

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.
NM-36192-A
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME
8. FARM OR LEASE NAME
Hosmer Federal
9. WELL NO.
Hosmer #5
10. FIELD AND POOL, OR WILDCAT
W. Pecos Slope Abo
11. SEC., T., E., M., OR BLK.
AND SURVEY OR AREA
Sec. 13-6S-22E
12. COUNTY OR PARISH
Chaves
13. STATE
NM
22. APPROX. DATE WORK WILL START*
11-17-91

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐ PLUG BACK ☐
b. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ OTHER ☐
2. NAME OF OPERATOR
McKay Oil Corporation
3. ADDRESS OF OPERATOR
P.O. Box 2014, Roswell, NM 88202
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 2065' FWL-853' FSL
At proposed prod. zone same
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 25 miles north of Roswell
15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 853'
16. NO. OF ACRES IN LEASE
640.0
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. 1,690'
19. PROPOSED DEPTH
3,400'
20. ROTARY OR CABLE TOOLS
Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.)
4,119' GL
23. 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 J-55	900+	850 cf cement circulate
7 7/8"	4 1/2"	10.5 J-55	TD	1200 cf cement including
			Not needed See drilling slips.	480 cf to tie in 4 1/2" to 8 5/8" from 1500' to 800' MC

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.

Post ID-1
12-6-91
New Loc + API

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 11-12-91
(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

APPROVED BY THOMAS P. KELLY TITLE ACTING Area Manager DATE 12-2-91
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

