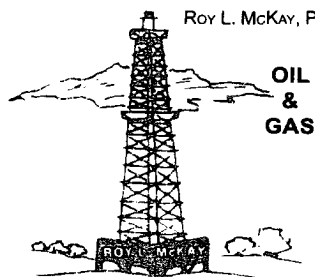


McKay Oil Corporation



ROY L. MCKAY, PRESIDENT

MAILING ADDRESS: P.O. Box 2014 ROSWELL, N.M. 88202 • TELEPHONE 505 / 623 - 4735
STREET ADDRESS: ONE MCKAY PLACE ROSWELL, N.M. 88201 • FAX No. 505 / 624 - 2202

Wednesday, September 29, 2004

Phil Hawkins
Oil Conservation Division
1301 W Grand Ave
Artesia, NM 88210

RECEIVED
SEP 30 2004
OBB-ARTESIA

RE: Notice of Vilation

Mr. Hawkins:

30-005-62335

In regards to the Notice of Vilation dated August 25, 2004, please note that the Remmele Fed Com #7, Royale Fed #1 and the Royal Fee #1 wells are all on line and producing. I will not have the C-115's for the Royal Fed #1 til the following month, but it was put on line on September 29, 2004. Although some of minimal, they are in producing status. In regards to the Terry #4, I need a little more time evaluate whether this well will be whipstocked or plugged. Should you have any further questions, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "April McKay".

April McKay
Vice President