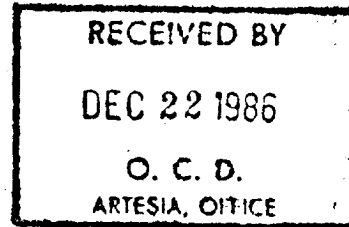


c/SP

NM OIL CONS. COMMISSION
Drawer DD
Artesia, NM 88210

3162.4

December 16, 1986



Suntex Resources, Inc.
8111 LJB Freeway, Suite 470
Dallas, TX 75251

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well Shiloh Federal No. 2, Lease No. LC-062996-B, 2310 FNL and 2303 FNL, Section 17, T. 16 S., R. 29 E., has been cancelled.

The APD is considered expired if drilling 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 Dahlen".

Charles Dahlen
Area Manager

Post IO-2
12-26-86
Exp. Int.