

EXHIBIT 3



BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

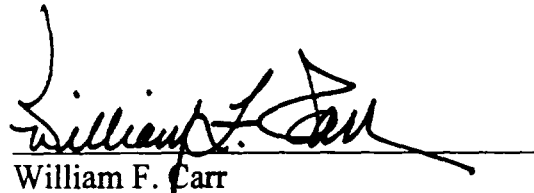
IN THE MATTER OF THE APPLICATION
OF QUAY VALLEY, INC., FOR
AMENDMENT OF DIVISION ORDER NO.
R-4629 TO AUTHORIZE A TERTIARY
RECOVERY PROJECT BY THE
INJECTION OF CARBON DIOXIDE IN ITS
EL MAR UNIT AREA, AND TO QUALIFY
SAID PROJECT FOR THE RECOVERED
OIL TAX RATE PURSUANT TO THE
ENHANCED OIL RECOVERY ACT,
LEA COUNTY, NEW MEXICO.

CASE NO. 11826

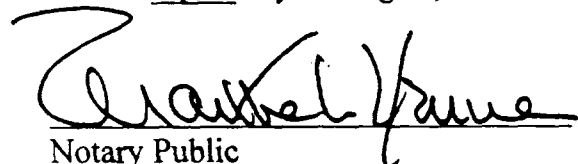
AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of Quay Valley, Inc., the Applicant herein, being first duly sworn, upon oath, states that notice has been given to all interested persons entitled to receive notice of this application under Oil Conservation Division rules, and that notice has been given at the addresses shown on Exhibit "A" attached hereto.


William F. Carr

SUBSCRIBED AND SWORN to before me this 4th day of August, 1997.


Notary Public

My Commission Expires:

August 19, 1999

EXHIBIT A

Burlington Resources Oil & Gas Company
Post Office Box 51810
Midland, TX 79710
Attn: Mr. Willis Price

Elliott Industries
Box 1355
Roswell, NM 88202

Ft. Worth Bank, Trustee
1600 Broadway
Denver, CO 80201

Elliott - Hall Company
Box 1231
Ogden, UT 88402-1231C

Charles and Iris Miller
1600 Broadway
Denver, CO 80201

Chevron USA, Inc.
Box 1635
Houston, TX 77251

John F. McNaughton
1600 Broadway
Denver, CO 80201

J. M. Zachary
1600 Broadway
Denver, CO 80201

KEC Acquisition Corporation
700 Louisiana #2100
Houston, TX 77002-2728

New Mexico State Land Office
Oil and Gas Department
Box 1148
Santa Fe, NM 87504-1148

United States of America
Department of the Interior
Bureau of Land Management
Post Office Box 27115
Santa Fe, NM 87502-7115

Bureau of Land Management
2909 West Second Street
Roswell, NM 88201

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Case No. 11826 Exhibit No. 3

Submitted by: Quay Valley, Inc.

Hearing Date: August 7, 1997

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
ANTHONY F. MEDEIROS
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

July 15, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL AFFECTED INTEREST OWNERS

Re: Application of Quay Valley, Inc. for Amendment of Division Order R-4629 to Authorize a Tertiary Recovery Project by the Injection of Carbon Dioxide in its North El Mar Waterflood Project Area, and to Qualify said Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico

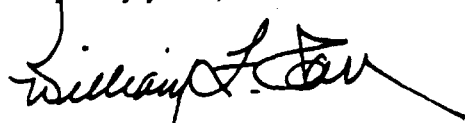
Gentlemen:

This letter is to advise you that Quay Valley, Inc., has filed the enclosed application and Oil Conservation Division Form C-108 with the New Mexico Oil Conservation Division. You are the owner of an interest that may be affected by this application.

This matter has been set for hearing before a Division Examiner on August 7, 1997. You are not required to attend this hearing but you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Pre-Hearing Statement substantially in the form prescribed in the Division. Pre-Hearing Statements should be filed by 4:00 p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR QUAY VALLEY, INC.

WFC:mlh

cc: Ms Stella Swanson



Burlington Resources Oil & Gas Company
Post Office Box 51810
Midland, TX 79710
Attn: Mr. Willis Price

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$6.45
Postmark or Date JUL 15 1997	

PS Form 3800, June 1991

Is your RETURN ADDRESS completed on the reverse side?

SENDER: *Complete items 1 and/or 2 for additional services. *Complete items 3, 4a, and 4b. *Print your name and address on the reverse of this form so that we can return this card to you. *Attach this form to the front of the mailpiece, or on the back if space does not permit. *Write "Return Receipt Requested" on the mailpiece below the article number. *The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Burlington Resources Oil & Gas Company Post Office Box 51810 Midland, TX 79710 Attn: Mr. Willis Price		4a. Article Number P 087 497 212	
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) X		7. Date of Delivery JUL 15 1997	
PS Form 3871, December 1994		8. Addressee's Address (Only if requested and fee is paid)	

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 087 497 213



**Receipt for
Certified Mail**

No Insurance Coverage Provided

Elliott Industries
Box 1355
Roswell, NM 88202

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 6.45
Postmark or Date JUL 15 1997	

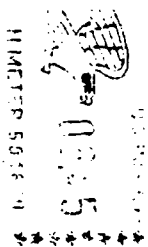
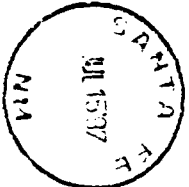
PS Form 3800, June 1991

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SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Elliott Industries Box 1355 Roswell, NM 88202		4a. Article Number P 087 497 213	
5. Received By: (Print Name) X <i>[Signature]</i>		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Insured	
6. Signature: (Addressee or Agent) X <i>[Signature]</i>		7. Date of Delivery 7-16-97	
PS Form 3811, December 1994		8. Addressee's Address (Only if requested and fee is paid) Domestic Return Receipt	

Thank you for using Return Receipt Service.

