

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 36191 |
| 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 | | 7. If Unit or CA Agreement, Name and No. 27475 |
| 3a. Address P.O. Box 2014 Roswell, NM 88202 | | 8. Lease Name and Well No. Pierce "B" Fed. #2 |
| 3b. Phone No. (include area code) 505-623-4735 | | 9. API Well No. 30-005-63339 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface At proposed prod. zone 990' FNL & 990' FWL | | 10. Field and Pool, or Exploratory W. Pecos Slope Abo |
| 12. Distance in miles and direction from nearest town or post office* 27 miles NW of Roswell, NM | | 11. Sec. T., R., M., or Blk. and Survey or Area 4 - T6S, R22E, N.M.P.M. |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990' | 16. No. of Acres in lease 2113.35 | 17. Spacing Unit dedicated to this well 160.00 |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 698' | 19. Proposed Depth 3400' | 20. BLM/BIA Bond No. on file NM 1981 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4379' GL | 22. Approximate date work will start* 4/25/00 | 23. Estimated duration 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:

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

| | | |
|---|--|----------------|
| 25. Signature <i>Bill J. Milstead</i> | Name (Printed/Typed) Bill J. Milstead | Date 2-4-00 |
| Title Vice President | | |
| Approved by (Signature) <i>[Signature]</i> | Name (Printed/Typed) [Name] | Date [Date] |
| Title Acting | Office [Office] | |

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.

*(Instructions on reverse)

12 1/4"
NOTIFY OCD SPUD & TIME TO WITNESS
8:00" CEMENTING OF CASING



RECEIVED
2000 FEB -4 P 4: 24

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | | |
|------------------|--|-----------------------------------|--|-------------|---------------------|--|
| 1 API Number | | 2 Pool Code | | 3 Pool Name | | |
| 4 Property Code | | 5 Property Name PIERCE "B" FED | | | 6 Well Number 2 | |
| 7 OGRID No. D | | 8 Operator Name MCKAY OIL CORP | | | 9 Elevation 4379 | |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | 4 | 6S | 22E | | 990 | NORTH | 990 | WEST | CHAVES |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|------------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 139.16 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|------------------------------|--------------------|-----------------------|--------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | | | |
|---|--|--|--|---|--|
| <p>16 29.78 3 29.38 2</p> <p>990' 066'</p> <p>PIERCE "B" FED. #2</p> <p>1980' 760' 40 40</p> <p>1980' 760' PIERCE FED. #2</p> | | | | <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Bill J. Milstead</i> Signature Bill J. Milstead Printed Name Vice President - Land & Legal Title 1-7-99 Date</p> | |
| <p>18 SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>10/13/98 Date of Survey Signature and Seal of Professional Surveyor LS 8504 Certificate Number</p> | | | | <p>JACKIE D. ATKINS NEW MEXICO 8504 LAND SURVEYOR</p> | |

Non standard section

PERTINENT INFORMATION

FOR

MCKAY OIL CORPORATION
PIERCE "B" FED. #2
NW/4NW/4 (LOT 4) of Sec. 9, T-6S, R-22E
Chaves County, New Mexico

| | |
|------------------------------|---|
| <u>LOCATED:</u> | 30 air miles Northwest of Roswell, NM. |
| <u>LEASE NUMBER:</u> | NM-36191 |
| <u>LEASE ISSUED:</u> | May 1, 1981 |
| <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> | 2,113.35 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
PIERCE "B" FED. #2
NW/4NW/4 (LOT 4) of Sec. 9, T-6S, R-22E
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' 750' |
| 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 ram,*
~~Rotary Head with a rotating rubber with 1,000# WP and 1,000# test~~ *2M system -*
~~pressure and a steel Boppy Line with 1,000# WP valve.~~ *B/C* A
sketch of the BOP is attached.
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 25, 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
PIERCE "B" FED. #2
NW/4NW/4 (LOT 4) of Sec. 9, T-6S, R-22E
Chaves County, New Mexico

NM 36191

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 30 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 (Stargrass Road). Go approximately 8-12 miles, then turn north just after the gravel pit, then go 3 miles north and turn right on County Road 35. Go 1-1/4 miles and turn right for .2 miles and the new access road is on the left.

