

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|---|-------------------------------------|
| ¹ Operator Name and Address MCKAY OIL CORPORATION P.O. BOX 2014 ROSWELL, NEW MEXICO 88202-2014 | | ² OGRID Number 014424 |
| ³ Property Code 28078 | ⁵ Property Name NEW MEXICO "CS" STATE | ⁶ Well No. #3 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B | 2 | 7S | 22E | | 660' | FNL | 1980' | FEL | CHAVES |

⁸ Proposed Bottom Hole Location If Different

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | N | NOTIFY OCD SPUD & TIME TO WITNESS 8 5/8" CASING | County |
|--|---------|----------|-------|---------|---------------|---|---|--------|
| ⁹ Proposed Pool 1 WEST PECOS ABO SLOPE | | | | | | | | |

| | | | | |
|-----------------------------------|---------------------------------------|--------------------------------------|--|---|
| ¹¹ Work Type Code N | ¹² Well Type Code G | ¹³ Cable/Rotary ROTARY | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 4200' |
| ¹⁶ Multiple NO | ¹⁷ Proposed Depth 3200' | ¹⁸ Formation ABO | ¹⁹ Contractor UNITED DRILLING? | ²⁰ Spud Date JAN 2003 |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 12 1/4 | 8 5/8 | 23# X-42 | 950' | 750+ | SURFACE |
| 7 7/8 | 5 1/2 | 15.5# J-55 | TD | 1200+ | 1500' TO 800' |
| | | | | | |
| | | | | | |
| | | | | | |

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

MCKAY OIL CORPORATION PROPOSES TO DRILL AND TEST THE ABO FORMATION, APPROXIMATELY 950' OF SURFACE CASING WILL BE SET AND CEMENTED TO SURFACE. IF COMMERCIAL, 5 1/2" PRODUCTION CASING WILL BE RUN AND CEMENTED WITH ADEQUATE COVER, PERFORATED AND STIMULATED AS NEEDED FOR PRODUCTION.

| | | | |
|--|--|---|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>April D. McKay</i> Printed name: APRIL D. MCKAY Title: VICE PRESIDENT Date: 11/20/02 Phone: 505-623-4735 | | OIL CONSERVATION DIVISION Approved by: ORIGINAL SIGNED BY TIM W. GUM DISTRICT II SUPERVISOR Title: Approval Date: NOV 22 2002 Expiration Date: NOV 22 2003 Conditions of Approval: Attached <input type="checkbox"/> | |
|--|--|---|--|

Cement to cover all oil, gas and water bearing zones.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
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Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | | |
|---|--|---------------------------------------|-------------------------------|
| Operator Name and Address: McKay Oil Corporation P.O. Box 2014 Roswell, New Mexico | | OCD - ARTESIA RECEIVED JUN 08 2001 | OGRID Number 014424 |
| Property Code 28078 | Property Name New Mexico "CS" State | Well No. 3 | API Number 30 - 0 05-63384 |

7 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B | 2 | 7S | 22E | | 660' | FNL | 1980' | FEL | Chaves |

8 Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South Line |
|-----------------|---------|----------|-------|---------|---------------|------------------|
| | | | | | | |
| Proposed Pool 1 | | | | | | |

NOTIFY OCD SPUD & TIME TO WITNESS
CEMENTING OF 8 5/8" CASING STRING

| | | | | |
|---------------------|--------------------------|------------------------|----------------------|---------------------------------|
| Work Type Code N | Well Type Code G | Cable/Rotary Rotary | Lease Type Code S | Ground Level Elevation 4200' |
| Multiple No | Proposed Depth 3,200' | Formation Abo | Contractor | Spud Date |

21 Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 12 1/2" | 8-5/8" | 23# X-42 | 950'+ | 750+ | surface |
| 7-7/8" | 4 1/2" | 9.5# J-55 | TD | 1200+ | 1500' to 800' |
| | | | | | |
| | | | | | |
| | | | | | |

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

McKay Oil Corporation proposes to drill and test the Abo Formation, approximately 950' 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.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

Bill J. Milstead

Title:

Vice President

Date:

5-22-01

Phone:

505-623-4735

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY TIM W. GUM

Title:

DISTRICT II SUPERVISOR

Approval Date:

MAY 25 2001

Expiration Date:

MAY 25 2002

Conditions of Approval:

Attached ☐

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|-----------------------|-------------------|
| API Number | Pool Code | Pool Name |
| Property Code | NM "CS" STATE | Property Name |
| OGRID No. | McKAY OIL CORPORATION | Operator Name |
| | | Well Number 3 |
| | | Elevation 4200 |

Surface Location

| | | | | | | | | | |
|--------------------|--------------|-----------------|---------------|---------|----------------------|---------------------------|-----------------------|------------------------|------------------|
| UL or lot No. B | Section 2 | Township 7 S | Range 22 E | Lot Idn | Feet from the 660 | North/South line NORTH | Feet from the 1980 | East/West line EAST | County CHAVEZ |
|--------------------|--------------|-----------------|---------------|---------|----------------------|---------------------------|-----------------------|------------------------|------------------|

