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ARTESIA, OFFICE

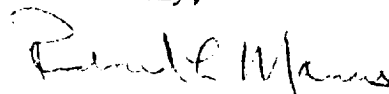
May 23, 1989

Santa Fe Energy Operating Partners, L.P.
500 W. Illinois, Suite 400
Midland, TX 79701

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well Sterling Silver 3 Federal No. 1, Lease No. NM-55141, 1980' FNL and 1980' FEL, Section 3, T. 24 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,



Richard L. Manus
Area Manager

cc: RDO
NMOCD (Artesia/Hobbs)

Post ID-2
6-2-89
Exp. INT.