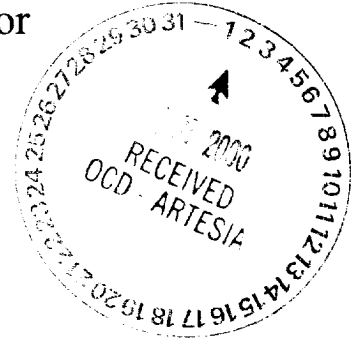




# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88202



IN REPLY REFER TO  
3162.4  
NM-29234

Sonat Exploration Co. - Midland  
Attn: Ann E. Ritchie  
110 W. Louisiana, Suite 500  
Midland, TX 79701

Dear Ms. Ritchie:

Your Application for Permit to Drill (APD), approved April 17, 1998, along with the extension approved April 13, 1999, for the Lotos Federal #5, located 1830' FSL & 660' FEL, Section 9, T24S-R31E, Eddy County, New Mexico, Lease No. NM-29234 has expired because drilling has not commenced within one year of the approval date as stated in the General Requirements for Oil and Gas Operations on Federal Leases.

If drilling operations have commenced on the referenced well, please contact this office at (505) 627-0272 and send all necessary reports (spud, casing/cementing, etc., 1 original and 5 copies) so we may correct our records.

If the well has not been spudded, but site construction activities have occurred, please contact this office at the above telephone number for surface reclamation instructions.

If you wish to drill this well at a later date, please submit a complete application (1 original and 5 copies). Since the original APD has expired, the resubmitted APD will be subject to all the processing requirements including the 30-day posting requirement. Please note on the resubmitted APD that it was previously approved and we will review the expired file for information which will help expedite the processing.

Sincerely,

/s/ Linda A. Askwig

Linda A. Askwig  
Legal Instruments Examiner

cc: BLM-I&E (CFO)  
NMOCD (Artesia)  
L Denniston (CFO)

Eq