2. PLANNED ACCESS ROAD:

A. Length and Width: approximately 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

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 east-southeast in the vicinity of the access road and northeast in the vicinity of the drill pad. Regional slope is east-southeast toward the Arroyo del Macho which is approximately 2-1/2 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 and Streams: Arroyo del Macho is 2-1/2 miles northeast of the proposed location.

E. Residences and other Structures: The Pierce Ranch House is approximately 2-1/2 mile east of this location.

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: Federal.

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

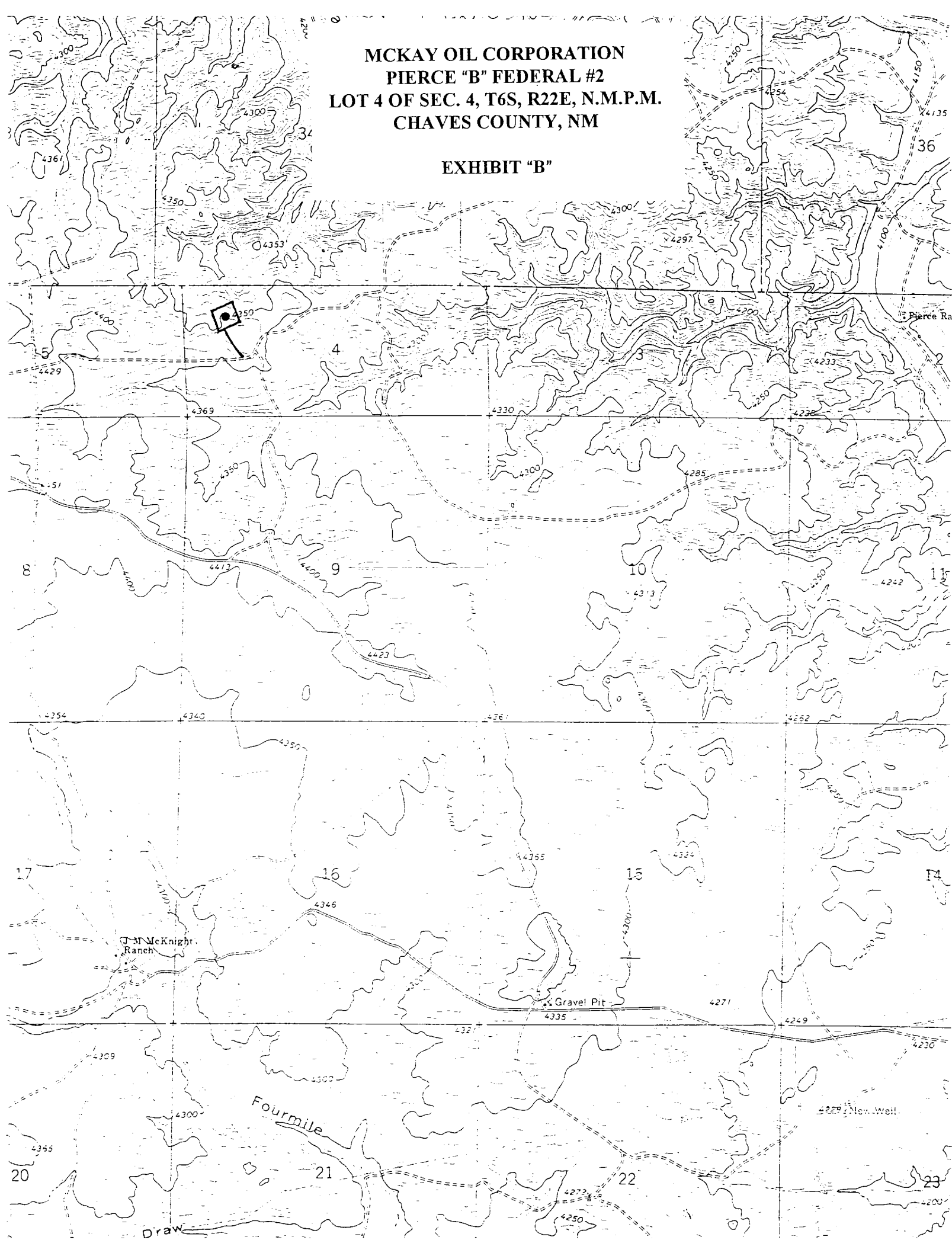
Bill J. Mitchell

**MCKAY OIL CORPORATION
PIERCE "B" FEDERAL #2
LOT 4 OF SEC. 4, T6S, R22E, N.M.P.M.
CHAVES COUNTY, NM**

This is a detailed topographic map of a region in southeastern Arizona, showing a grid of townships (R21E, R22E, R23E) and ranges (104° 40', 104° 30'). The map features numerous roads, including Cat Rd, Silverweed Rd, Chickweed Rd, Butterweed Rd, and Cottonwood Rd. It also shows geographical features like Pardon's Mesa, Martin, and various creeks and rivers. Key locations include Cat, Silverweed, Chickweed, Butterweed, Cottonwood, and Bitter. The map includes a grid of section numbers and various labels for landowners and natural areas.

**MCKAY OIL CORPORATION
PIERCE "B" FEDERAL #2
LOT 4 OF SEC. 4, T6S, R22E, N.M.P.M.
CHAVES COUNTY, NM**

EXHIBIT "B"



MCKAY OIL CORPORATION
PIERCE "B" FEDERAL #2
LOT 4 OF SEC. 4, T6S, R22E, N.M.P.M.
CHAVES COUNTY, NM

EXHIBIT "C"

