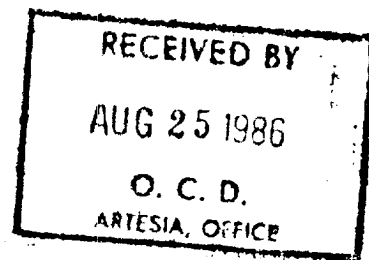


August 20, 1986



Perry R. Bass
P. O. Box 2760
Midland, TX 79702

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Wells James Ranch Unit No. 17, Lease No. LC-071933-B, 1980 FSL and 660 FWL, Section 8, T. 23 S., R. 31 E., and Well Big Eddy Unit No. 108, Lease No. NM-069219, 1980 FSL and 1500 FEL, Section 26, T. 21 S., R. 28 E. have been cancelled.

The APD is considered expired if drilling activity has not commenced within one year after approval. Should you desire to drill these wells at a later date, you will be required to re-submit the proper forms for approval.

Sincerely,

Charles S. Dahlen
Area Manager

Post FD-2
8-29-86
Exp. Int.