



New Mexico Energy, Minerals and Natural Resources Department

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McKay Oil Corporation
One McKay Place
Roswell, NM 88201

April 27, 2011

Reference: McKay Oil Corp. * McKay B Fed 004 * 30-005-64082 * H-33-5s-21e * Chaves County, New Mexico

Greetings,

The New Mexico Oil Conservation Division (OCD) has been made aware of the existence of an open, unpermitted drilling pit, located at the above referenced well site. A review of the well files show the well was drilled by McKay Oil Corporation (McKay), with a spud date of 8/14/2008. Based on the spud date, the drilling pit should have been permitted with OCD per Rule 19.15.17 [NMAC], hereinafter referred to as Part 17.

It is OCD's understanding that Bureau of Land Management (BLM) personnel have requested McKay to close the drilling per OCD Rules not later than June 1, 2011.

At this time, OCD will require McKay to submit a Form C-144, along with all related documentation, proposing how McKay intends to close the drilling pit. The closure proposal must be in accordance with (OCD Rule) Part 17. OCD approval of the closure proposal is required prior to commencement of closure operations. McKay is to submit the Form C-144 closure proposal to OCD District 2 office not later than May 20, 2011.

Be advised, it is McKay's responsibility to coordinate with BLM in the event the June 1, 2011 closure deadline imposed by BLM, is not met. BLM will be provided a copy of this correspondence. Once received, OCD will review the proposal as quickly as possible to facilitate commencement of closure operations.

If you have any questions or concerns, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Bratcher".

Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
575-748-1283 Ext.108