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

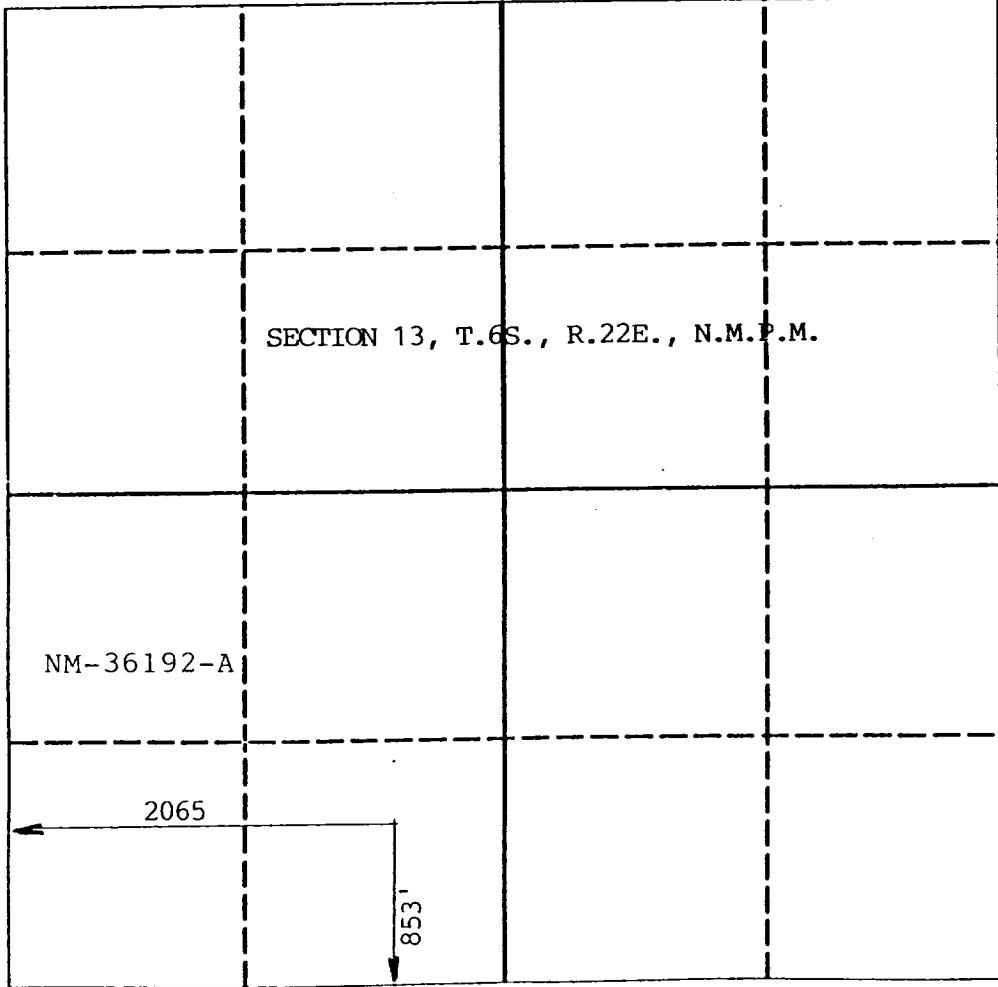

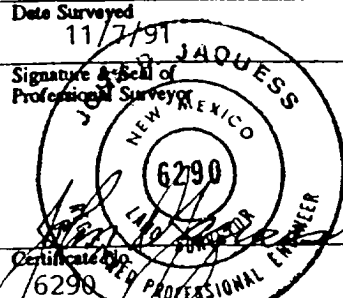
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

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 HOSMER FEDERAL		Well No. #5
Unit Letter N	Section 13	Township 6S.	Range 22E.	County NMPM CHAVES	
Actual Footage Location of Well: 2065 feet from the WEST line and 853 feet from the SOUTH line					
Ground level Elev. 4119	Producing Formation Abo		Pool W. Pecos Slope Abo		Dedicated Acreage: 160 Acres
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. 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.? <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>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.</p>					
					OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
					Signature <i>Sam L. Shackelford</i> Printed Name Sam L. Shackelford Position Agent Company McKay Oil Corp. Date 11-12-91
					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 11/7/91 Signature & Seal of Professional Surveyor  Certificate No. 6290 BK. 61, PG 51-54

PERTINENT INFORMATION

For

MCKAY OIL CORPORATION
Hosmer Federal #5
SE/4SW/4 of Sec. 13, T-6S, R-21E
Chaves County, New Mexico

<u>LOCATED:</u>	24 air miles Northwest of Roswell, N.M.
<u>LEASE NUMBER:</u>	NM-36192-A
<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>	640.0 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
Hosmer Federal #5
SE/4SW/4 of Sec. 13, T-6S, R-21E
Chaves County, New Mexico

NM-36192-A

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	-	736'
Tubb	-	2266'
Abo	-	2946'
3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Fresh Water	-	In surface formation above 600'
Gas	-	In Abo formation below 2946'
4. PROPOSED CASING PROGRAM: See Form 9-331C
5. PRESSURE CONTROL EQUIPMENT: Blowout preventer will consist of at least a double-ram blowout preventer rated to 3000#WP. A sketch of the BOP is attached. *Used as LM system.*
6. CIRCULATING MEDIUM:

Air Drilling to 100' above the top of the Abo formation. Then mud up till TD.
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 November 17, 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
Hosmer Federal #5
SE/4SW/4 of Sec. 13, T-6S, R-21E
Chaves County, New Mexico

NM-36192-A

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 24 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 5 1/4 miles, then turn north for 3/8 mile.

2. PLANNED ACCESS ROAD:

- A. Length and Width: 3/8 miles long and 14' wide.
- B. Surfacing Materials: Sand, gravel and caliche where needed.
- C. Turnouts: none
- 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.

RECEIVED

Nov 12 4 09 PM '91

BUFFALO CO. HQT
ROSWELL RESOURCE
AREA

- F. Culverts: A culvert will be placed in the arroyo located in the SE/4SE4/4SW/4 if required by BLM.
 - G. Cut and Fill: none
 - H. Gates, Cattleguards: None
 - 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. Federal Pit located in the SE/4SE/4 Sec. 24-6S-22E and SW/4SW/4 of Sec. 19-6S-23E.
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. Exhibit "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 southeast.
 - 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 southeast in the vicinity of the access road and southeast in the vicinity of the drill pad. Regional slope is northeast toward the Arroyo Del Macho which is approximately 3/8 mile 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 3/8 mile north of the proposed location.
- E. Residences and other Structures: The McKnight ranch house is approximately 1 1/4 mile south-east 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.

