STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION HOBBS DISTRICT OFFICE



October 7, 1988

POST OFFICE BOX 1980 HOBBS, NEW MEXICO 88241-1980 (505) 393-6161

GARREY CARRUTHERS GOVERNOR

> Challenger Minerals Inc. 12707 North Freeway, Suite 500 Houston, TX 77060

Re: McMillan #1-H Section 3, T9S, R34E CANCELLATION OF INTENT TO RE-ENTER

Gentlemen:

Your intention to re-enter the above-referenced well was approved by this office August 14, 1987. To date no progress reports have been received. Therefore, approval of your permit to re-enter this well has now expired and no re-entry operations are to be initiated without further notice to and approval by the Oil Conservation Division. Pending such approval this will be considered as a cancelled intention to re-enter.

In the event you have done work on the re-entry of this well and failed to report it to us on the proper forms, please do so immediately.

Very truly yours,

OIL CONSERVATION DIVISION

95 Jerry Sexton Supervisor, District I

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cc: OCD- Santa Fe

loc ckd by Jack GRiffin 10-27-88 - well had not been re-enterin