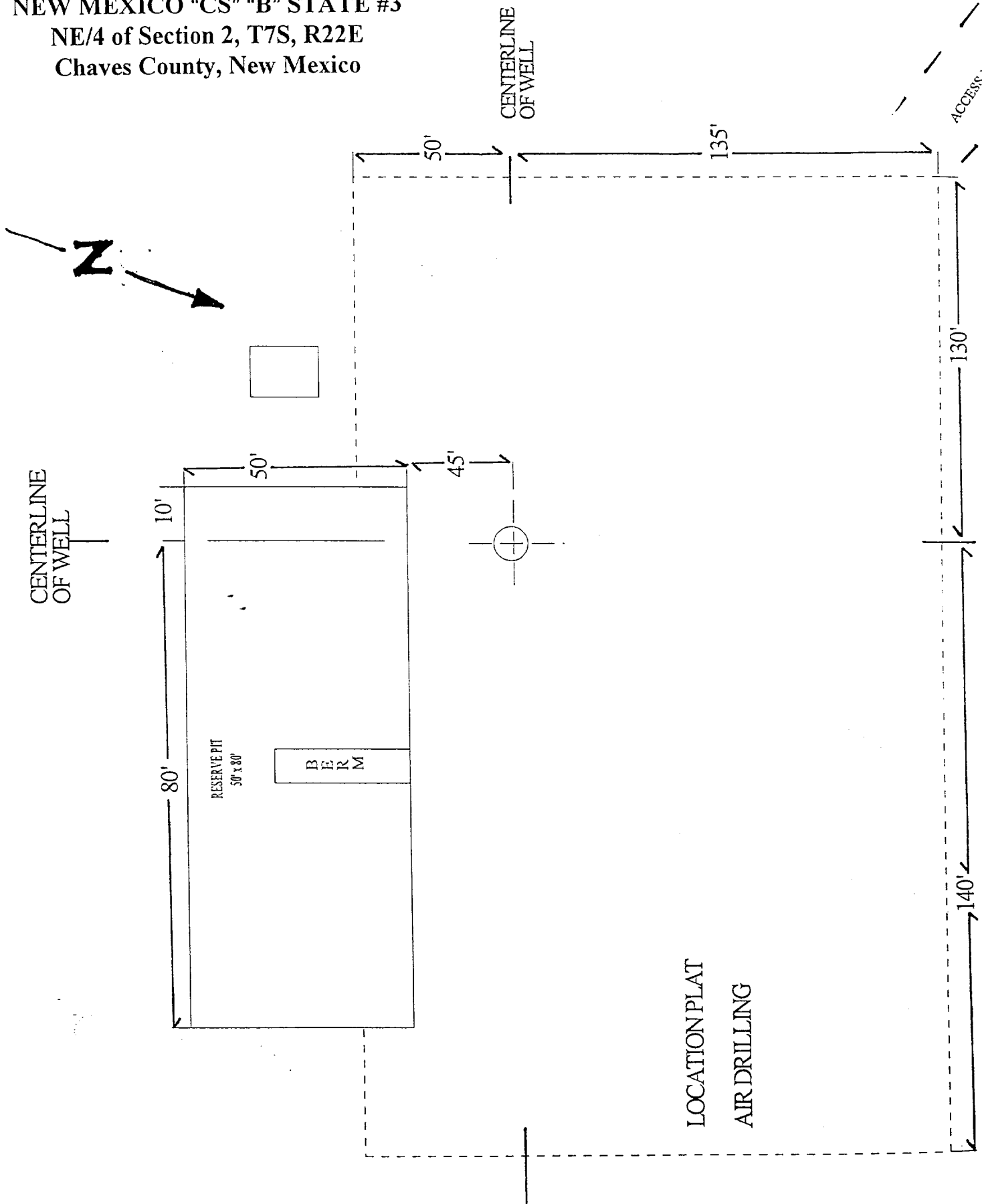
Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| | | | | | | | | | |
| Dedicated Acres 161.23 | Joint or Infill | Consolidation Code | 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

| | | | |
|---|----------------------|----------------------|----------------------|
| LOT 4 40.55 ACRES | LOT 3 40.58 ACRES | LOT 2 40.60 ACRES | LOT 1 40.63 ACRES |
| | | | |
| OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature B. J. Milstead Printed Name Vice President Title 5-22-01 Date | | | |
| 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 belief. 5-16-2001 Date Surveyed Signature Todd P. Wagener Professional Surveyor NEW MEXICO REGISTERED 9242 CERTIFICATE OF REGISTRATION WAGENER ENGINEERING 1410 N. MISSOURI AVE ROSWELL, NM 88201 505-823-5582 | | | |

MCKAY OIL CORPORATION
NEW MEXICO "CS" "B" STATE #3
NE/4 of Section 2, T7S, R22E
Chaves County, New Mexico



MCKAY OIL CORPORATION
NEW MEXICO "CS" STATE #3
NE/4 of Section 2, T7S, R22E
Chaves County, New Mexico

EXHIBIT "B"

