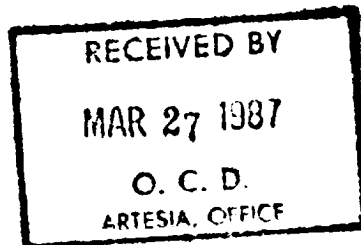


Draper 10
Artesia, NM 88210

3162.4



March 25, 1987

Kaneb Energy Corporation
400 Wilco Building
Midland, TX 79701-4466

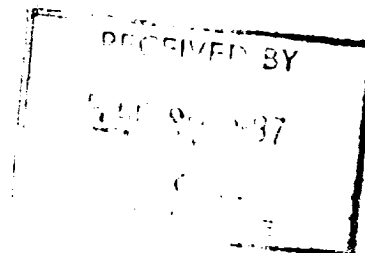
Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Wells No. Federal 24 No. 5 and No. 6, Lease No. 40655, 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,

Linda S.C. Rundell
Acting Area Manager



Post ID-2
4-3-87
Exp. Int.