

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office 2909 West Second Street Roswell, New Mexico 88202

RECEIVED

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In Reply Refer To: 3162.4 (513) NM-068043

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SDX Resources, Inc. Attn: Chuck Morgan P. O. Box 5061 Midland, TX 79704

30-005-63720

Dear Mr. Morgan:

Per your letter dated December 14, 2004, we are canceling your Application for Permit to Drill (APD) for the Otter Federal Com Well No. 1, located in Section 27, T. 15 S., R. 27 E., 860'/N & 660'/E which was approved on November 16, 2004

If you have any question, please contact me at (505) 627-0237.

Sincerely,

/s/ Linda A. Askwig

Linda A. Askwig Legal Instruments Examiner

Cc: NMOCD (Artesia) I & E (RFO) Judy Yslas (RFO)