

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER



FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 32323
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator McKay Oil Corporation 14424		7. If Unit or CA Agreement, Name and No. 26901
3a. Address P.O. Box 2014 Roswell, NM 88202		8. Lease Name and Well No. Snakeweed "B" Fed. #3
3b. Phone No. (include area code) 505-623-4735		9. API Well No. 30-005-63308
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface At proposed prod. zone 1760' FNL & 588' FEL		10. Field and Pool, or Exploratory W. Pecos Slope Aho
14. Distance in miles and direction from nearest town or post office 23 miles north of Roswell, NM		11. Sec., T., R., M., or Bk. and Survey or Area 18 - T6S, R23E, N.M.P.M.
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 1360.00	12. County or Parish Chaves
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 1320'	19. Proposed Depth 3400'	13. State NM
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4146' GL	22. Approximate date work will start 4/5/00	17. Spacing Unit dedicated to this well 160.00
24. Attachments NO WATER BASIN		20. BLM/BIA Bond No. on file NM 1981
23. Estimated duration 15 days		23. Estimated duration 15 days

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature Bill J. Milstead Name (Printed/Typed) Bill J. Milstead Date 2-9-00

Title Vice President

Approved by (Signature) /S/LARRY D. BRAY Name (Printed/Typed) SEP 28 2000

Title Assistant Field Manager, Lands And Minerals Office ROSWELL FIELD OFFICE APPROVED FOR 1 YEAR

Application approval 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.

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.

(Instructions on reverse)

Operator to notify NMOC time of spud  
& time to witness ~~XXXX~~ & 8 5/8" casing

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
SPECIAL STIPULATIONS  
ATTACHED

RECEIVED  
2000 FEB -11 P 11:23  
BUREAU OF LAND MANAGEMENT  
ROSWELL, NEW MEXICO

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

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

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

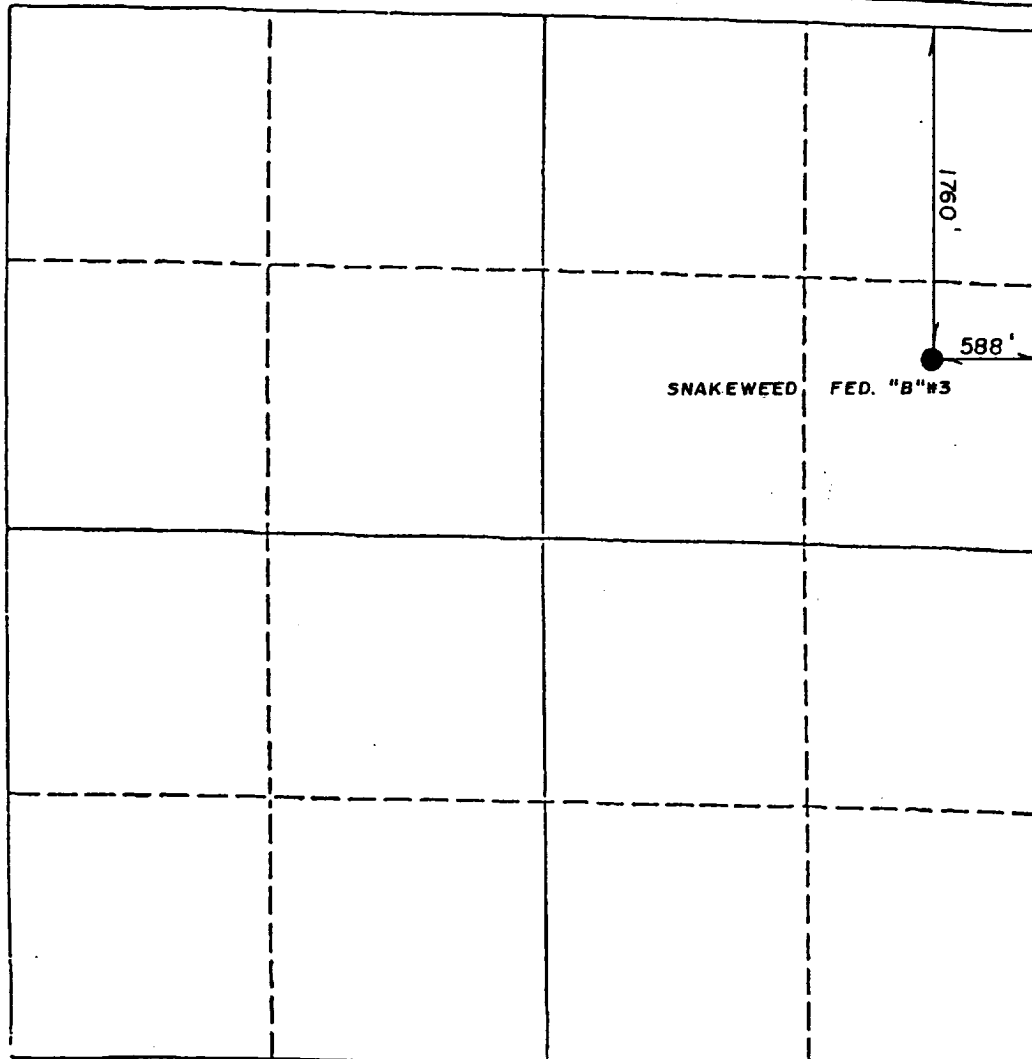
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

