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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office 2909 West Second Street Roswell, New Mexico 88202 AUG 13 2007 OCD

In Reply Refer To: 3162.4 (513) NM-106692

AUG 102007

Yates Petroleum Corporation Attn: Debbie Caffall 105 S 4th Street Artesia, NM 88210

Dear Ms. Caffall:

The Bureau of Land Management is canceling your Application for Permit to Drill (APD) for the McKamey BHM Federal No. 1, located in Section 26, T. 15 S., R. 30 E., 1980' FNL & 1980' FWL, approved on September 7, 2005, along with the extension approved on August 31, 2006, due to receiving another application.

If you have any question, please contact Alexis C. Swoboda, Petroleum Engineer, at (505) 627-0228.

Sincerely,

/S/ Angel Mayes

Angel Mayes Assistant Field Manager Lands and Minerals

cc:

I & E (RFO) NMOCD (Artesia)