11-12-91
DATE:

S-S [Signature]

MCKAY OIL CORPORATION
Hosmer Federal 5
Section 13, T-6S, R-22E
Chaves County, New Mexico

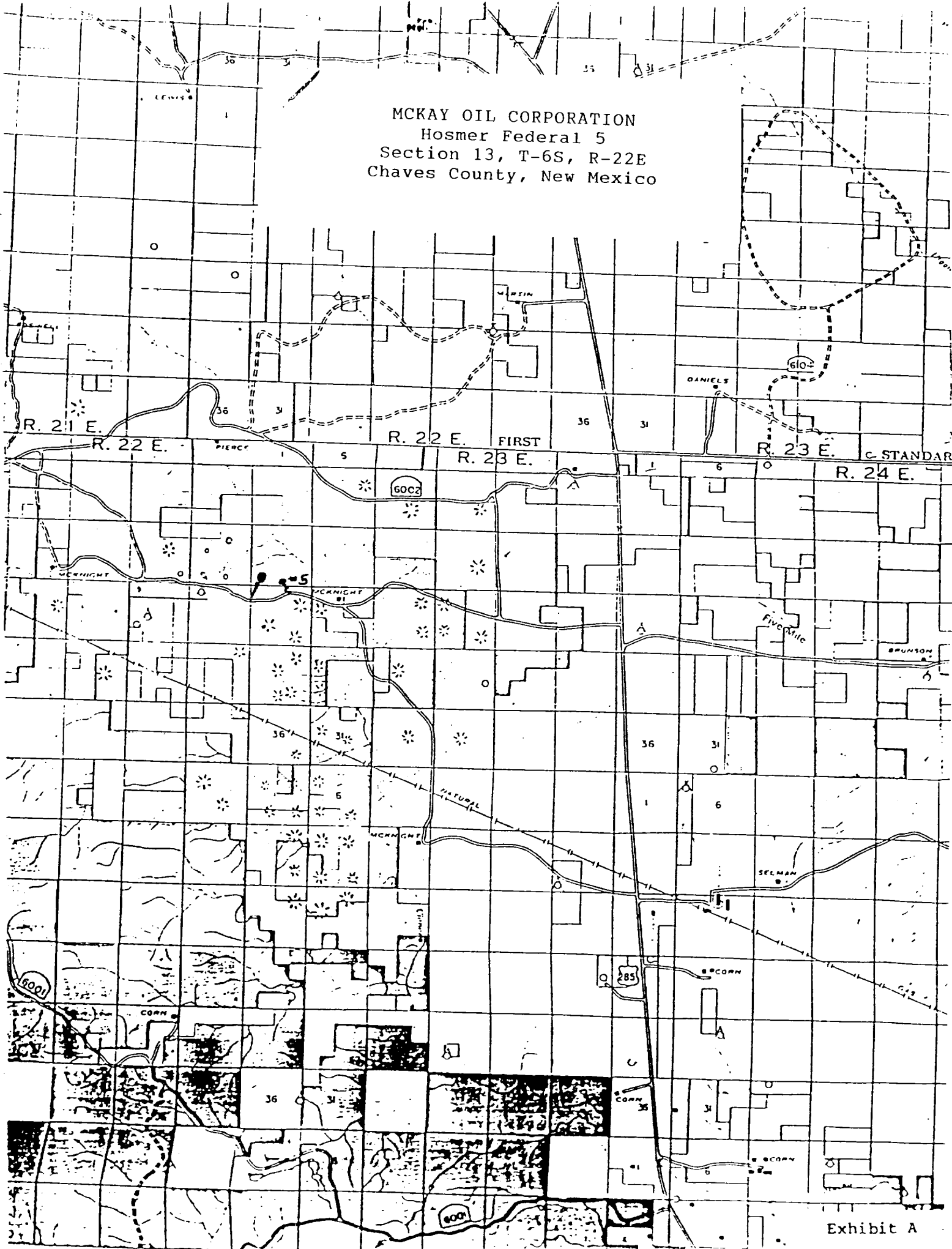
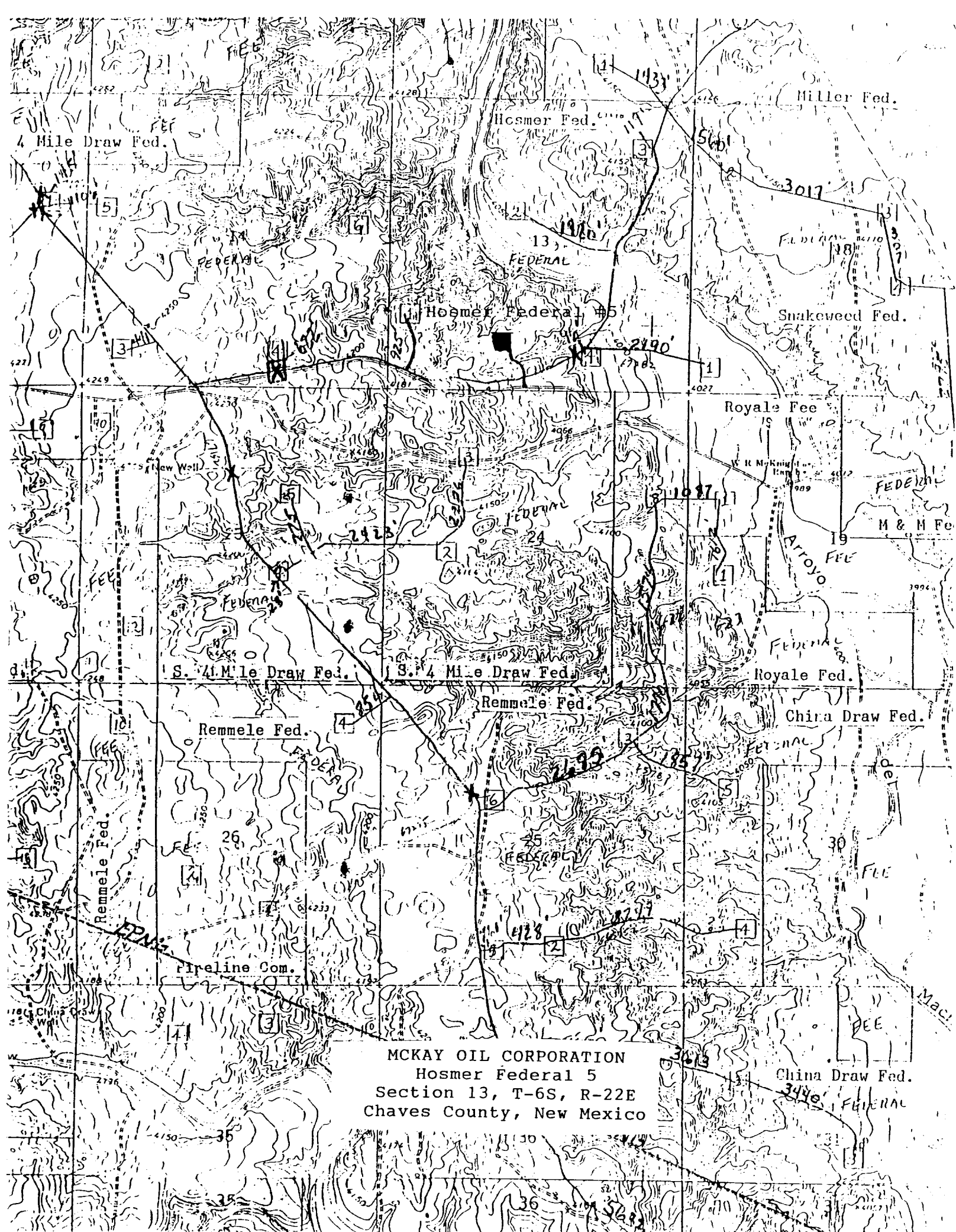


