February 7, 1991

Highland Production Company 810 N. Dixie Blvd, Suite 202 Odessa, TX 79761

Gentlemen:

Your Application for Permit to Drill, Deepen, or Plug Back (APD) for Well Conoco "C" Federal No. 2, Lease No. LC-068281-B, Section 30, T. 26 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,

Richard L. Manus Area Manager

cc: RDO

NMOCD (Artesia/Hobbs)