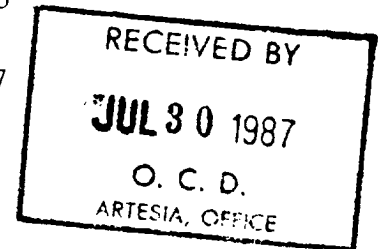


NEW MEXICO GAS MARKETING, INC.

P. O. Box 2014
Roswell, New Mexico 88202

(505) 623-4735

July 29, 1987



Oil Conservation Division
Post Office Drawer DD
Artesia, New Mexico 88210

Re: Purchase of Gas Production

Gentlemen:

Please be advised that New Mexico Gas Marketing, Inc. has commenced the purchase of gas production for the following wells operated by McKay Oil Corp.

- | | |
|----------------------------|---------|
| 1. L L & E Federal #2 | 7-7-87 |
| SE/4NE/4 Section 1-6S-22E | |
| 2. L L & E Federal #4 | 7-7-87 |
| W/2 Section 1-6S-22E | |
| 3. Pierce Federal #2 | 7-7-87 |
| SE/4SW/4 Section 4-6S-22E | |
| 4. L L & E Federal #5 | 7-15-87 |
| E/2 Section 1-6S-22E | |
| 5. South Four Mile Draw #1 | 7-15-87 |
| NE/4NW/4 Section 22-6S-22E | |

Also enclosed are copies of Completion Reports on the following wells which have not commenced gas sales.

1. Eppers Federal #2
NW/4NW/4 Section 34-5S-21E
2. Pecos Federal #1
NW/4SW/4 Section 34-7S-26E

All of the above wells are located in Chaves County, New Mexico. We request that this information be kept "CONFIDENTIAL".

Yours very truly,

MCKAY OIL CORPORATION

Theresa Rodriguez

Theresa Rodriguez
Production Analyst

Enclosures