Exhibit A



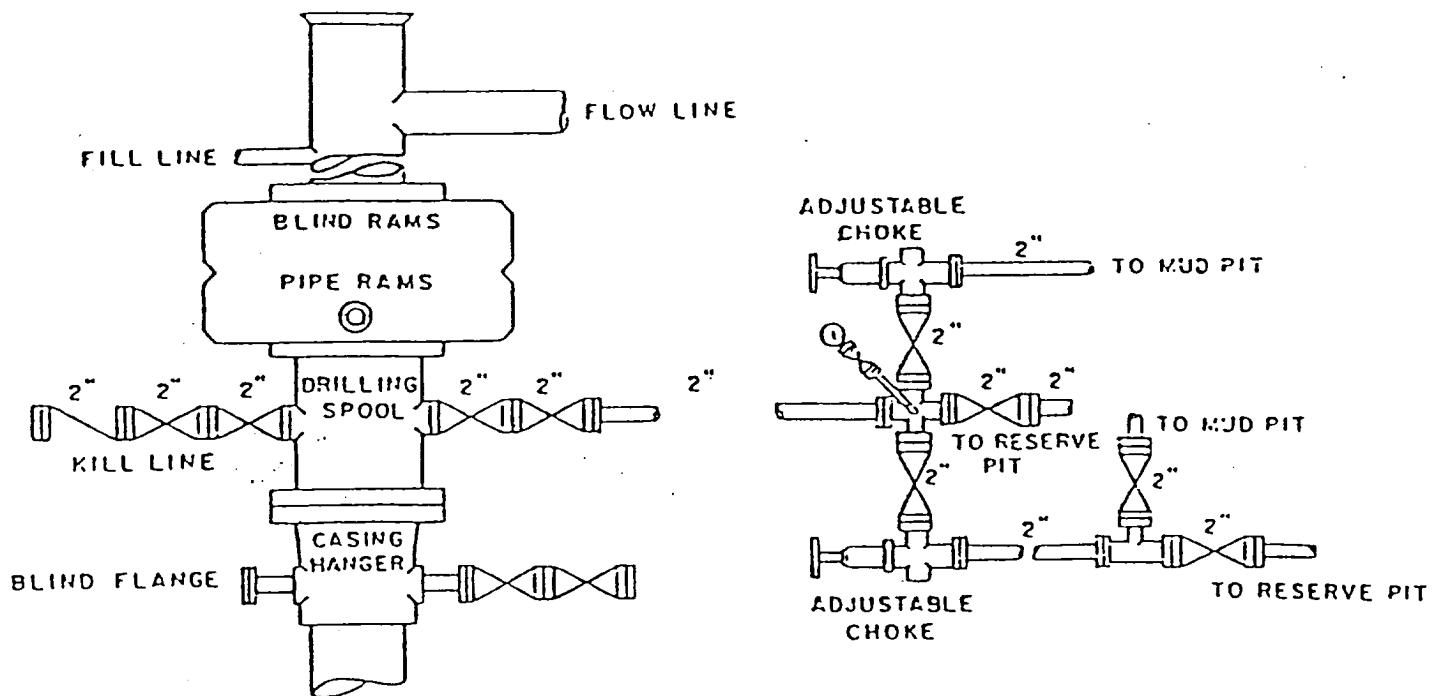
PLAT LAYOUT

The layout shows a large rectangular area with the following features and dimensions:

- Top Section:** A horizontal strip with a width of 75' and a height of 10'. It contains a **RESERVE PITS** area (30' wide) and a **SHALE PIT**.
- Left Section:** A vertical strip with a width of 45' and a height of 120'. It contains a **WALLS 5' HIGH** and a **FLOOR GROUND LEVEL**.
- Center Section:** A large rectangular area with a width of 130' and a height of 110'. It contains a **SECTION PIT** (10' wide) and a **DIVIDER 1' HIGH ABOVE GRD.** (15' high).
- Bottom Section:** A horizontal strip with a width of 120' and a height of 20'. It contains a **STINGER** (40' wide) and a **BURN PIT**.
- Right Section:** A large rectangular area with a width of 80' and a height of 130'. It contains a **CELLAR TO BE 5' x 5' x 5' IF REQUIRED**.
- Access:** A dashed line labeled **ACCESS** is shown on the right side.

