FORM APPROVED

OMB No. 1004-0136 Expires November 30, 2000

18970 ARTEGIA 4567

Form 3160-3 (August 1999)

> UNITED STATES BUREAU OF LAND MANAGEMENT

Lease Serial No. DEPARTMENT OF THE INTERIOR NM 32323 A If Incian, Allottee or Tribe Name APPLICATION FOR PERMIT TO DRILL OR REENTER 7. If Unit or CA Agreement, Name and No. In Type of Work: DRILL REENTER 26732 8. Lease Name and Well No. 1b. Type of Well: Oil Well XX Gas Well Other Single Zone Multiple Zone Five Mile Tank "B" Bed Name of Operator 9. API Well No. McKay Oil Corporation 34 Address 3b. Phone No. (include area code) 10. Field and Pool, or Exploratory P.O. Box 2014 Roswell, NM 88202 505-623-4735 Pecos Slope Aho 11. Sec., T., R., M., or Blk. and Survey or Area Location of Well (Report location clearly and in accordance with any State requirements.") 5Fd At surface At proposed prod. zone 1760' FSL & 660' FWL 17 - T6S, R23E, N.M.P.M. 12. County or Parish. 13. State 14. Distance in miles and direction from nearest town or post office. Chaves NM -23 miles North of Roswell 17. Specing Unit dedicated to this well 15. Distance from proposed\* 16. No. of Acres in lease location to nearest property or lease line, ft.
(Also to nearest drig, unit line, if any) 6601 1360.00 160.00 19. Proposed Depth 20. BLM/BIA Bond No. on file Distance from proposed location\* to nearest well, drilling, completed, 1392' 3400 applied for, on this lease, A. 1981 22. Appreximate date work will start 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 23. Estimated duration ' 4109' GL 3/15/00 15 days 24. Attachments The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form: 4. Bond to cover the operations unless covered by an existing bond on file (see 1. Well plat certified by a registered surveyor. Item 20 above). 2. A Drilling Plan. 5. Operator certification. 3. A Surface Use Plan (if the location is on National Forest System Lands, the 5. Such other site specific information and/or plans as may be required by the SUPO shall be filed with the appropriate Forest Service Office). authorized officer. 25. Signyere , Name (Printed/Typed) Date Bill J. Milstead Title Vice Presiden Approved by (Signature) Name (Printed/Typed) Dake (ORIG. SOD.) ARMANDO A. LOPEZ Acting Assistant Field Manager, Title Office APPROVED FOR 1 YEAR

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

<sup>\*(</sup>Instructions on reverse)

PECENVED 125

District Office
Sizic Lesse - 4 copies
Fee Lesse - 3 copies

## State of New Mexico (Energy, Minerals and Natural Resources D. ... tment

Form C-102 Revised 1-1-19

DISTRICT | P.O. Box 1980, Hobbs, NM 86240

# OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Medico 87504-2088

DISTRICT II
P.O. Drawer DD, Arieria, NM 18210
DISTRICT III
ILLU RO Brazos Rd., Ariec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT
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## **PERTINENT INFORMATION**

#### **FOR**

MCKAY OIL CORPORATION FIVE MILE TANK "B" FED. #5 NW/4SW/4 of Sec. 17, T-6S, R-23E Chaves County, New Mexico

23 air miles Northwest of **LOCATED**: Roswell, NM. **LEASE NUMBER:** NM-32323A November 1, 1978 **LEASE ISSUED:** McKay Oil Corporation **RECORD LESSEE:** McKay Children's Trust **BOND COVERAGE:** Operator's \$25,000 Statewide **AUTHORITY TO OPERATE**: Assignment of Operating Rights 1,360.00 acres, more or less **ACRES IN LEASE:** Fee **SURFACE OWNERSHIP: USA-BLM** OWNER: General Statewide Rules **POOL RULES: EXHIBITS**: 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 FIVE MILE TANK "B" FED. #5 NW/4SW/4 of Sec. 17, T-6S, R-23E Chaves County, New Mexico

