EXHIBIT 3

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF QUAY VALLEY, INC., FOR AMENDMENT OF DIVISION ORDER NO. R-4629 TO AUTHORIZE A TERTIARY RECOVERY PROJECT BY THE INJECTION OF CARBON DIOXIDE IN ITS EL MAR UNIT AREA, AND TO QUALIFY SAID PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, LEA COUNTY, NEW MEXICO.

CASE NO. 11826

AFFIDAVIT

| STATE OF NEW MEXICO |) |
|---------------------|-------|
| |) ss. |
| COUNTY OF SANTA FE |) |

William F. Carr, attorney in fact and authorized representative of Quay Valley, Inc.,

the Applicant herein, being first duly sworn, upon oath, states that notice has been given to

all interested persons entitled to receive notice of this application under Oil Conservation

Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached

hereto.

William F

SUBSCRIBED AND SWORN to before me this <u>4</u> day of August, 1997.

Notary Public

My Commission Expires: Huguit 19,1999

EXHIBIT A

Burlington Resources Oil & Gas Company Post Office Box 51810 Midland, TX 79710 Attn: Mr. Willis Price

Elliott Industries Box 1355 Roswell, NM 88202

Ft. Worth Bank, Trustee 1600 Broadway Denver, CO 80201

Elliott - Hall Company Box 1231 Ogden, UT 88402-1231C

Charles and Iris Miller 1600 Broadway Denver, CO 80201

Chevron USA, Inc. Box 1635 Houston, TX 77251

John F. McNaughton 1600 Broadway Denver, CO 80201

J. M. Zachary 1600 Broadway Denver, CO 80201

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AFFIDAVIT, Page 2 KEC Acquisition Corporation 700 Louisiana #2100 Houston, TX 77002-2728

New Mexico State Land Office Oil and Gas Department Box 1148 Santa Fe, NM 87504-1148

United States of America Department of the Interior Bureau of Land Management Post Office Box 27115 Santa Fe, NM 87502-7115

Bureau of Land Management 2909 West Second Street Roswell, NM 88201

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BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Case No. <u>11826</u> Exhibit No. <u>3</u>

Submitted by: <u>Quay Valley, Inc.</u>

Hearing Date: August 7, 1997

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

MICHAEL B CAMPBELL WILLIAM F CARR BRADFORD C BERGE MARK F SHERIDAN MICHAEL H FELDEWERT ANTHONY F MEDEIROS PAUL R. OWEN

JACK M CAMPBELL OF COUNSEL JEFFERSON PLACE SUITE I - 110 NORTH GUADALUPE POST OFFICE BOX 2208 SANTA FE, NEW MEXICO 87504-2208 TELEPHONE (505) 988-4421 FACSIMILE. (505) 983-6043 E-MAIL. CCDSpa@ix.netcom.com

July 15, 1997

<u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

TO ALL AFFECTED INTEREST OWNERS

Re: Application of Quay Valley, Inc. for Amendment of Division Order R-4629 to Authorize a Tertiary Recovery Project by the Injection of Carbon Dioxide in its North El Mar Waterflood Project Area, and to Qualify said Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico

Gentlemen:

This letter is to advise you that Quay Valley, Inc., has filed the enclosed application and Oil Conservation Division Form C-108 with the New Mexico Oil Conservation Division. You are the owner of an interest that may be affected by this application.

This matter has been set for hearing before a Division Examiner on August 7, 1997. You are not required to attend this hearing but you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Pre-Hearing Statement substantially in the form prescribed in the Division. Pre-Hearing Statements should be filed by 4:00 p.m. on the Friday before a scheduled hearing.