Dimensions are indicated by arrows and numbers. The overall layout is oriented with North (N) at the top.

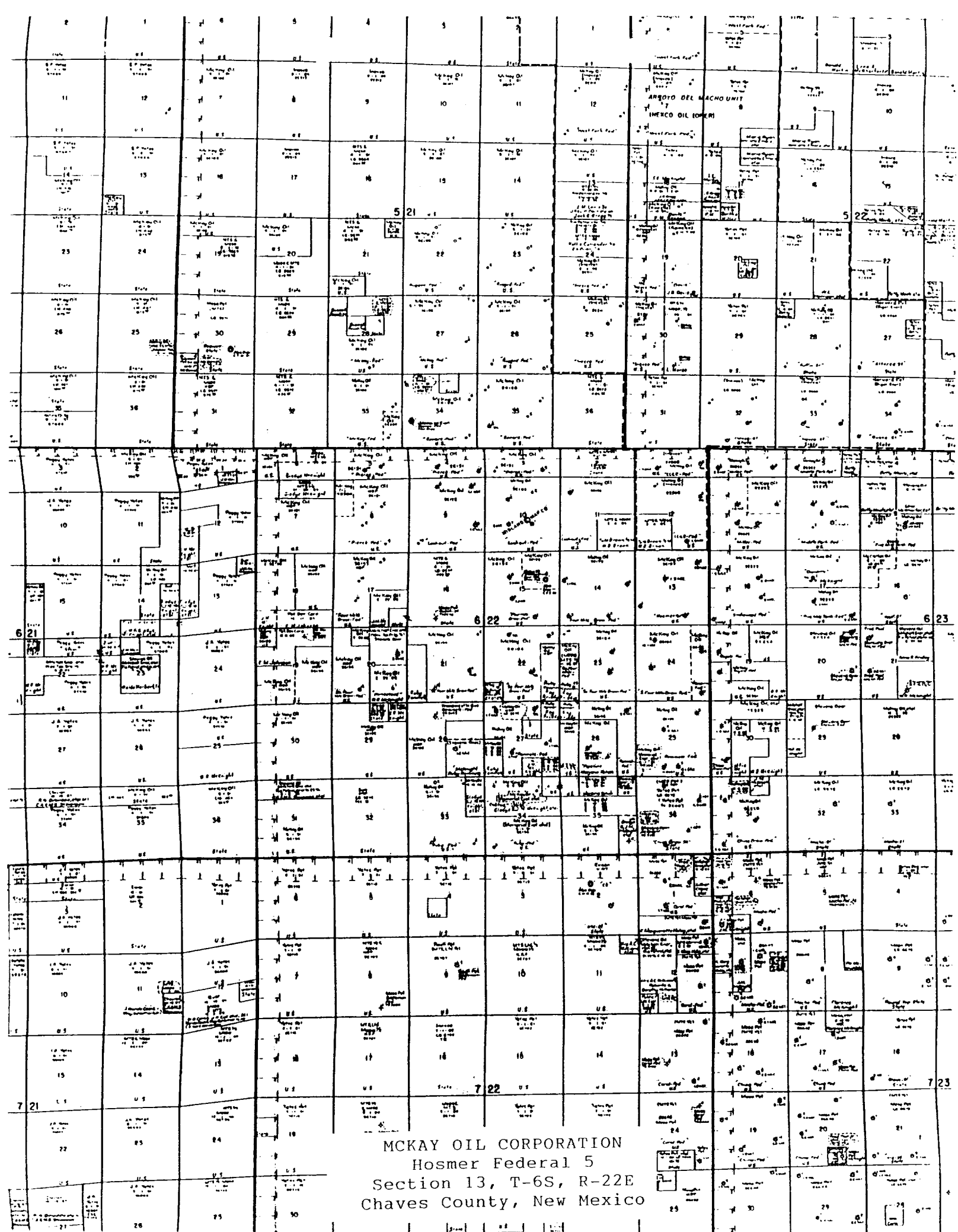
MCKAY OIL CORPORATION
 Hosmer Federal 5
 Section 13, T-6S, R-22E
 Chaves County, New Mexico