The following items supplement Form 3160-3 in accordance with instruction contained in Onshore Oil and Gas Order No. 1:

1. SURFACE FORMATION: San Andres

## 2. ESTIMATED TOPS OF GEOLOGICAL MARKERS:

Yeso - 876' Tubb - 2372' Abo - 2600'

## 3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATIONS:

Fresh Water - In surface formation above 600' Gas - In Abo Formation below 2600'

## 4. PROPOSED CASING PROGRAM:

12-1/4" hole 8-5/8" X-42 23# 900" 95° 7-7/8" hole 4-1/2" J-55 10.5# TD

## 5. PROPOSED CEMENTING PROGRAM:

Surface to 900' class "C" - 350 sxs cemented and circulated

to surface.

Production Casing class "C" - 300 sxs cemented with adequate

cover.

## 6. PROPOSED DRILLING PROGRAM:

McKay Oil Corporation proposes to drill and test the ABO formation. Approximately 900' of surface casing will be set and cemented to surface. 4-1/2" production casing will be set and cemented with adequate cover, perforated and stimulated as needed for production.

7. PRESSURE CONTROL EQUIPMENT: Blowout preventer will consist of 2 rom,
Rotary Head with a rotating rubber with 1,000#WP and 1,000# test 2 Mystem
pressure and a steel Blooey Line with 1,000#WP valve. A
sketch of the BOP is attached.

- 8. CIRCULATION MEDIUM: Air Drilling
- 9. <u>AUXILIARY EQUIPMENT</u>: Full-opening drill string safety valve fit for the drill string in use, will be kept on the rig floor at all times.
- 10. 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.

- 11. <u>ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE</u>: None anticipated.
- 12. <u>ANTICIPATED STARTING DATE</u>: On or before <u>March 15, 2000</u>

  Drilling should be completed within 15 days. Completion operations (perforations and stimulation) will follow drilling operations.

#### MULTI-POINT SURFACE USE AND OPERATIONS PLAN

## MCKAY OIL CORPORATION FIVE MILE TANK "B" FED #5 NW/4SW/4 of Sec. 17, T-6S, R-23E Chaves County, New Mexico

#### NM 32323A

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 is staked. The well is approximately 23 miles north of Roswell, NM.
- B. <u>Directions</u>: 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 2.0 miles, then turn north for approximately 1/4 mile to the lease road, turn west for approximately 1/4 mile to location.

#### 2. PLANNED ACCESS ROAD:

- A. Length and Width: 2 miles long and 20' wide.
- B. <u>Surface Materials</u>: Sand, gravel and caliche where needed.
- C. Turnouts: None
- D. Maximum Grade: No more than 3%.
- E. <u>Drain Design</u>: 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: None needed. Already in place.

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: <u>See Exhibit "A"</u> for location of existing lease wells. If the well is commercial, production facilities and tank battery will be constructed.
- B. <u>Cuts and Fills</u>: Less than 10' of cut and fill will be required for the pad size of 258' x 350'. (See Exhibit "F")
- C. <u>Top Soil</u>: 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. Closest Pit to the location.

## 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 placed in portable receptacles and hauled from the location upon completion of drilling and completion operations.
- F. All trash and debris will be 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 dimensions of the well pad, mud pits, reserve pit and major rig equipment.
- B. The location slopes very slightly to the east and 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 conditions 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 disturbed area will be rehabilitated using the preserved soil mentioned in 2.I. and 4.C.

## 11. OTHER INFORMATION:

- A. <u>Topography</u>: The topography is a gradual slope to the south in the vicinity of the access road and south-southwest in the vicinity of the drill pad. Regional slope is south-southwest toward the Arroyo del Macho which is south-southwest of the location.
- B. Soil: Sandy loam with limestone outcropping.

-3-

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, dear and antelope.

