McKay Oil Corporation
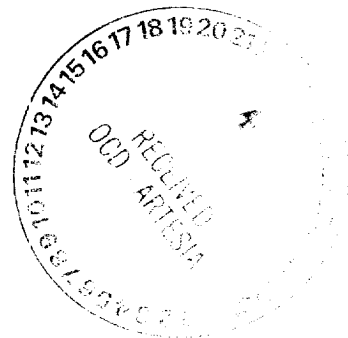
December 13, 2000

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

ATTENTION: Mr. David R. Catanach

REFERENCE: Five Mile Tank "B" Federal #5 - Case #125476
                 Snakeweed "B" Federal #4 - Cast #12547
                 Five Mile Tank "B" Federal #3 - Case #12546
                 West Pecos Slope Abo Field
                 Chaves County, New Mexico

Dear Mr. Catanach:

Enclosed please find the geologic maps which were requested during the OCD Hearing on December 7, 2000. There is a set of maps for the Five Mile Tank "B" Federal #5 and the Snakeweed "B" Federal #4 wells. These wells are located in Non-Standard Locations due to surface restrictions or impediments, although there is some geologic justification for their placement. Geologic placement was not the main reasoning for these locations.

In Case #12546, there is a discussion of the location for the Five Mile Tank "B" Federal #3 well. This well is located in the SE/4 (880 feet from the South Line and 1760 feet from the East Line) of Section 17, T6S, R23E and the Five Mile Tank "B" Federal #5 location is in the SW/4 (1760feet from the South Line and 588 feet from the West Line) of the same Section, Township and Range. There appears to be no violation of Rule 2 as the Five Mile Tank "B" Federal #3 well is in a different Quarter Section and therefore could not be used as a substitute for the Five Mile Tank "B" Federal #5. There appears to be no reason for McKay Oil to withdraw the Five Mile Tank "B" Federal #3 APD; however, should you have reasons that would render the Five Mile Tank "B" Federal #3 location as an invalid drilling location please contact the undersigned as soon as possible to discuss this matter.

Thank you for your immediate attention to this matter.

Very truly yours,

MCKAY OIL CORPORATION

Bill J. Milstead
Vice President - Land and Legal

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