

United States Department of the Interior



BUREAU OF LAND MANAGEMENT Carlsbad Resource Area Headquarters P.O. Box 1778 Carlsbad, New Mexico 88221-1778

Grace Petroleum Corporation 6501 N. Broadway Oklahoma City, OK 73116

> RE: Smith Ranch Federal No. 1 Lease NM-17238

> > W. Tonto Federal Com No. 2 24-198-326 Lease NM-12413

Gentlemen:

Your Applications for Permit to Drill the subject wells have been cancelled.

The APD is considered expired if drilling activity has not commenced within one year after approval. Should you desire to drill these wells at later date, you will be required to resubmit the proper forms for approval.

Sincerely,

Richard L. Manus Area Manager