MAIL



CAMPBELL, CARR, BERGE & SHERIDAN, P.A.
110 NORTH GUADALUPE STREET
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TO:

Fl. Worth Bank, Trust
1600 Broadway
Denver, CO 80202

FIRST CLASS MAIL

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Elliott - Hall Company
Box 1231
Ogden, UT 88402-1231C

4a. Article Number

P087 497 215

4b. Service Type

- ☐ Registered ☒ Certified
- ☐ Express Mail ☐ Insured
- ☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

[Signature]

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 087 497 215



**Receipt for
Certified Mail**

No Insurance Coverage Provided

Elliott - Hall Company
Box 1231
Ogden, UT 88402-1231C

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$6.45
Postmark or Date	JUL 15 1997

PS Form 3800, June 1991

MAIL

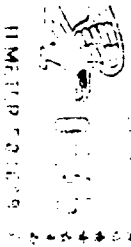
M 21 1967

1ST NOTICE
2ND NOTICE

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.
110 NORTH GUADALUPE STREET
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TO:

Charles and Iris Miller
1600 Broadway #2
Addressed to
Private Mail





**Receipt for
Certified Mail**

No Insurance Coverage Provided

Chevron USA, Inc.
Box 1635
Houston, TX 77251

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 6.45
Postmark or Date	JUL 15 1997

PS Form 3800, June 1991

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SENDER: *Complete items 1 and/or 2 for additional services. *Complete items 3, 4a, and 4b. *Print your name and address on the reverse of this form so that we can return this card to you. *Attach this form to the front of the mailpiece, or on the back if space does not permit. *Write "Return Receipt Requested" on the mailpiece below the article number. *The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Chevron USA, Inc. Box 1635 Houston, TX 77251		4a. Article Number P 087 497 217	
5. Received By: (Print Name) J. H. V. L. C.		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature (Addressee or Agent) X J. H. V. L. C.		7. Date of Delivery JUL 17 1997	
PS Form 3811, December 1994		8. Addressee's Address (Only if requested and fee is paid) Domestic Return Receipt	

Thank you for using Return Receipt Service.

P 087 497 218



**Receipt for
Certified Mail**

No Insurance Coverage Provided

John F. McNaughton
1600 Broadway
Denver, CO 80201

PS Form 3800, June 1991

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 6.45
Postmark or Date JUL 15 1997	

RECEIVED
JUN 11 1967
NIA

118977-2001

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CAMPBELL, CARR, BERGE & SHERIDAN, P.A.
110 NORTH GUADALUPE STREET
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

FIRST CLASS MAIL

John A. McNamara
1600 Broadway #2
Denver, CO 80202

MAIL

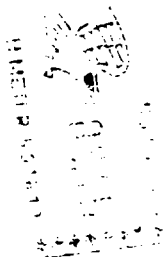
JUL 21 1997

1st NOTICE
2nd NOTICE
RETURN

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.
110 NORTH GUADALUPE STREET
P.O. BOX 2208
SANTA FE, NEW MEXICO 87506-2208

TO:

~~A. J. McZachary
1600 Broadway St
Address Unknown
P.O. Box 2208
Santa Fe, NM 87506-2208~~
Address Unknown
P.O. Box 2208
Santa Fe, NM 87506-2208



MAIL

*Return to
wrong address*

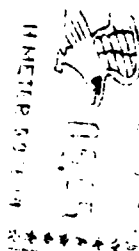
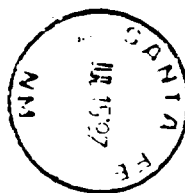
FOE

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.
110 NORTH GUADALUPE STREET
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TO:

KEC Acquisition Corporation
700 Louisiana #2100
Houston, TX 77002-2728

FIRST CLASS MAIL



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Complete items 1 and/or 2 for additional services.
 Complete items 3, 4a, and 4b.
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 Write "Return Receipt Requested" on the mailpiece before the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
 2. ☐ Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:

New Mexico State Land Office
 Oil and Gas Department
 Box 1148
 Santa Fe, NM 87504-1148

4a. Article Number

P 087 497 221

4b. Service Type

- ☐ Registered
☐ Express Mail
☒ Registered
☐ Express Mail
☐ Return Receipt for Merchandise
☒ Certified
☐ Insured
☐ COD

7. Date of Delivery

JUL 16 1997

8. Addressee's Address (Only if requested and fee is required)

SPS - 875011-996686

5. Received By (Print Name)

[Signature]

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 087 497 221



Receipt for Certified Mail

No Insurance Coverage Provided

New Mexico State Land Office
 Oil and Gas Department
 Box 1148
 Santa Fe, NM 87504-1148

Postage	\$
Certified Fee	
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1. ☐ Addressee's Address
 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

United States of America
Department of the Interior
Bureau of Land Management
Post Office Box 27115
Santa Fe, NM 87502-7115

4a. Article Number

P 087 497 222

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

5. Received By: (Print Name)

TONY

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

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P 087 497 222



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United States of America
Department of the Interior
Bureau of Land Management
Post Office Box 27115
Santa Fe, NM 87502-7115

Postage	\$
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Restricted Delivery Fee	
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- 2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Bureau of Land Management
2909 West Second Street
Roswell, NM 88201

4a. Article Number

P 087 497 223

4b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ COD
- ☒ Certified
- ☐ Insured

7. Date of Delivery

7-16-97

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 087 497 223



Receipt for Certified Mail

No Insurance Coverage Provided

Bureau of Land Management
2909 West Second Street
Roswell, NM 88201

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
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PS Form 3800, June 1991