May 23, 1989

Heason Operating Company, Inc. P. O. Box 1515
Roswell, NM 88202-1515

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well Shearn Federal No. 1, Lease No. NM-63014, 1980' FNL and 1980' FEL, Section 11, T. 19 S., R. 32 E., has been cancelled.

The APD is considered expired if drilling activity has not commenced within one year after approval. Should you desire to drill thes well at a later date, you will be required to re-submit the proper forms for approval.

Sincerely,

Richard L. Manus Area Manager

J. C. H.

cc: RDO

NMOCD (Artesia/Hobbs)

2