

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

July 22, 1999

Patrick J. Tower
Enron Oil & Gas Company
P. O. Box 2267
Midland, Texas 79702

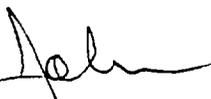
**Re: Well Proposal (Morrow Test 10,400')
Coal Train Fed Com. No. 1
990' FWL & 990' FSL, Sec. 10- 17S-28E
Eddy County, New Mexico**

Mr. Tower:

Chi Operating, Inc. proposes the drilling of the Coal Train Fed Com. No. 1 well. The S/2 of Section 10, T-17S-R-28E, Eddy County, New Mexico is the proposed spacing unit for the well. Attached is an "AFE" for the drilling and completion of the proposed 10,400' test along with a signature page for your execution.

Please do hesitate to call should you have any questions or wish to discuss our proposal.

Sincerely,


John W. Qualls
JWQ/th



CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

July 22, 1999

Dave Collins
Mobil Exploration & Producing
12450 Greenspoint Drive
Houston, Texas 77060

**Re: Well Proposal (Morrow Test 10,400')
Coal Train Fed Com. No. 1
990' FWL & 990' FSL, Sec. 10- 17S-28E
Eddy County, New Mexico**

Mr. Collins:

Chi Operating, Inc. proposes the drilling of the Coal Train Fed Com. No. 1 well. The S/2 of Section 10, T-17S-R-28E, Eddy County, New Mexico is the proposed spacing unit for the well. Attached is an "AFE" for the drilling and completion of the proposed 10,400' test along with a signature page for your execution.

Please do hesitate to call should you have any questions or wish to discuss our proposal.

Sincerely,



John W. Qualls
JWQ/fh

Coal Train

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

Complete items 1 and 4 for additional services.
 Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
 2. Restricted Delivery

3. Article Addressed to:
 ENRON OIL & GAS CO.
 ATTN: PATRICK TOWER
 P. O. BOX 2267
 MIDLAND, TX 79702

4a. Article Number
 Z 445 044 433

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
 JUL 26 1999

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)
Emmanuel Edman

Thank you for using Return Receipt Card

Coal Train

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

Complete items 1 and 4 for additional services.
 Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
 2. Restricted Delivery

3. Article Addressed to:
 MOBIL EXPLORATION &
 PRODUCING
 ATTN: DAVE COLLINS
 72450 GREENOAK DR
 HOUSTON, TX 77060

4a. Article Number
 Z 445 044 434

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
 7-26-99

5. Received By: (Print Name)
M. Collins

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)

Thank you for using Return Receipt Service