SF-080472-A (WC) 3160 (017)

30-039-25013 B-30-24N-3W Chacon Fed. #3

CERTIFIED - RETURN RECEIPT REQUESTED

Bannon Energy, Inc. c/o Daggett & Chenault, Inc. 3539 E. 30th, Suite 7B Farmington, NM 87401

Gentlemen:

Reference is made to your Application for Permit to Drill (APD) well No. Bannon-Chacon #3, NW4NE4 Section 30, T. 24 N., R. 3 W., Rio Arriba County, New Mexico, lease SF-080472-A.

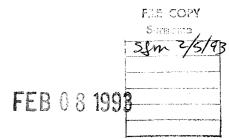
The reference APD expired on June 7, 1992. To-date, we have not received any information from you regarding this well. If we do not hear from you by February 16, 1993, we will assume that no work was done on this well, and your application will be considered expired.

For your information, the Rio Puerco Resource Area took over the management of the Jicarilla and Lindrith areas as of January 1, 1993. If you have any questions on this matter, please contact Shirley Mondy at (505) 761-8793.

Sincerely,

SHIRLEY MONDY

Albert Abee Area Manager



1818

37107

AEOUESTE