



United States Department of the Interior

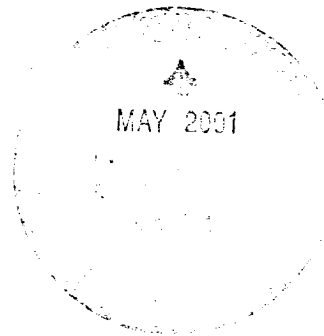
BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:

NMNM 09867A
3162.3-1 (07100)

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Greystone Energy, Inc. c/o Walsh Engineering
7415 E. Main Street
Farmington, NM 87402

Gentlemen:

Enclosed are your Applications for Permit to Drill (APD) for the following wells:

1. No. 1 McQ, SESW, Sec. 6, T. 30N., R. 13W., San Juan County, NM., lease NMNM 09867A.
2. No. 1 Cowboy, SWSW, Sec. 5, T. 30N., R. 13W., San Juan County, NM., lease NMNM 09867A.

The subject APD is rescinded and returned due to drilling not being commenced within the time frame authorized by either the APD or an extension of the approval date.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 sites. 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,

Matthew Warren
Petroleum Engineer,
Petroleum Management Team

2 Enclosures

cc:

/ NMOCD, Aztec, NM