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

WELL LOCATION AND ACREAGE DEDICATION PLAT  
All Distances must be from the outer boundaries of the section

Operator <b>McKAY OIL CORP.</b>			Lease <b>SNAKEWEED FED "B"</b>		Well No. <b>3</b>
Unit Letter <b>H</b>	Section <b>18</b>	Township <b>6S</b>	Range <b>23E</b>	County <b>CHAVES</b>	
Actual Footage Location of Well: <b>1760</b> feet from the <b>NORTH</b> line and <b>588</b> feet from the <b>EAST</b> line					
Ground level Elev. <b>4146</b>		Producing Formation		Pool	
					Dedicated Acreage: Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
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).
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, forced-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 coo-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  
*Bill J. Milsstead*  
Printed Name  
**Bill J. Milsstead**  
Position  
**Vice President**  
Company  
**McKay Oil Corporation**  
Date  
**7-7-00**

SURVEYOR CERTIFICATION  
I hereby certify that the well location shown on this plat was plotted from field notes or 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  
**7/7/00**  
Signature & Seal of Professional Surveyor  
*Jackie D. Atkins*  
Professional Surveyor  
Certificate No.  
**LS 8504**

**PERTINENT INFORMATION**

FOR

MCKAY OIL CORPORATION  
SNAKEWEED "B" FED. #3  
SE/4NE/4 of Sec. 18, T-6S, R-23E  
Chaves County, New Mexico

<u>LOCATED:</u>	23 air miles Northwest of Roswell, NM.
<u>LEASE NUMBER:</u>	NM-32323
<u>LEASE ISSUED:</u>	November 1, 1978
<u>RECORD LESSEE:</u>	McKay Oil Corporation McKay Children's Trust
<u>BOND COVERAGE:</u>	Operator's \$25,000 Statewide
<u>AUTHORITY TO OPERATE:</u>	Assignment of Operating Rights
<u>ACRES IN LEASE:</u>	1,360.00 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  
SNAKEWEED "B" FED. #3  
SE/4NE/4 of Sec. 18, 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#	<del>900'</del> 950'
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 <sup>2 ram</sup> ~~Rotary Head with a rotating rubber with 1,000# WP and 1,000# test~~ <sup>2 M system</sup> pressure and a steel Boppy Line with 1,000# WP valve. A sketch of the BOP is attached. <sup>3WC</sup>
8. CIRCULATION MEDIUM: Air Drilling
9. 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.
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. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:  
None anticipated.
12. ANTICIPATED STARTING DATE: On or before April 5, 2000  
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  
SNAKEWEED "B" FED #3  
SE/4NE/4 of Sec. 18, T-6S, R-23E  
Chaves County, New Mexico

NM 32323

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. 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 2.0 miles, then turn north for approximately 1/4 mile to the lease road, turn west for approximately 1/2 mile, then turn north 1/4 mile to the location.

### 2. PLANNED ACCESS ROAD:

- A. Length and Width: 1/4 mile long and 20' wide.
- B. Surface Materials: Sand, gravel and caliche where needed.
- C. Turnouts: None
- D. Maximum Grade: No more than 3%.
- E. Drain 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: 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: 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 258' x 350'. (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. 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. Topography: 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.

