

March 27, 1987

Southland Royalty Company
21 Desta Drive
Midland, TX 79705

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for:

Well No. Armstrong "17" Federal No. 1, Lease No. NM-55151, 1980 FSL
and 660 FWL, Section 17, T. 18 S., R. 33 E.

Well Shugart (APCO) A No. 6, Lease No. LC-029387-C, 1420 FNL and
1520 FEL, Section 29, T. 18 S., R. 31 E., and

Well Keohane "D" No. 2, Lease No. NM-067896, 330 FSL and 990 FEL,
Section 19, T. 18 S., R. 31 E., 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 a later date, you will be required to re-submit the proper forms
for approval.

Sincerely,

Linda S.C. Rundell
Acting Area Manager

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