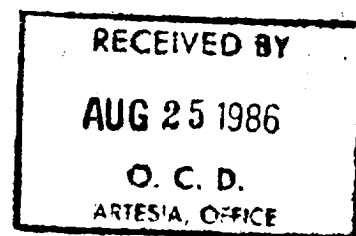


August 7, 1986



Haneb Operating Company, Ltd.  
400 Wilco Building  
Midland, TX 79701

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well Federal 24 No. 4, Lease No. NM-40655, 990 FNL and 2310 FWL, Section 24, T. 23 S., R. 31 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

Post FO-2  
8-29-86  
Eop. Int.