3160 (067) NMNM-86924

OCT 0 9 1996

## CERTIFIED--RETURN RECEIPT REQUESTED Z 6!!4 659 990

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Penwell Energy, Inc. Attention: Brenda Coffman 600 N. Marienfeld, Ste. 1100 Midland, TX 79701

RE: Tomcat "8" Federal Well No. 1 NMNM-86924 430' FSL & 330' FWL, Sec. 8, T23S, R32E Lea County, New Mexico

Dear Ms. Coffman:

We approved the referenced Application for Permit to Drill (APD) on July 8, 1996. At midnight on August 31, 1996, oil and gas lease NMNM-86924 expired. Based on our records, this well was not spudded prior to lease expiration. Therefore, the referenced APD approval is no longer valid.

If sile construction activities have occurred, please contact Barry Hunt at (505) 887-6544 for surface reclamation instructions.

Sincerely,

## Timothy P. O'Brien

FOR Richard L. Manus Area Manager

cc: NM (060, T. Ferguson) NM (067, V. Balderaz) NM()CD (Hobbs)

Noid 10/11/96