BOP DIAGRAM

3000# Working Pressure *Used as 2M system.*
 Rams Operated Daily

EXHIBIT D



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

GRID ELEVATIONS

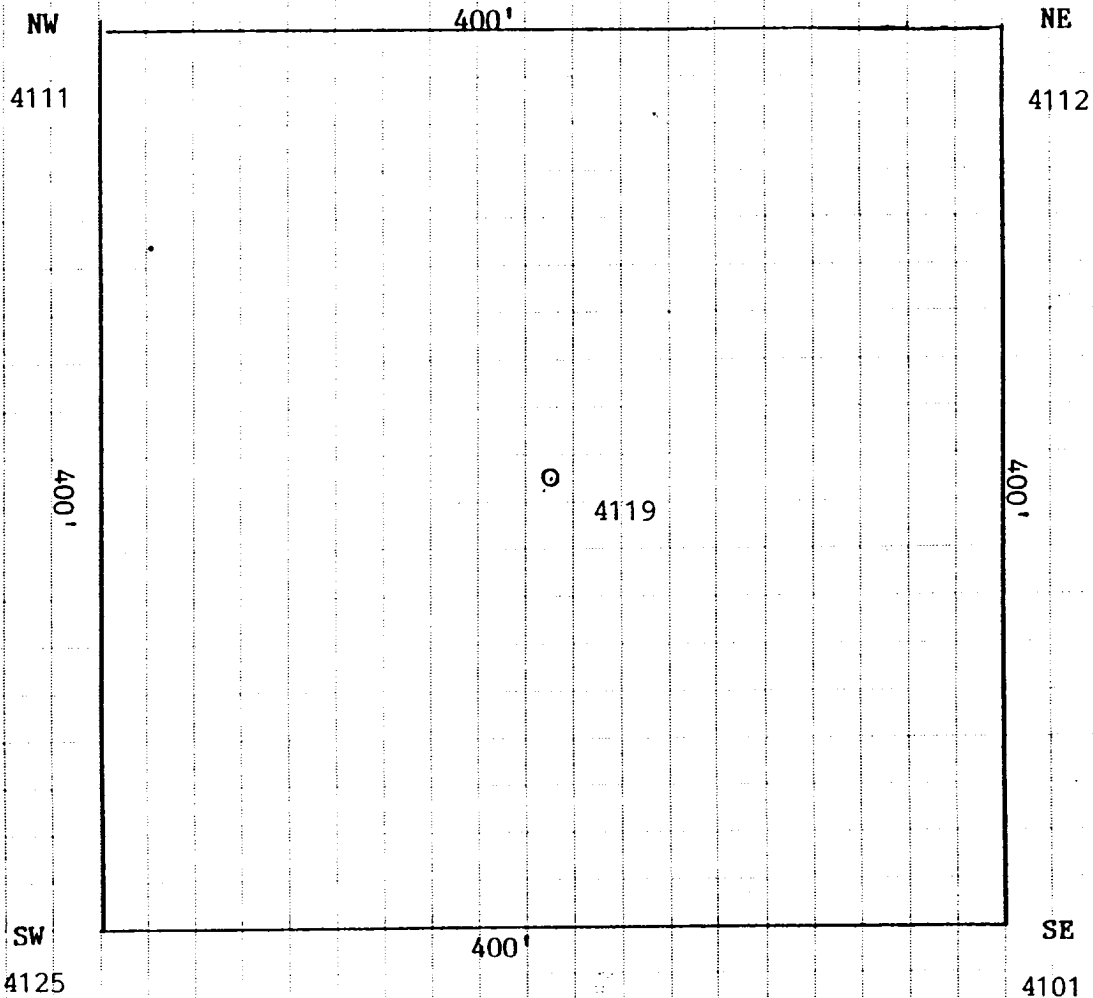
JOB _____

SHEET NO. _____ OF _____

