Cotton Petroleum Corporation 717 17th Street, Suite 2200 Denver, Colorado 80202

Gentlemen:

Enclosed is your Application for Permit to Drill (APD) well No. 220 Nageezi Federal 27, NE4SE4 sec. 27, T. 25 N., R. 8 W., San Juan County, New Mexico, lease NM-42421. The subject APD is hereby rescinded and returned due to drilling operations not being commenced within one year of the approval date.

You are required to request surface rehabilitation instructions from this office if construction activities occurred on the referenced drill site.

Sincerely yours,

Dean Elliott

for James F. Sims

District Oil and Gas Supervisor

Enclosure

cc: NMOCC