Very truly yours,

ullant I

WILLIAM F. CARR ATTORNEY FOR QUAY VALLEY, INC. WFC:mlh cc: Ms Stella Swanson

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| | | | PS Form 3611 , December 1994 | 6. Signature: (Addressee or Agent) X | 5. Received By: (Print Name) | | | Midland, TX 79710 | | Burlington Resources Oil & Gas Company | | 3. Article Addressed to: | | | | | SENDER: |
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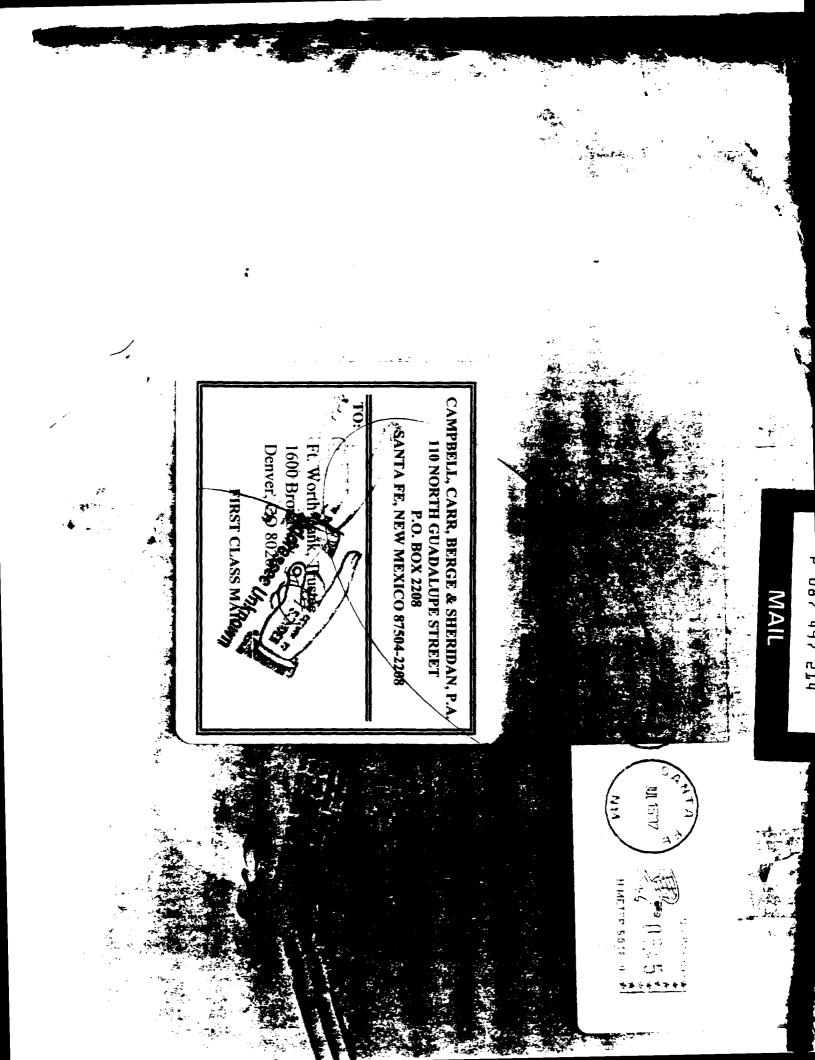
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Ft. Worth Bank, Trustee 1600 Broadway Denver, CO 80201

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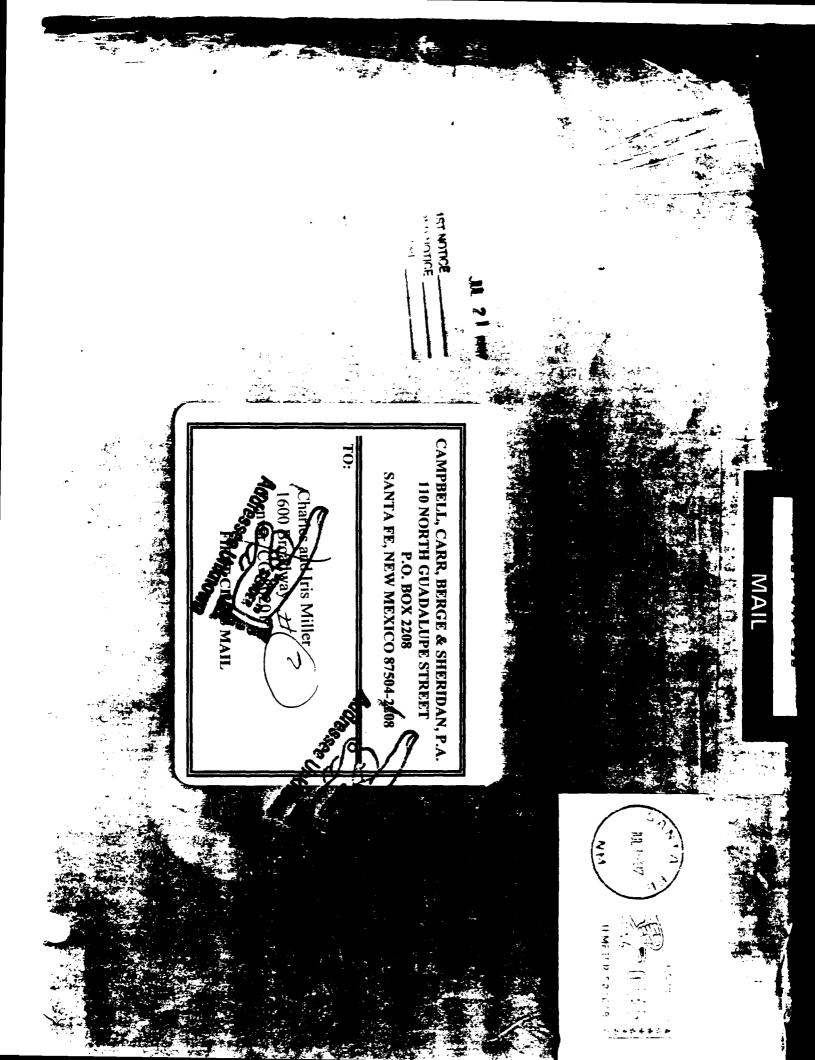
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Charles and Iris Miller 1600 Broadway Denver, CO 80201