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 and Streams: Arroyo del Macho south-southwest of the proposed location.

E. Residences and other Structures: The David Corn ranch house (old W.R. McKnight Ranch) is approximately 1 mile to the south-southwest.

F. Archaeological, Historical and Other Cultural Sites: 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. 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.

2-4-00

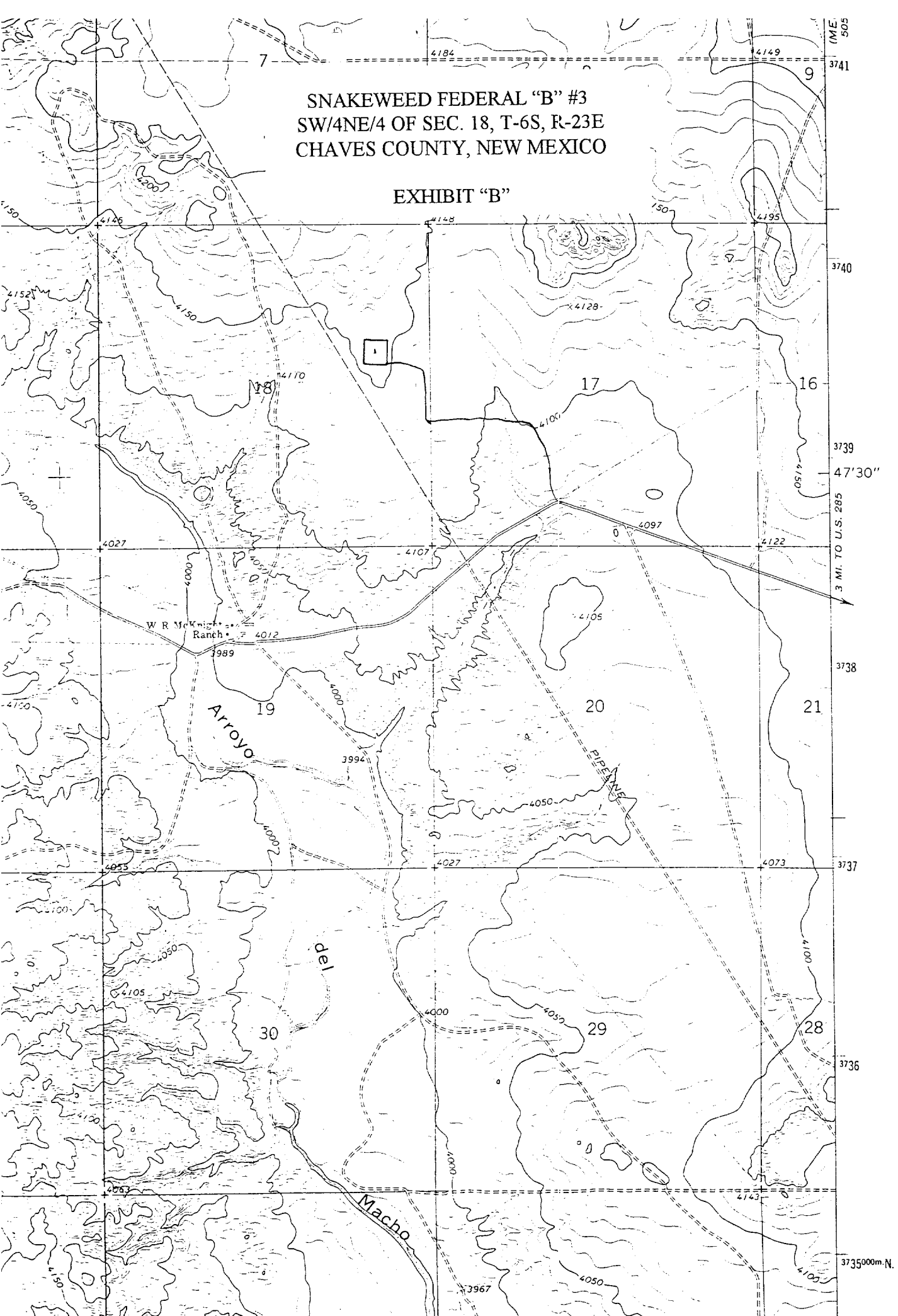
DATE

Bill M. Stated

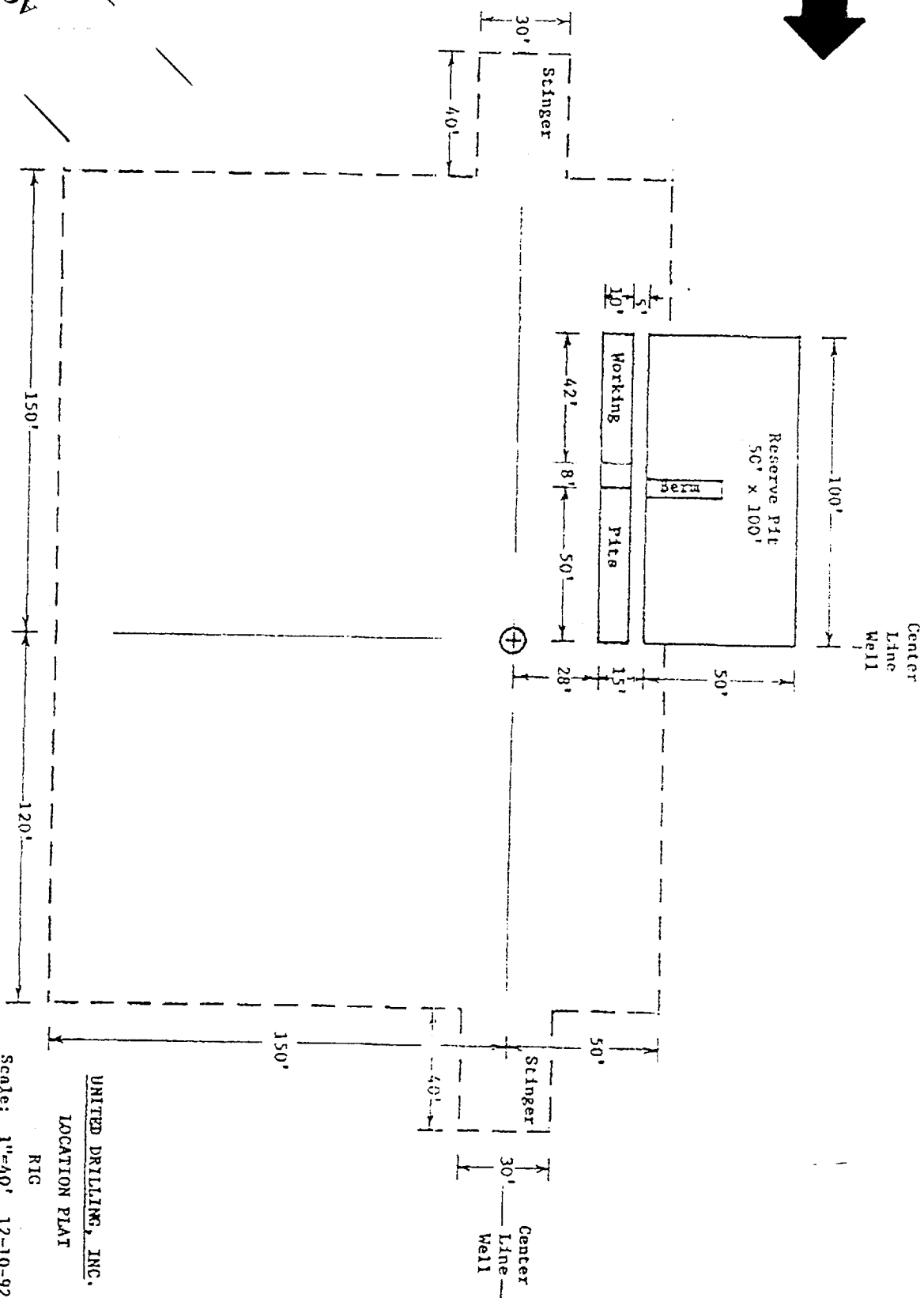
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Snakeweed Federal "B" #3  
SW/4NE/4 OF SEC. 18, T-6S, R-23E  
Chaves County, New Mexico

EXHIBIT "B"



