

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Daifn
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



December 5, 2016

Edward A. Mazel
Chapter 7 Trustee for McKay Oil Corporation
320 Gold Ave. SW
Suite 300A
Albuquerque, NM 87102

OCD Case No. 15589
Application for Compliance Order Against McKay Oil Corp.,
OGRID 14424
OCD Exhibit 5: Notice Documents
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VIA CERTIFIED MAIL, RETURN RECEIPT: 7013 1710 0001 1211 7399

Re: OCD Case No. 15589 for a Compliance Order against McKay Oil Corporation

Dear Mr. Mazel:

You are hereby notified that at 8:15 AM on January 5, 2017, the New Mexico Oil Conservation Division ("OCD") will hold a hearing in front of a Division Examiner seeking an order determining that McKay Oil Corporation ("Operator") (1) is out of compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the wells abandoned, and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E). The hearing will be held in Porter Hall at 1220 South St. Francis Dr., Santa Fe, New Mexico.

This case was originally scheduled for the December 1, 2016 docket; however, the Compliance and Enforcement Bureau was only recently notified that the Operator was represented by your firm. Upon learning this information, the Compliance and Enforcement Bureau requested a continuance to the January 5, 2017 docket so proper notice could be served.

Please review 19.15.4 NMAC to see applicable rules for division hearings. A person entitled to notice may enter an appearance at any time by filing a written notice of appearance with the division or the commission clerk, as applicable, or, subject to the provisions in Subsection C of 19.15.4.10 NMAC, by oral appearance on the record at the hearing. A party who has not entered an appearance at least one business day prior to the pre-hearing statement filing date provided in Paragraph (1) of Subsection B of 19.15.4.13 NMAC shall not be allowed to present technical evidence at the hearing unless the commission chairman or the division examiner, for good cause, otherwise directs.

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If you have any questions regarding the hearing process, please contact me at (505) 476-3463 or keith.herrmann@state.nm.us.

Sincerely



Keith Herrmann
Attorney for the New Mexico Oil Conservation Division
Compliance and Enforcement Bureau

**Encl: OCD Case No. 15589 Application of the New Mexico Oil Conservation Division
Compliance and Enforcement Bureau for a Compliance Order against McKay Oil Corporation
OCD Case No. 15589 Pre-Hearing Statement of the New Mexico Oil Conservation
Division Compliance and Enforcement Bureau**

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