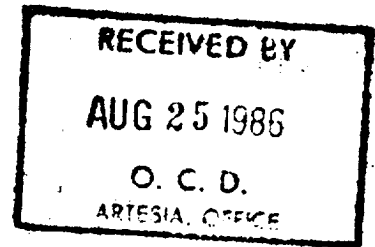


August 21, 1986

Hanson Operating Company, Inc.  
P. O. Box 1515  
Roswell, NM 88202



Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well Hanson Federal No. 16, Lease No. LC-068282-B, 890 FSL and 1650 FWL, Section 25, T. 26 S., R. 31 E., has been cancelled.

The APD is considered expired if drilling activity has not commenced within one year after approval. Should you desire to drill this well at a later date, you will be required to re-submit the proper forms for approval.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles S. Dahlen".

Charles S. Dahlen  
Area Manager

cc: RDO  
NMOCD (artesia/Hobbs)

Post FD-2  
8-29-86  
Esp. Int.