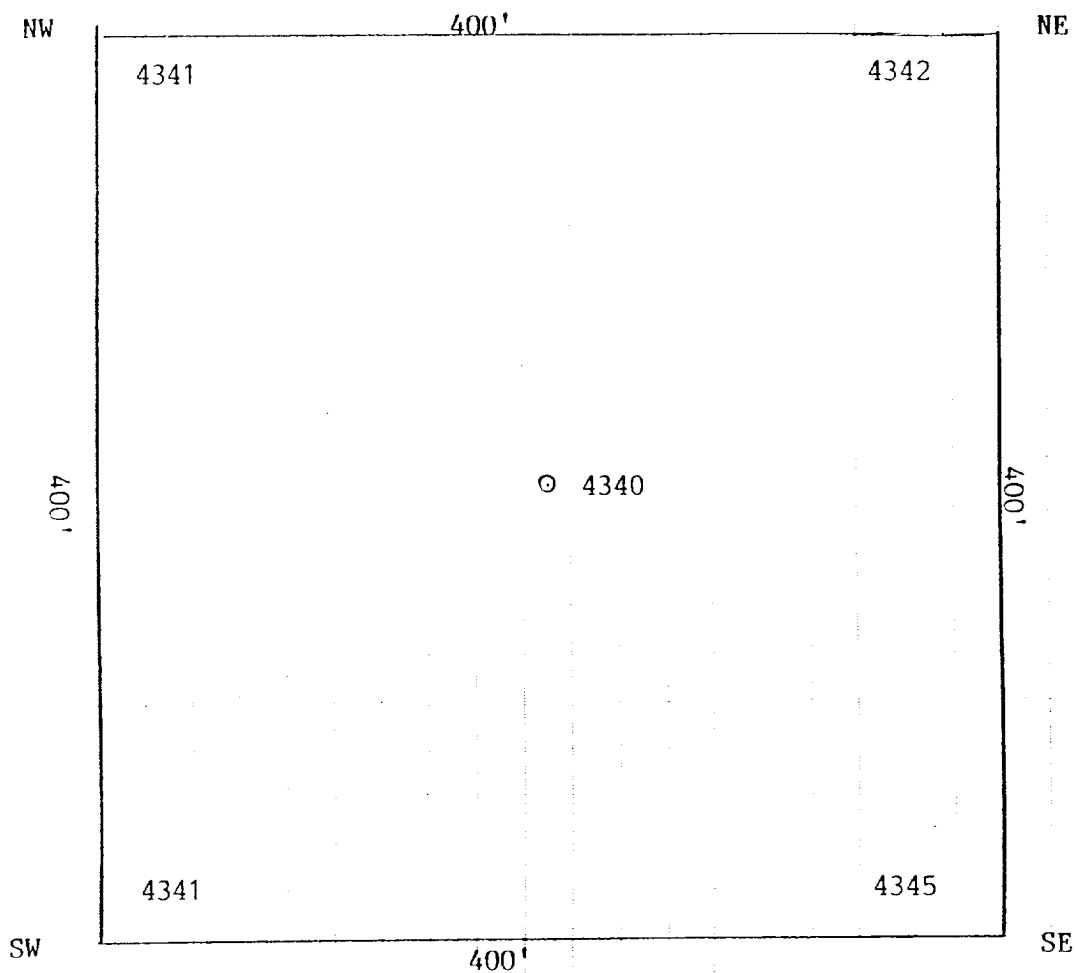
CALCULATED BY

DATE

CHECKED BY

DATE

SCALE



RUGGED FEDERAL #1
1700 FWL, 660 FNL
SECTION 23, T.5S., R.21E.
CHAVES COUNTY, NEW MEXICO