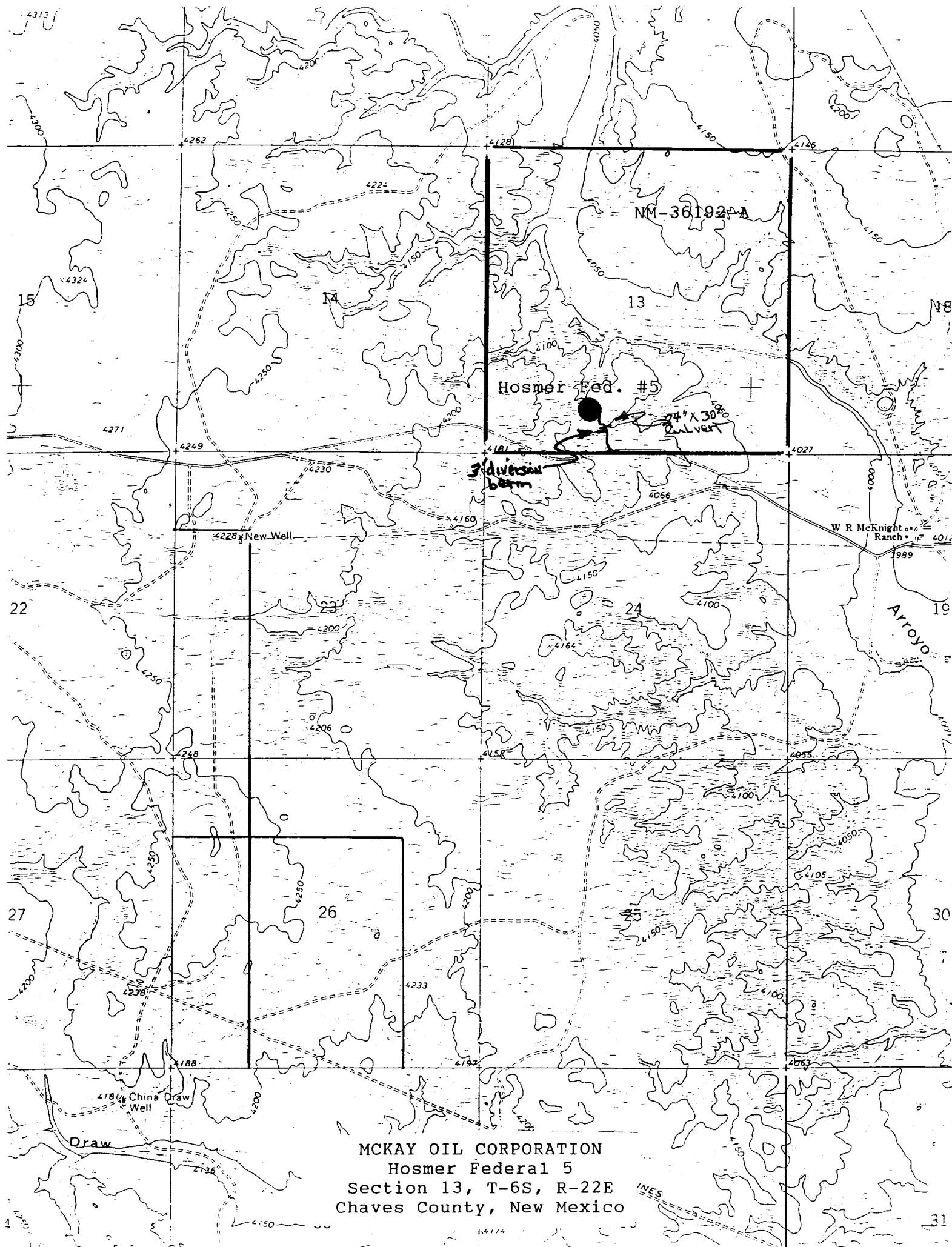
CALCULATED BY _____ DATE _____

CHECKED BY _____ DATE _____

SCALE _____



HOSMER FEDERAL #5
2065 FWL, 853 FSL
SECT. 13, T.6S., R.22E.
N.M.P.M.



MCKAY OIL CORPORATION
Hosmer Federal 5
Section 13, T-6S, R-22E
Chaves County, New Mexico