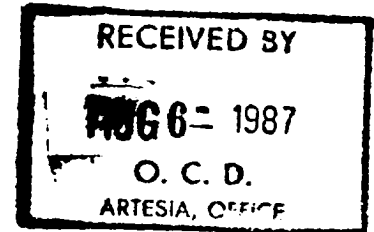


NEW MEXICO GAS MARKETING, INC.

P. O. Box 2014
Roswell, New Mexico 88202

(505) 623-4735

August 5, 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. Pierce Federal #10 | 7-7-87 |
| SE/4SW/4 Section 5-6S-22E | |
| 2. South Four Mile Draw Fed. Comm. #8 | 7-15-87 ✓ |
| NW/4SE/4 Section 22-6S-22E | |
| 3. Remmele Federal Comm. #9 | 7-18-87 |
| NW/4NE/4 Section 27-6S-22E | |

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

1. Middle Fork Fed. #2
NE/4SW/4 Section 8-6S-22E
2. Inexco Federal #4
SW/4NW/4 Section 30-5S-22E
3. Inexco State #1
SW/4SW/4 Section 32-5S-22E

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