

**POWER OF ATTORNEY**  
**DESIGNATION OF AGENT**

CHI OPERATING, INC., hereby names the following person as its agent:

Name of Agent: George R. Smith d/b/a Energy Administrative Services Company

Agent's Address: P.O. Box 458, Roswell, NM 88202

Agent's Telephone Number: (575) 623-4940

**GRANT OF SPECIAL AUTHORITY**

CHI OPERATING, INC., grants its agent the authority to act for it with respect to the following only:

1. Executing forms required to be filed with the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department.
2. Executive forms required to be filed with the Bureau of Land Management of the Department of Interior of the United States of America.

**EFFECTIVE DATE**

This power of attorney is effective immediately.

**RELIANCE ON THIS POWER OF ATTORNEY**

Any person, including the agent, may rely upon the validity of this power of attorney or a copy of it unless that person knows it has terminated or is invalid.

**SIGNATURE AND ACKNOWLEDGMENT**

CHI OPERATING, INC.

By: \_\_\_\_\_

Name: John W. Qualls

Title: Vice President

Date: November 3, 2008

Address: 212 N. Main Street, Suite 200, Midland, Texas 79701

Telephone: (432) 685-5001

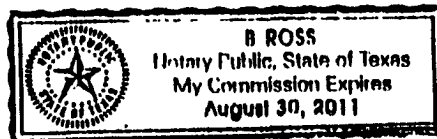
STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on November 3, 2008 by John W. Qualls, of CHI OPERATING, INC., acting on behalf of said corporation.

Signature of notary: \_\_\_\_\_

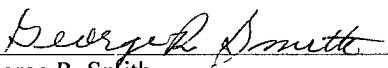
My commission expires: 08/30/2011



**CERTIFICATION:**

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Chi Operating, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

August 17, 2009

  
\_\_\_\_\_  
George R. Smith  
Agent for: Chi Operating, Inc.