ACCESS ROAD

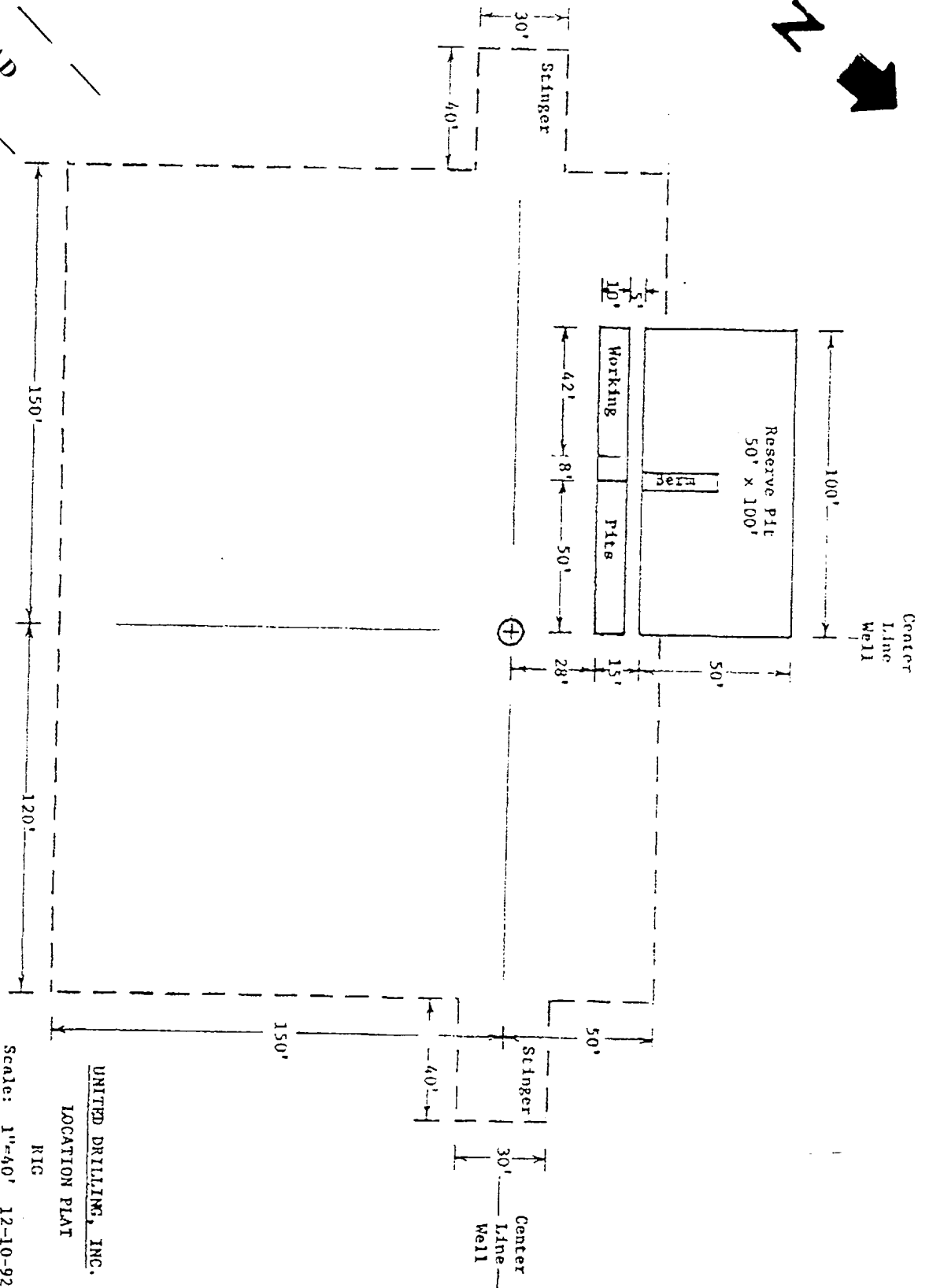
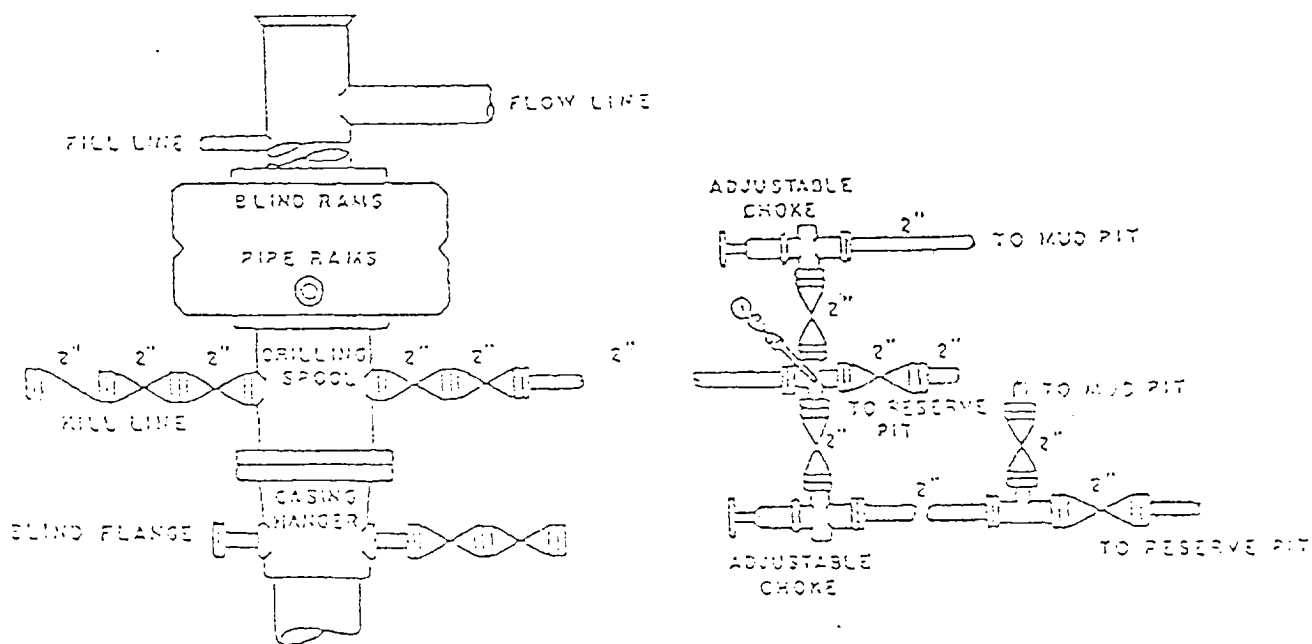
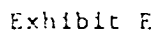


EXHIBIT "D"



3000# Working Pressure
Rams Operated Daily -

EXHIBIT "E"



**MCKAY OIL CORPORATION
PIERCE "B" FEDERAL #2
LOT 4 OF SEC. 4, T6S, R22E, N.M.P.M.
CHAVES COUNTY, NM**

EXHIBIT "F"

THERE IS NO EXHIBIT "F"