December 16, 1986

Cavalcade Oil Corporation P. O. Box 16187 Lubbock, TX 79490

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well Cavalcade "21" Federal No. 2, Lease No. NM-59044, 990 FSL and 2319 FWL, Section 21, T. 13 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 this well at a later date, you will be required to re-submit the proper forms for approval.

Sincerely,

Charles Dahlen

Area Manager