## EXHIBIT "C"



Scale: 1"=40' 12-10-92

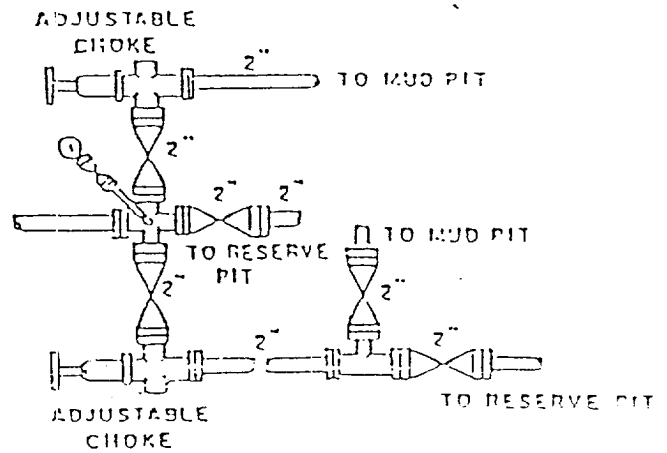
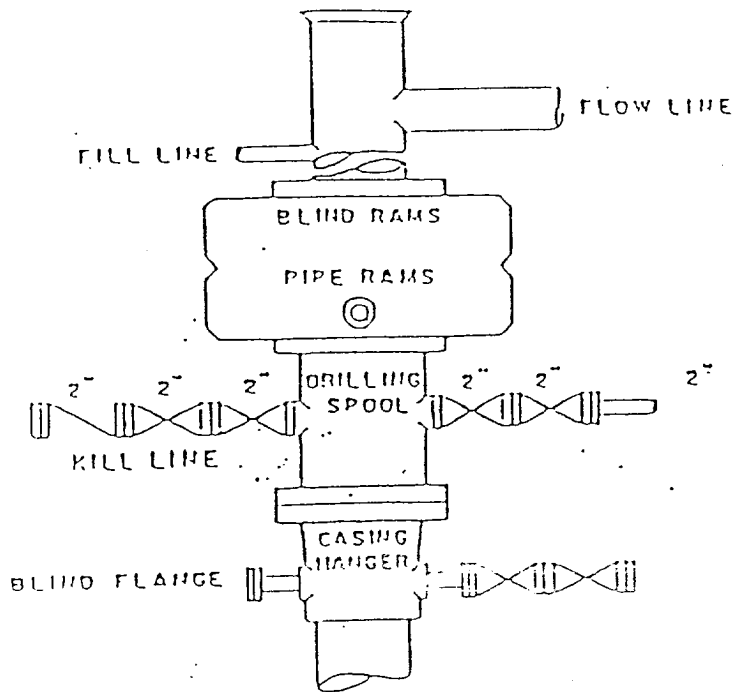
RIG

LOCATION PLAT

UNITED DRILLING, INC.