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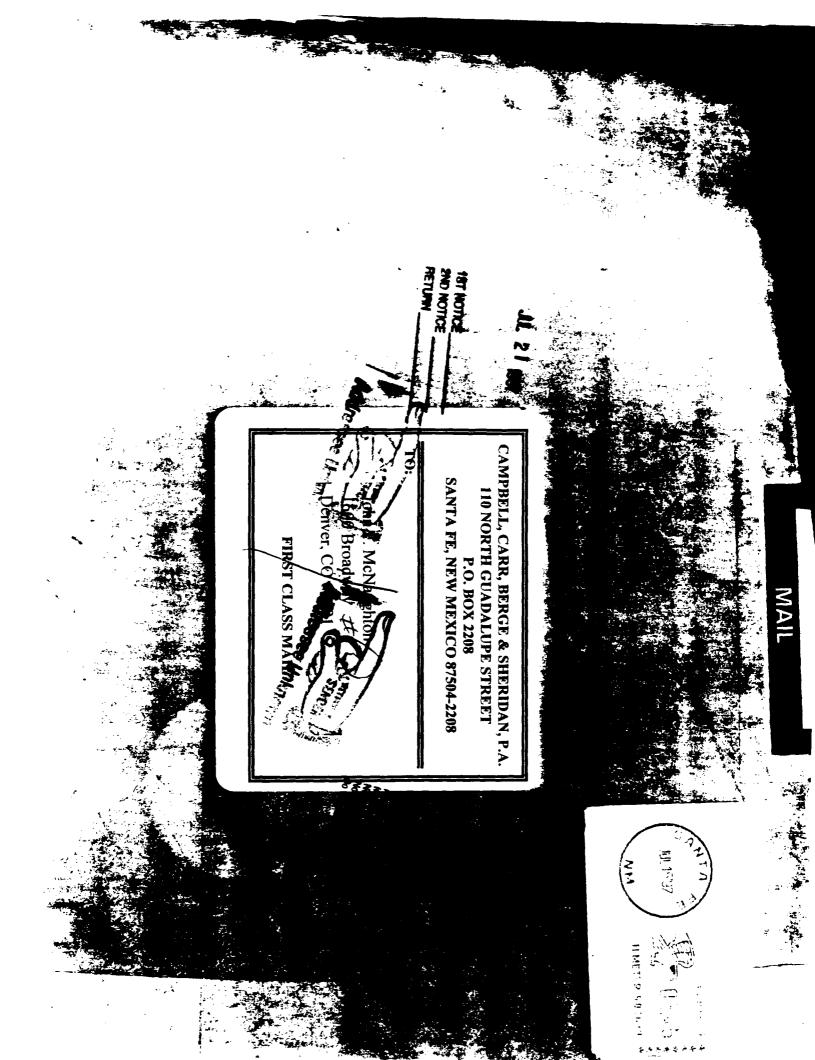
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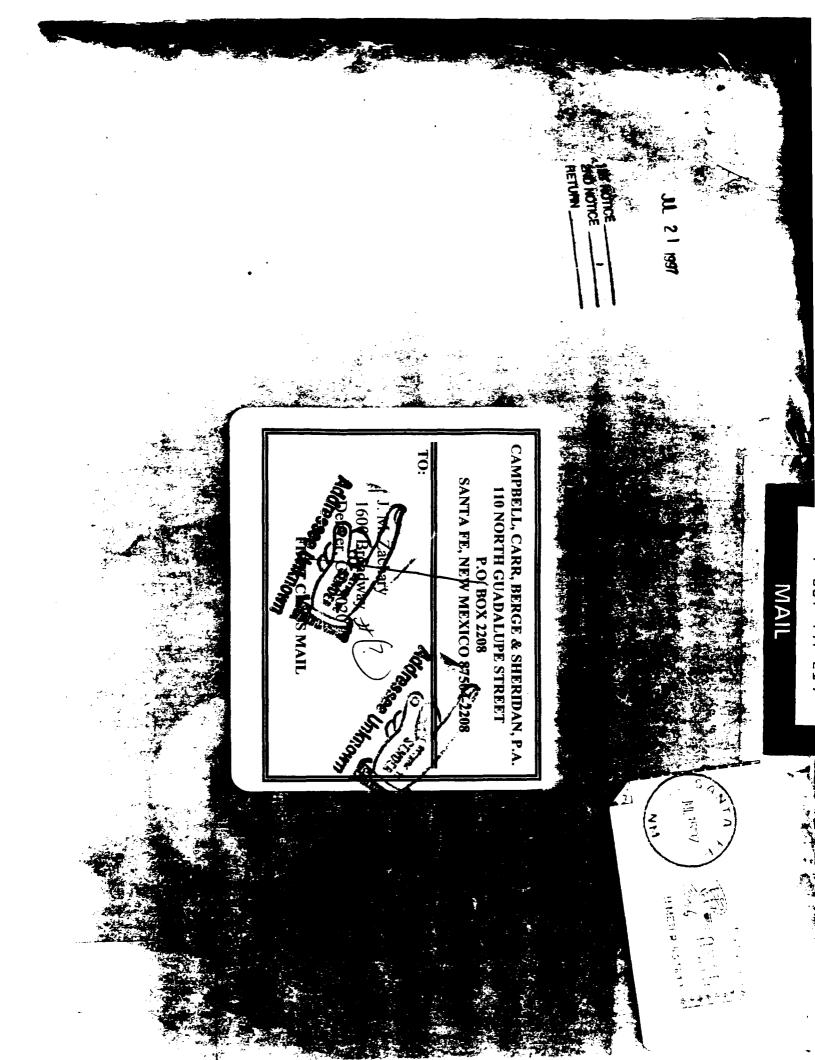
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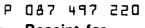


