

MCKAY OIL CORPORATION
P. O. Box 2014
Roswell, NM 88201

March 29, 2006

Oil Conservation Division
Mr. Phil Hawkins
1301 W. Grand
Artesia, NM 88210

RECEIVED
MAR 31 2006
OCD-ARTESIA

RE: **McKay Oil Corporation**
Notice of Violation – 12/30/05
Communitization Agreement: extended term by production

Mr. Hawkins:

In reply to the attached Notice of Violation dated 12/30/05, please be advised of current status of the following well:

COTTONWOOD FED COM #1

30-005-62654-00-00 I-34-6S-26E

→ Shut In: April, 2004

Purpose: No pressure. Pull Tubing

Current Status: Rigged up work-over unit on 2/28/06. Found hole in casing @ 1600'. Currently waiting on workover-procedure cost analysis to determine permanent well status.

Please contact me if you have questions (623-4735).

Sincerely,



Carol Shanks
Production Analyst

/cls

Accepted for record - NMOC