August 2, 1988

Santa Fe Energy Operating Partners, L.P. 500 W. Illinois, Suite 500 Midland, TX 79701

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well N.H. 5 Federal No. 2, Lease No. NM-57535, 3456' FNL and 660' FEL, Section 5, T. 16 S., R. 34 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,

Richard L. Manus Area Manager

cc: RDO

NMOCD (Artesia/Hobbs)

The Extra