- D. Ponds and Streams: China Draw east of the proposed location.
- E. <u>Residences and other Structures</u>: The David Corn ranch house (old W.R. McKnight Ranch) is approximately 1 mile to the south-southwest.
- F. <u>Archaeological</u>, <u>Historical and Other Cultural Sites</u>: An Archaeologist from Roswell, NM will be contracted to check and approve this site and access road.
- G. Land Use: Grazing.
- H. Surface Ownership: USA-BLM.

## 12. OPERATOR'S REPRESENTATIVE:

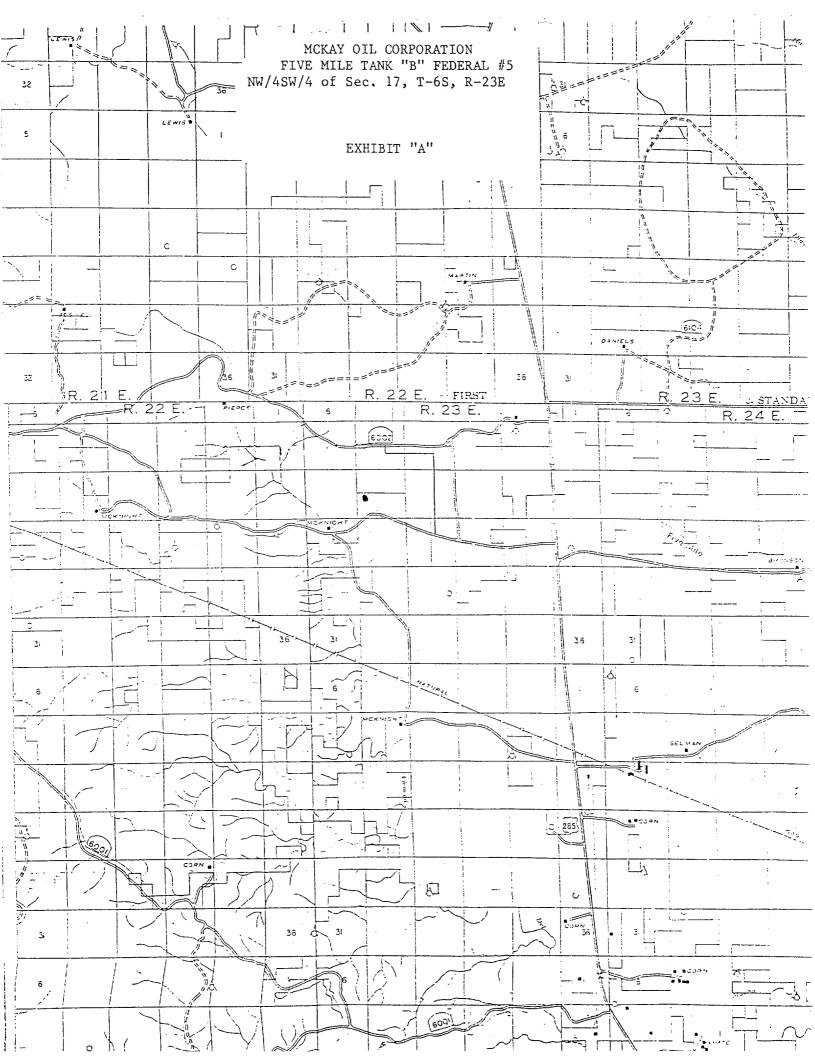
Gary Richburg Roswell, New Mexico (505) 623-4735 (O) (505) 626-8581 (C)

