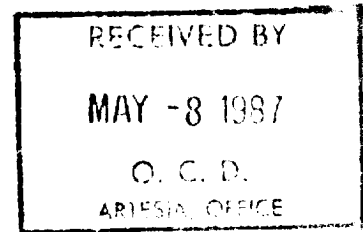


NEW MEXICO GAS MARKETING, INC.

P. O. Box 2014
Roswell, New Mexico 88202

(505) 623-4735

May 7, 1987



New Mexico 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 from wells operated by McKay Oil Corporation as follows:

- | | |
|----------------------------------|-------------------|
| 1. Snakeweed Federal #2 | 5-5-87 |
| NW/4 Sec. 18-6S-23E | |
| 2. Miller Federal #1 | 5-2-87 |
| NE/4 Sec. 7-6S-23E | |
| 3. Miller Federal #5 | 5-2-87 |
| W/2 Sec. 6-6S-23E | |
| 4. Lookout Federal #8 | 5-2-87 |
| NE/4 Sec. 9-6S-22E | |
| 5. Lookout Federal #5 | 5-2-87 |
| SE/4 Sec. 9-6S-22E | |
| 6. Middle Fork Federal #5 | 5-1-87 |
| NW/4 Sec. 5-6S-23E | |
| 7. L. L. & E. Federal #1 | 5-1-87 |
| SE/4 Sec. 12-6S-22E | |
| 8. Hosmer Federal #3 | 5-1-87 |
| NE/4 Sec. 13-6S-22E | |
| 9. Hosmer Federal #2 | 5-1-87 |
| NW/4 Sec. 13-6S-22E | |
| 10. Miller Federal #4 | 5-1-87 |
| SE/4 Sec. 7-6S-23E | |
| 11. Miller Federal #3 | 5-1-87 |
| SW/4 Sec. 7-6S-23E | |
| 12. Miller Federal #2 | 5-1-87 |
| NW/4 Sec. 7-6S-23E | |
| 13. Miller Federal #6 | 5-1-87 |
| SE/4 Sec. 6-6S-23E | |
| 14. Middle Fork Federal #3 | 5-1-87 |
| NW/4 Sec. 8-6S-23E | |

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

Sharon Rodriguez