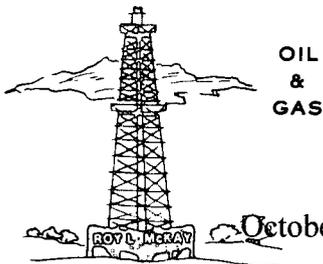


McKay Oil Corporation

ROY L. MCKAY, PRESIDENT

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October 25, 2007

Office of the Governor
490 Old Santa Fe Trail
Room 400
Santa Fe, NM 87501

RE: Proposed Pit Closure Rules

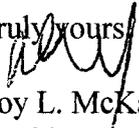
Gentlemen:

McKay Oil Corporation has been an Operator in Southeast New Mexico for over 30 years. Primarily, we have developed tight sand natural gas in Chaves County, New Mexico and have invested some \$100,000,000.00 in the project. This has created economic growth for this region and oil and gas revenue for the State of New Mexico. We have weathered low oil and gas prices, changing economy, increased taxes and never ending environmental regulations. However, there comes a point where it just isn't worth it. Oil and Gas Companies are beginning to leave the State of New Mexico, because the environmental regulations are the most restrictive and costly in the rocky mountain region. Soon oil and gas production levels will begin to decline and as a result state revenue from oil and gas will soon follow.

Therefore, I would respectfully request that as the Governor of the State of New Mexico that you please as the State Legislature to step back and take a good hard look at the proposed new pit closure regulations. The proposed new pit closure regulations will cost an additional \$150,000.00 per well. Factoring that cost in with the risk of drilling a new well could make drilling new reserves in the State of New Mexico uneconomical. This would result in a mass exodus of oil companies from this State.

The United States is still dependant on oil and gas as it primary energy source and the need to be energy sufficient is still part of national security. It is time for politicians to wake up to reality and look at both sides of an issue and regulate with common sense and foresight.

Truly yours,


Roy L. McKay
President