

**CHI ENERGY, INC.**  
P.O. BOX 1799  
MIDLAND, TEXAS 79702

September 23, 2004

**"Certified-Return Receipt"**

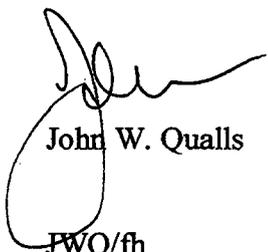
Monte Mount  
2611 Ridge Road  
Lubbock, Texas 79404

**Re: Foot Joy State Com #1  
990' FNL & 660' FEL (E/2)  
E/2 of Sec. 14-T-19S-R-27e  
Eddy County, New Mexico**

Mr. Mount:

Chi Operating, Inc. is proposing a Morrow test in the NE/4NE/4 of Section 14-19S-27E, Eddy County, New Mexico to a depth of approximately 11,000'. The East one-half (E/2) of Section 14 is the proposed spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE approval page at your earliest convenience. Should you decide not to participate, Chi would be interested in acquiring a Two (2) year Term Assignment for \$200.00 per net acre, and a 76.0% NRI delivered to Chi. Thanks and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/fh

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER 2

**CHI ENERGY, INC.**  
P.O. BOX 1799  
MIDLAND, TEXAS 79702

September 23, 2004

Thomas Lett  
I & L Development Company  
3500 Oaklawn, Suite 720  
Dallas, Texas 75219

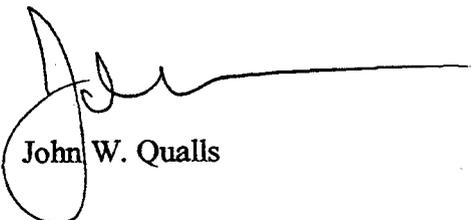
**"Certified-Return Receipt"**

**Re: Foot Joy State Com #1  
990' FNL & 660' FEL (E/2)  
E/2 of Sec. 14-T-19S-R-27e  
Eddy County, New Mexico**

Mr. Lett:

Chi Operating, Inc. is proposing a Morrow test in the NE/4NE/4 of Section 14-19S-27E, Eddy County, New Mexico to a depth of approximately 11,000'. The East one-half (E/2) of Section 14 is the proposed spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE approval page at your earliest convenience. Should you decide not to participate, Chi would be interested in acquiring a Two (2) year Term Assignment for \$200.00 per net acre, and a 76.0% NRI delivered to Chi. Thanks and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/fh

**CHI ENERGY, INC.**  
P.O. BOX 1799  
MIDLAND, TEXAS 79702

October 6, 2004

Shirley Choate  
Redfern Enterprises, Inc.  
P. O. Box 2127  
Midland, Texas 79702

**"Certified-Return Receipt"**

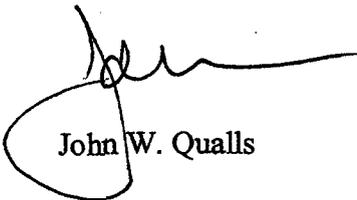
Fax - 682-5639  
phone - 683-9137

Re: Foot Joy State Com #1  
990' FNL & 660' FEL (E/2)  
E/2 of Sec. 14-T-19S-R-27E  
Eddy County, New Mexico

Ms. Choate:

Chi Operating, Inc. is proposing a Morrow test in the NE/4NE/4 of Section 14-19S-27E, Eddy County, New Mexico to a depth of approximately 11,000'. The East one-half (E/2) of Section 14 is the proposed spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE approval page at your earliest convenience. Should you decide not to participate, Chi would be interested in acquiring a Two (2) year Term Assignment for \$200.00 per net acre, and a 76 NRI delivered to Chi. Thanks and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/fh

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