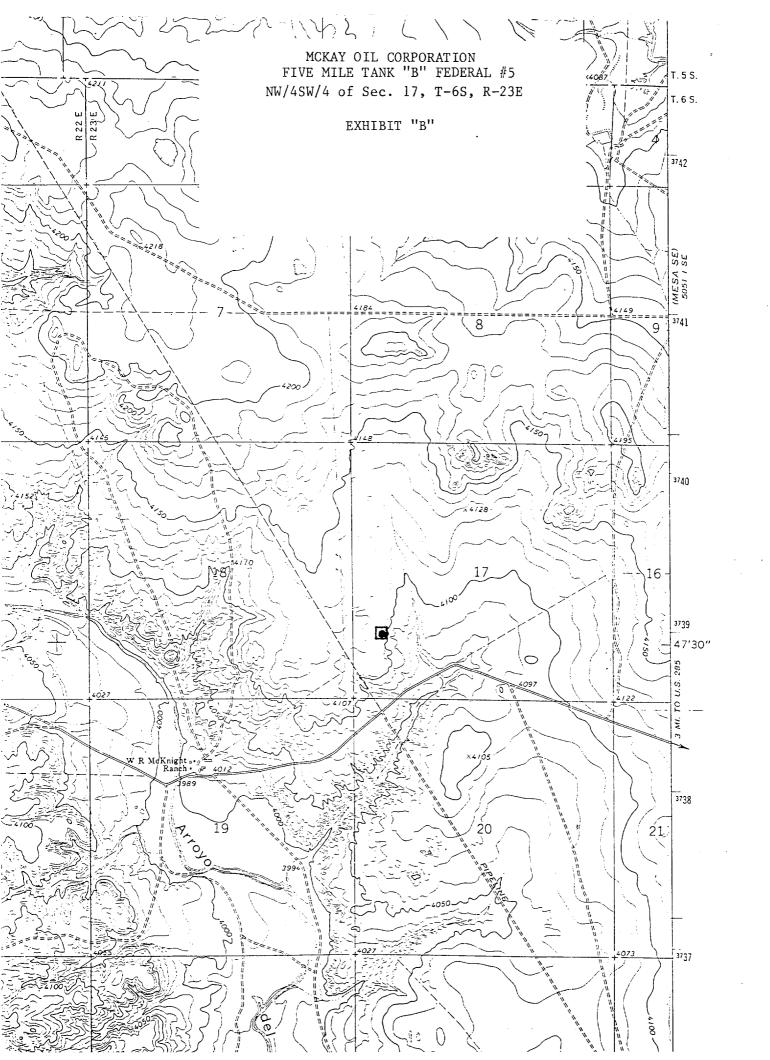
## 13. <u>CERTIFICATION</u>:

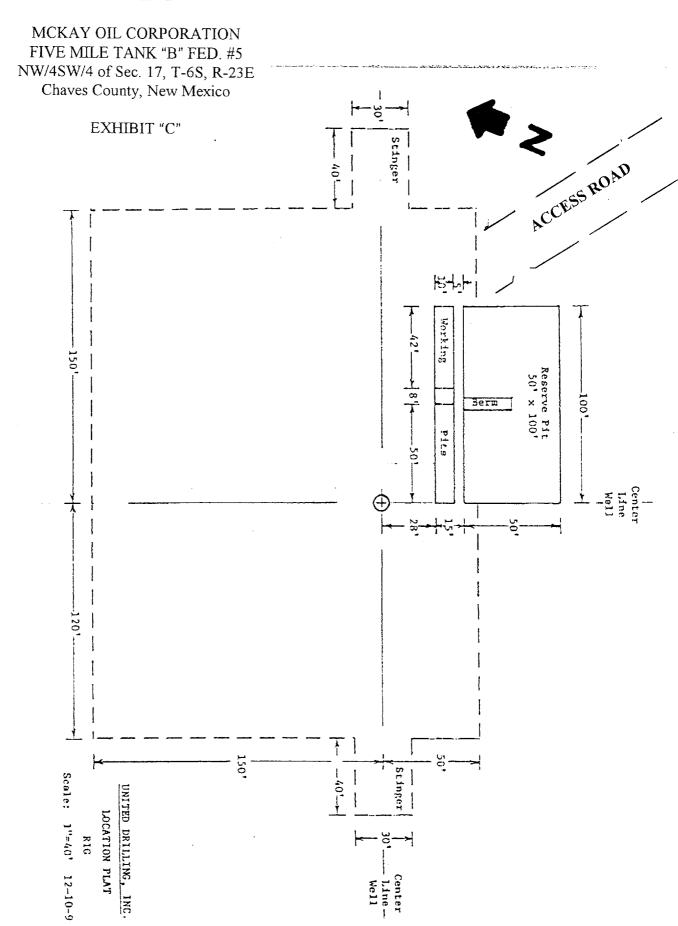
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exists; that he statements made in this plan are, to the best of my knowledge true and correct; that the work associated with the operations proposed herein will be performed by MCKAY OIL CORPORATION and its subcontractors 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.