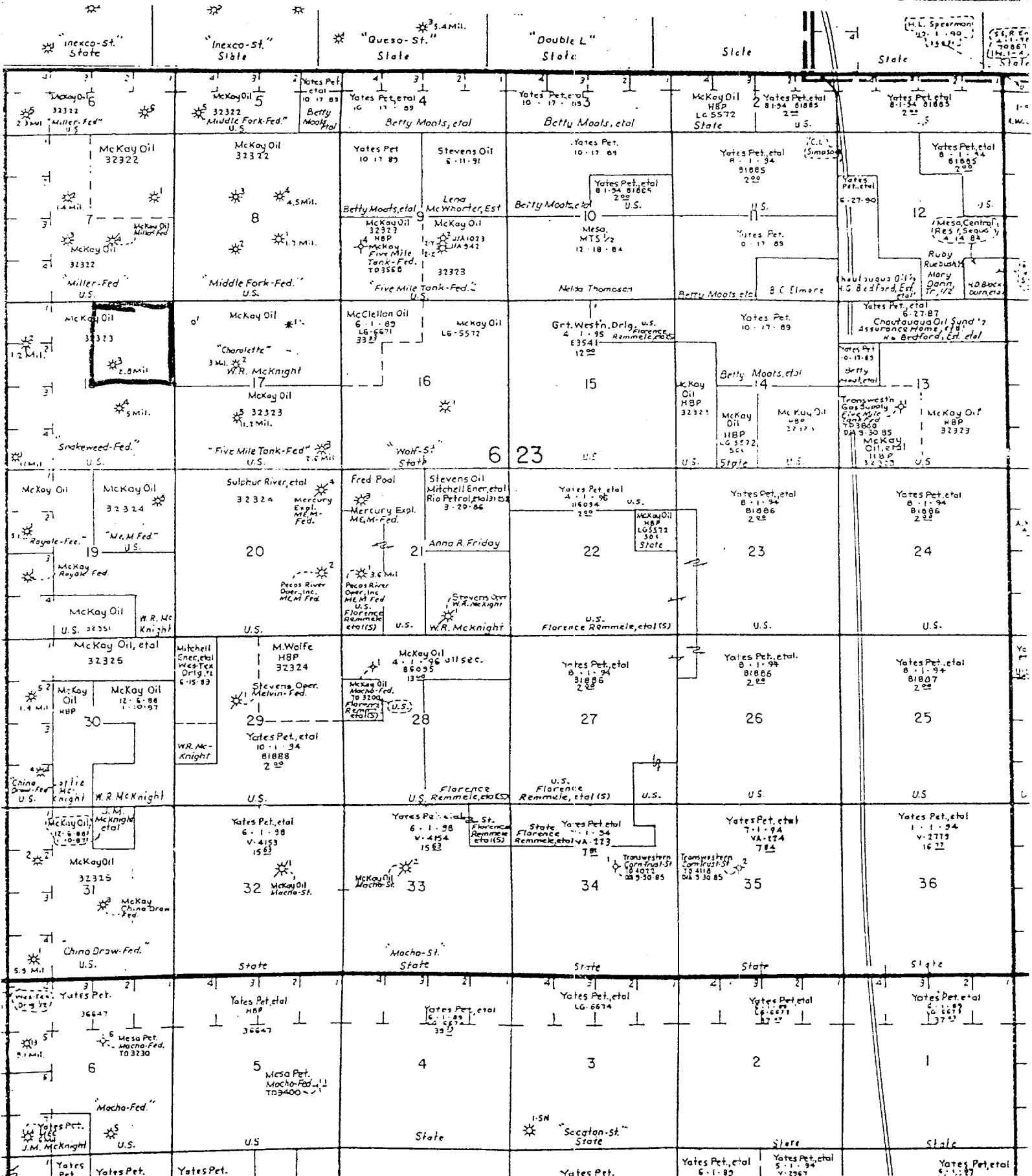
SNAKEWEED FEDERAL "B" #3  
 SW/4NE/4 OF SEC. 18, T-6S, R-23E  
 CHAVES COUNTY, NEW MEXICO

EXHIBIT "D"



NAKEWEED FEDERAL "B" #3  
SW/4NE/4 OF SEC. 18, T-6S, R-23E  
CHAVES COUNTY, NEW MEXICO

EXHIBIT "E"



SNAKEWEED FEDERAL "B" #3  
SW/4NE/4 OF SEC. 18, T-6S, R-23E  
CHAVES COUNTY, NEW MEXICO

EXHIBIT "F"

**THERE IS NO EXHIBIT "F"**



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

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

**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  
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator  
McKay Oil Corporation

3a. Address P.O. Box 2014  
Roswell, NM 88202

3b. Phone No. (include area code)  
505-623-4735

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1760' FNL and 588' FEL, Sec. 18, T6S, R23E

5. Lease Serial No.

NM-32323

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Snakeweed "B" Fed. #3

9. API Well No.

10. Field and Pool, or Exploratory Area

W. Pecos Slope Abo

11. County or Parish, State

Chaves, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 checked="" type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input 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 recompleat 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 recompleat 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 proposes to construct a natural gas flow line from the Snakeweed "B" Fed. #3 to McKay Oil's existing gas gathering system. The flow line will be constructed of 2-3/8" line pipe and will be initially laid on the surface. After testing the well and determining that it is capable of production we will bury the line. The flow line will run along the west side of the access road for the well.

This is part of the approval for the Application  
For Permit to Drill well No. 3-Snakeweed "B"  
Federal approved 09-22-2000.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
SPECIAL STIPULATIONS  
ATTACHED

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Bill J. Milstead

Title

Vice President

Signature

Date

9/12/00

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

/S/LARRY D. BRAY

Assistant Field Manager,

Lands and Minerals

Date

SEP 22 2000

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.

ROSSELL FIELD 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.

RECEIVED  
SEP 17 2009  
11/17/09  
ROCK

