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FEB 26 '90

O. C. D. ARTESIA, OFFICE

February 21, 1990

Hondo 011 & Gas Company P. O. Box 2208 Roswell, NM 88202

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well Shugart Federal No. 1, Lease No. NM-66437, Section 6, T. 19 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,

Richard L. Manus

Ate LEMAN

Area Manager

cc: RDO

NMOCD (Artesia/Hobbs)

Past ID-2 3-16-90 =xp. IHt.