



415 WEST WALL, SUITE 1500/MIDLAND, TEXAS 79701-4473/915-684-8051 FAX: 915-685-1104

October 10, 1997

Energy, Minerals and Natural Resources Department
Oil Conservation Division
State of New Mexico
Post Office Box 1980
Hobbs, New Mexico 88214-1980

Attn: Mr. Jerry Sexton
District I Supervisor

Gentlemen:

Re: Extension of Permit to Drill
Covering Hanley Petroleum Inc's State 28 #1, Unit N
Section 28, T-15-S, R-35-E
Lea County, New Mexico

Reference is here made to Hanley Petroleum Inc.'s original application which was approved by you on November 14, 1995, and to the two subsequent extensions.

Hanley still believes this to be a very viable location for an additional development well in the West Lovington Strawn Field. However, due to the impending de novo hearing set for October 16 and 17, 1997, regarding the proposed expansion of the West Lovington Strawn Unit operated by Gillespie-Crow Inc., we have been unable to schedule a rig to drill this well. Until this matter is resolved, we are somewhat at an impasse to proceed with the drilling of the captioned well.

Therefore, we would ask your permission to extend the original Permit to Drill for an additional six month period so that this matter may be resolved and we can proceed to plan for the drilling of the subject location.

Yours very truly,

HANLEY PETROLEUM INC.

M. Greg Wilkes
Vice President Engineering

ekh/bar
c: William Carr