

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
811 S. 1st Street
Artesia, NM 88210-2834

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

0155

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease or Unit No. NM 32323-A
2. Name of Operator McKay Oil Corporation /		6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 2014, Roswell, NM 88202	3b. Phone No. (include area code) 505-623-4735	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 880' FSL and 1760' FEL, Section 17, T6S, R23E, N.M.P.M. U.T.N		8. Well Name and No. Five Mile Tank "B" Federal #3
		9. API Well No. 30-005-63293
		10. Field and Pool, or Exploratory Area
		11. County or Parish, State Chaves, US

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

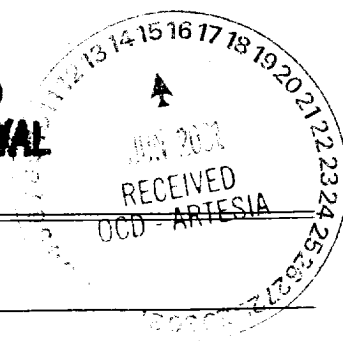
McKay Oil Corporation plans to drill this well as a horizontal well. The lateral to be drilled will enter the Abo formation approximately 400' West of the vertical hole and will proceed in a westerly direction for approximately 2,600'.

We request permission to amend the casing program to allow McKay to set 5-1/2", J-55, 15.5 production casing to the point where the lateral enters the formation. The horizontal hole will be open hole for the length of the lateral.

See attached plat for an indication of the direction of the lateral.

S 1/2 Sec. 17, T. 6S, R. 23E. Dedicated

**SUBJECT TO
LIKE APPROVAL
BY STATE**

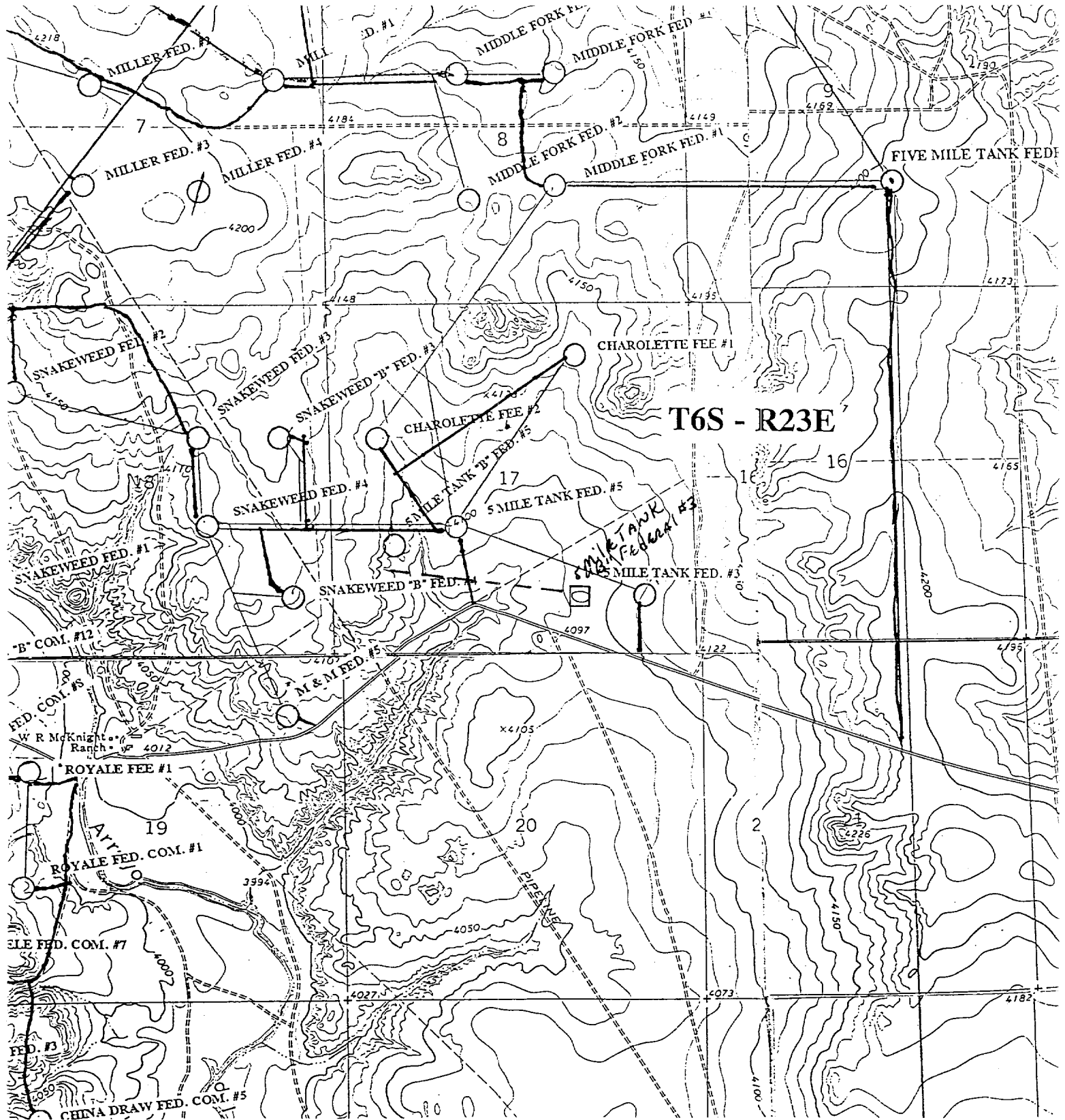


14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Bill J. Milstead		Title Vice President
Signature <i>Bill J. Milstead</i>		Date June 13, 2001
APPROVED THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by: ORIG. SGD.) DAVID R. GLASS		Title
Date: JUN 13 2001		Date
Conditions of approval, if any, are attached. Approval of this notice 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.		Office
Title 18 U.S.C. Section 1001 makes 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.		

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