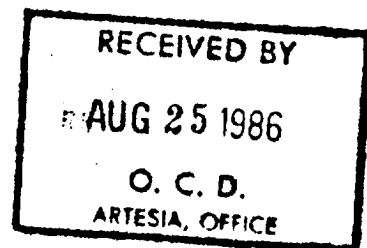


August 19, 1986



Blazer Oil and Gas Inc.
P. O. Box 692
Tatum, New Mexico 88267

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well Hodges Federal No. 2, Lease No. NM-0397622, 533 FNL & 521 FWL, Section 5, T. 17 S., R. 29 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,

Charles S. Dahlen
Area Manager

cc: RDO
NNSO
NMOCD (Artesia/Hobbs)

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