2-4-00

DATE

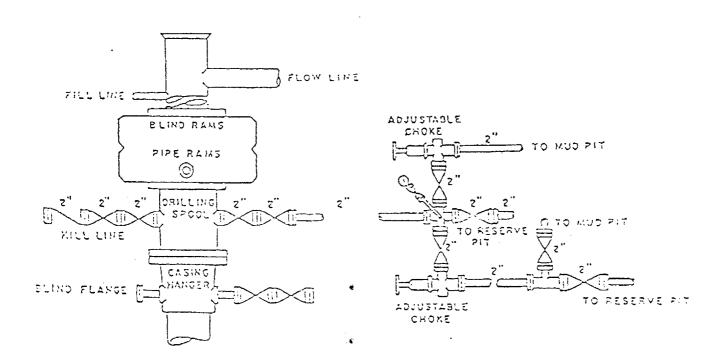






## MCKAY OIL CORPORATION FIVE MILE TANK "B" FEDERAL #5 NW/4SW/4 of Sec. 17, T-6S, R-23E

EXHIBIT "D"



## BOP DINGRAM

30000 Working Pressure Rams Operated Daily

76 MCKAY OIL CORPORATION FIVE MILE TANK "B" FEDERAL #5 2, 15 H 3 2 C 1 5 1 91 14 1 95 NW/4SW/4 of Sec. 17, T-6S, R-23E Kircherry (1). U 1 U S EXHIBIT "E" 27 26 29 ... 23 U.S. U.S. ۷. **۲**. ا I L. Horse U. S. Lickey Oil 40414 M5204 011 ᆟ 34 39 38 Girmeral Com 32 33. 亅 U.S. US. Mc Kiny Cil Maring Cil McKalon 22 31112 Makey Sil uli, vs McKey Cil McKay Oil 36192 Memorial Exp. 32304 1 Hexay Oil 1311 1311 1189 UTS L MISC Mickey Cil P - c - 3 - 3 - 14 Signaria: 15:51 15:51 4:52 7652 33 9674 431 15 McKay Oil Nickou () () #8# 1737) 35.53 ᅱ :6 14 13 13 M:Key@1 #32 31313 6 22 "٢٥٠٠, ٢٥٠٠ - 6 Makay Oil 3 11 N 3 12 N Markey Oil 3 0 3 1 31 3 0 34:34 Yarkay gal De s• 23 24 20 O MEXON FOR 703-1517-303 703-16-787 McHay Oil 1111 34 1 y S. 3830 M: Y-0.1 135 1435 Makay Oil, erai یک وه±: ۸ 26 1 8 2 Mc Xay Cil Strate Michael Michael Col 25 25 29 Meanwhi Alhammir ੂ ਹੈ ਹੈ ਹੈ ਹੈ ਹੈ ਹੈ ਸਿੰਘ V S (wee Pro) Ut 1 m Oil 313492 47 336 61 31 LE 7375 33 31 36

w. 4 -- (c)

## MCKAY OIL CORPORATION FIVE MILE TANK "B" FED. #5 NW/4SW/4 of Sec. 17, T-6S, R-23E Chaves County, New Mexico

EXHIBIT "F"

## THERE IS NO EXHIBIT "F"