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NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

30-May-08

MCKAY OIL CORP

One McKay Place

Roswell, NM 88202-

P. O. Box 2014

LOV NO. 2-8-109

**LETTER OF VIOLATION
Delinquent Regulatory Filings**

Dear Operator:

Oil Conservation Division ("OCD") records indicate that you failed to file the required reports identified below, or that your filings were incomplete or inaccurate.

NON-COMPLIANT WELL DETAIL SECTION

LL & EB FEDERAL No.001Y

Location: 12-6S-22E

30-005-63826-00-00

Original Well Type: Gas (Producing)

Well Status: New (Not Drilled / Complete)

Determination or Violation Date: 5/30/2008

**Delinquent Report or Filing(s): - Other Paperwork or Filing - Other
Monitoring and Reporting Violation**

Comments: Review of well file indicates no C-104 has been approved for this well. Violation of Rule 19.15.13.1104. -

CORRECTIVE ACTION ON THIS WELL DUE BY: 6/29/2008

Please file or correct the reports identified above by the corrective action due date indicated. If you fail to file or correct the reports by that date, the OCD will take enforcement action that may include but is not limited to applying for an order assessing civil penalties and/or requiring you to plug and abandon the wells associated with those reports.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,


Artesia OCD District Office