

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



November 4, 2016

One McKay Place
P.O. Box 2014
Roswell, NM 88202

VIA CERTIFIED MAIL, RETURN RECEIPT: 7013 1710 0001 1211 7290

Re: OCD Case No. 15589 for a Compliance Order against McKay Oil Corporation

Dear Operator:

You are hereby notified that at 8:15 AM on December 1, 2016, the New Mexico Oil Conservation Division ("OCD") will hold a hearing in front of a Division Examiner seeking an order determining that McKay Oil Corporation ("Operator") (1) is out of compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the wells abandoned, and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E). The hearing will be held in Porter Hall at 1220 South St. Francis Dr., Santa Fe, New Mexico.

Please review 19.15.4 NMAC to see applicable rules for division hearings. A person entitled to notice may enter an appearance at any time by filing a written notice of appearance with the division or the commission clerk, as applicable, or, subject to the provisions in Subsection C of 19.15.4.10 NMAC, by oral appearance on the record at the hearing. A party who has not entered an appearance at least one business day prior to the pre-hearing statement filing date provided in Paragraph (1) of Subsection B of 19.15.4.13 NMAC shall not be allowed to present technical evidence at the hearing unless the commission chairman or the division examiner, for good cause, otherwise directs.

OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 5: Notice Documents
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If you have any questions regarding the hearing process, please contact me at (505) 476-3463.

Sincerely



Keith Herrmann

Attorney for the New Mexico Oil Conservation Division
Compliance and Enforcement Bureau

Encl: OCD Case No. 15589 Compliance and Enforcement Bureau Application for Hearing

Cc: RIL Insurance CO. via NM Superintendent of Insurance

OCD Case No. 15589

Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424

OCD Exhibit 5: Notice Documents

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OCD Case No. 15589
 Application for Compliance Order
 Against McKay Oil Corp.,
 OGRID 14424
 OCD Exhibit 5: Notice Documents
 Page 3 of 6

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**One McKay Place
 P.O. Box 2014
 Roswell, NM 88202**

9590 9401 0184 5234 5086 36

2. Article Number (Transfer from service label)

7013 1710 0001 1211 7290

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressed

B. Received by (Printed Name) *Roy McK...*
 C. Date of Delivery *11-9-16*

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below No



3. Service Type
- Adult Signature
 - Adult Signature Restricted Delivery
 - Certified Mail®
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STATE OF NEW MEXICO
OFFICE OF THE SUPERINTENDENT OF INSURANCE
CERTIFICATE

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES
DEPARTMENT OF OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

CASE NO. 15589

NEW MEXICO OIL CONSERVATION DIVISION

VS.

MCKAY OIL & RLI INSURANCE COMPANY

ACCEPTANCE OF SERVICE

I, John G. Franchini, Superintendent of Insurance of the State of New Mexico, do hereby certify that a copy of an Application and Compliance Order Against McKay Oil Corporation for Wells Operated in Chaves and Lea Counties New Mexico was sent to Defendant RLI Insurance Company on November 29, 2016 as provided in Section 59A-5-31 and 59A-5-32 NMSA 1978, and was received by said company on December 6, 2016 as shown by return receipt by Postmaster.

In



hereunto set my official seal
on this 8th day of December, 2016

John D. Franchini

Superintendent of Insurance