

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office 1235 La Plata Highway, Suite A Farmington, New Mexico 87401

IN REPLY REFER TO: NM 100270 3162.3-1 (07100)

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PetroSun Exploration and Production, Inc. 8129 N. 87th Place Scottsdale, AZ 85258

30-031-20993

Gentlemen:

Enclosed is your Application for Permit to Drill (APD) well No. 1 Cholla Federal, SESE, Sec. 33, T. 18N., R. 5W., McKinley County, NM., lease NM 100270. The subject APD is rescinded and returned due to drilling not being commenced within the time frame authorized by either the APD or an extension of the approval date.

You are required to request surface rehabilitation instructions from this office if construction activities occurred on the referenced drill site. If this office does not receive comment within 30 days, we will presume that no construction occurred and proceed accordingly. Later discovery that construction activities have in fact occurred, may result in assessment of liquidated damages.

Sincerely,

Jim Lovato

Petroleum Engineer,

Petroleum Management Team

1 Enclosure

cc: NMOCD, Aztec, NM

