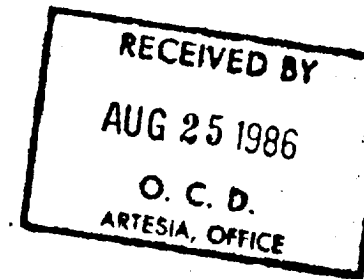


August 19, 1986



Owne Haynes
305 W. Missouri
Artesia, New Mexico 88210

Dear Sir:

Your Application for Permit to Drill, Deepen or Plug Back (APD) for Well Harbold No. 8, Lease No. NM-29279, 990 FSL and 1650 FEL, Section 34, T. 17 S., R. 27 E. and for Well Harbold No. 5, Lease No. 29279, 350 FSL and 1650 FEL, Section 34, T. 17 S., R. 27 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
NMSO
NMOC D (Artesia/Hobbs)

Post FD-2
9-5-86
Exp. Int.

Re-instated Permit
Post FD-2
11-21-86