

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

May 27, 2005

Chris Williams  
NMOCD District 1  
1625 N. French Dr.  
Hobbs, NM 88240

Re: June 2005, Compliance Report

Dear Mr. Williams,

Per the Agreed Compliance Letter, signed by Chi Operating 7-10-04, there have been 37 wells brought back to compliance. We are currently have a pulling unit operating to get several more wells up, necessary paper work will follow, the first part of June.

Sincerely,



Oren Albright  
cc: WRB

