Nearburg Producing Company

Exploration and Production 3300 North "A" Street Building 2. Suite 120 Midland, Texas 79705 432/686-8235 FAX: 432/686-7806



July 31, 2006

Oil Conservation Division 1301 W Grand Ave Artesia, NM 88210

Re: Red Lake 33 Federal E #1 - 1650 FNL and 900 FWL, Sec 33-17S-27E, Eddy Co, NM Red Lake 33 Federal E #2 - 2310 FNL and 660 FWL, Sec 33-17S-27E, Eddy Co, NM Red Lake 32 State I #1 - 2310 FSL and 330 FEL, Sec 32-17S-27E, Eddy Co, NM Red Lake 32 State H #1 - 1650 FNL and 330 FEL, Sec 32-17S-27E, Eddy Co, NM

To Whom It May Concern:

NPC would like to cancel the referenced APD's. We do not plan to drill these wells. Please dispose of the permit.

If I can be of any further assistance please do not hesitate to call.

Sincerely,

Sarah Jordan Production Analyst

/sj