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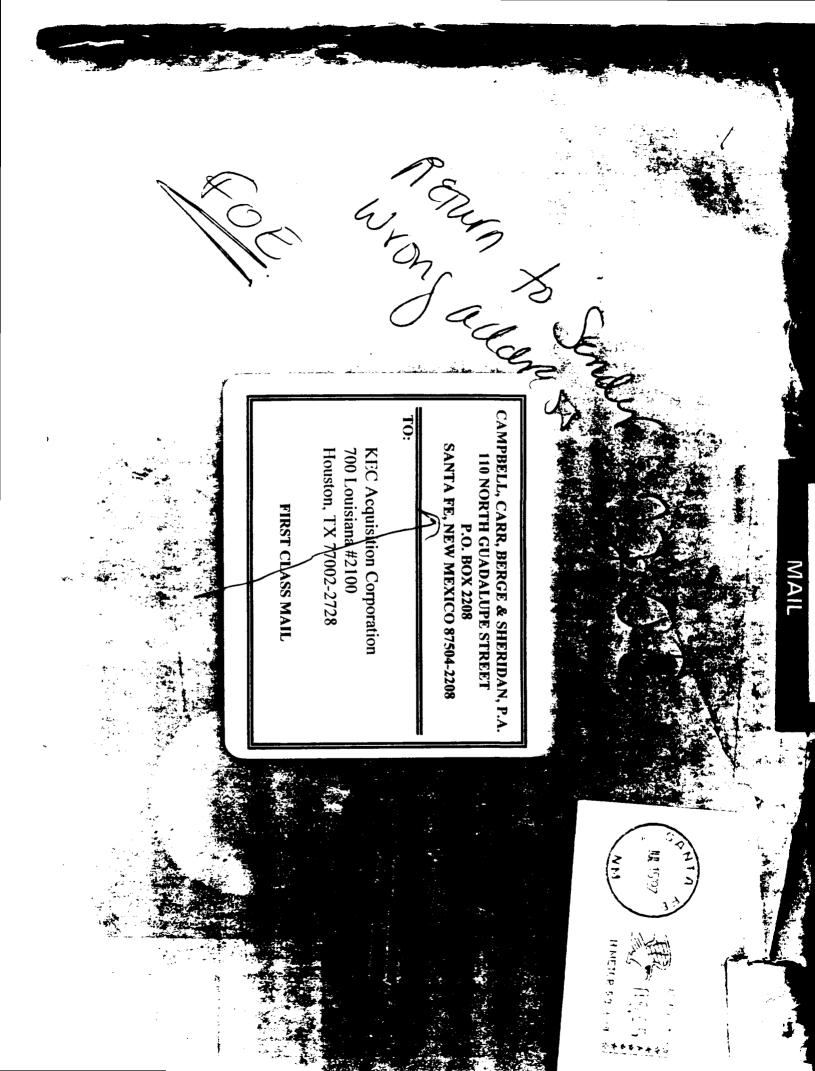


KEC Acquisition Corporation 700 Louisiana #2100 Houston, TX 77002-2728

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