

**STATE OF NEW MEXICO ENERGY,
MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT II FOR AN ORDER REQUIRING MCKAY OIL CORPORATION TO PROPERLY PLUG ELEVEN WELLS IN CHAVES COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELLS, AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.

CASE NO. 11946

AFFIDAVIT REGARDING NOTICE

1. I am over the age of eighteen and have personal knowledge of the matters stated herein.
2. I am the attorney of record for Applicant.
3. Applicant has conducted a good faith, diligent effort to find the correct addresses of interest owners entitled to receive notice of the Application herein.
4. Notice of the Application was provided to the interest owners at their correct addresses by mailing them, by certified mail, a copy of the Application. Copies of the notice letter and certified return receipts are attached hereto.
5. Applicant has complied with the notice provisions of Rule 1207.

Rand Carroll

SUBSCRIBED AND SWORN TO before me this ____ day of _____, 199__,
by Rand Carroll.

My commission expires:

NOTARY PUBLIC

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

3. Article Addressed to:
 Gulf Insurance Company
 101 South Foruth Street
 Artesia, NM 88210-2195

4a. Article Number
 P 410 431 047

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
 2-17-98

5. Received By: (Print Name)
 Duanna Casabonne

6. Signature: (Addressee or Agent)
 X Duanna Casabonne

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

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

P 410 431 047

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to Gulf Insurance Co.
 Street & Number
 101 S. 4th St.
 Post Office, State, & ZIP Code
 Artesia, NM 88210-2195

Postage \$

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees \$

Postmark or Date

PS Form 3800, April 1995

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

3. Article Addressed to:
 Gulf Insurance Company
 PO Box 1771
 Dallas, TX 75221

4a. Article Number
 P 326 936 267

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
 FEB 17 1998

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
 X

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

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Thank you for using Return Receipt Service.

P 326 936 267

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to Gulf INSURANCE CO.
 Street & Number
 PO Box 1771
 Post Office, State, & ZIP Code
 Dallas, TX 75221

Postage \$

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees \$

Postmark or Date

PS Form 3800, April 1995

Fold at line over top of envelope to the right of the return address

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):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
McKay Oil Corporation
PO Box 2014
Roswell, NM 88201

4a. Article Number
P 326 936 266

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
2/17/98

5. Received By: (Print Name)
Michael Branch

6. Signature: (Addressee or Agent)
X Michael Branch

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

Thank you for using Return Receipt Service.

P 326 936 266

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	
McKay Oil Corp.	
Street & Number	
PO Box 2014	
Post Office, State, & ZIP Code	
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, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 13, 1998

Certified Mail
Return Receipt Requested

McKay Oil Corporation
P.O. Box 2014
Roswell, NM 88201

Gulf Insurance Company
P. O. Box 1771
Dallas, TX 75221

Gulf Insurance Company
101 South Fourth Street
Artesia, NM 88210-2195

Case No. 11946

RE: Application of the New Mexico Oil Conservation Division for an order requiring McKay Oil Corporation to properly plug eleven wells in Chaves County, NM, authorizing the Division to plug said wells, and ordering a forfeiture of any plugging bond

Gulf Insurance Company Bond No: 58 45 67

Dear Sir/Madam:

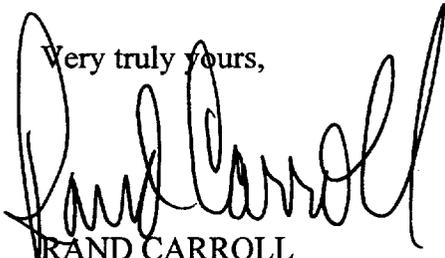
This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring McKay Oil Corporation and other interested parties to appear and show cause why the above-referenced wells should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on March 5, 1998. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90--- Enclosed) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing

statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul Carroll". The signature is fluid and cursive, with a large initial "P" and "C".

PAUL CARROLL

ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION

Enclosures

c: Ray Smith, OCD Artesia

Tim Gum, OCD Artesia District Supervisor