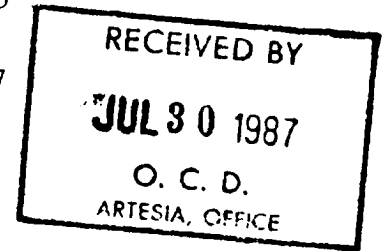


# NEW MEXICO GAS MARKETING, INC.

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