



United States Department of the Interior

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

20-025-31252
TAKE
PRIDE IN
AMERICA

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

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

3-T205-R336

W. Tonto Federal Com No. 2
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