

652,229 9000 0997 FNU7

POSTAGE WILL BE PAID BY ADDRESSEE
(Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark
Here

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

FAX 432 687-2662

August 18, 2005

Total) **Mr. Chuck Moran**

Sent To **Abo Petroleum Corporation**

Street or P.O. **105 South 4th Street**

City, State & Zip **Artesia, NM 88210**

PS Form 3800, June 2005 See Reverse for Instructions

"Certified-Return Receipt"

Artesia, New Mexico 88210

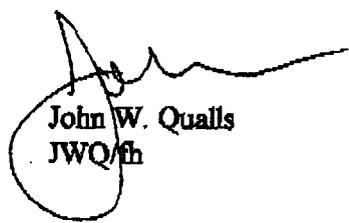
**Re: Lakewood Prospect
Bermuda #1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico**

Mr. Moran:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,


John W. Qualls
JWQ/th

OIL CONSERVATION DIVISION
CASE NUMBER
EXHIBIT NUMBER **3**

7002 1682 0000 9000 089T E002

CERTIFIED MAIL RECEIPT
(Domestic Mail Only: No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

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

FAX 432 687-2662

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total		

Mr. Chuck Moran
 Myco Industries, Inc.
 105 South 4th Street
 Artesia, NM 88210

PS Form 3800, June 2002

August 18, 2005

"Certified-Return Receipt"

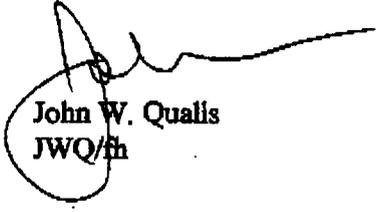
**Re: Lakewood Prospect
Bermuda #1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico**

Mr. Moran:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,



John W. Qualis
JWQ/fh

962 2229 9000 0891 8007

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark
Here

Tot **Mr. Chuck Moran**
 Sent **Yates Petroleum Corporation**
 105 South 4th Street
 Artesia, NM 88210

PS Form 3800, June 2002
105 South 4th Street
Artesia, New Mexico 88210

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

FAX 432 687-2662

August 18, 2005

"Certified-Return Receipt"

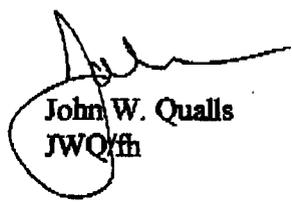
**Re: Lakewood Prospect
Bermuda #1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico**

Mr. Moran:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,


John W. Qualls
JWQ/yh

052 2229 9000 DPRT E002

(Domestic Mail Only: No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

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

FAX 432 687-2662

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark
Here

August 18, 2005

Total Pk **Mr. Chuck Moran**
Yates Drilling Company
105 South 4th Street
Artesia, NM 88210

PS Form 3800, June 2002 See Reverse for Instructions

Artesia, New Mexico 88210

"Certified-Return Receipt"

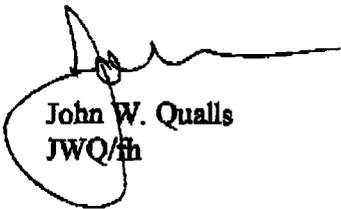
Re: Lakewood Prospect
Bermuda #1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico

Mr. Moran:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,



John W. Qualls
JWQ/fh

7003 160 0006 6222 649

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

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

RAX 432 687-2662

X

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark
Here

August 18, 2005

To
 Mr. Chuck Moran
 Sharbro Oil, Ltd. Co.
 105 South 4th Street
 Artesia, NM 88210

"Certified-Return Receipt"

105 South 4th Street
Artesia, New Mexico 88210

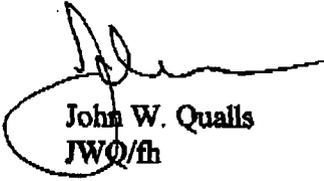
**Re: Lakewood Prospect
Bermuda #1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico**

Mr. Moran:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,


John W. Qualls
JWQ/fh

922 2229 9000 0911 E002

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

FAX 432 687-2662

X

OFFICIAL USE

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

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark Here

August 18, 2005

Total \$

Sent To	Mr. Brian Scott Manning
Street, P.O. Box, or PO B.	P.O. Box 52812
City, St.	Irvine, CA 92619

PS Form 3800, June 2002 See Reverse for Instructions

"Certified-Return Receipt"

P.O. Box 52812
Irvine, California 92619

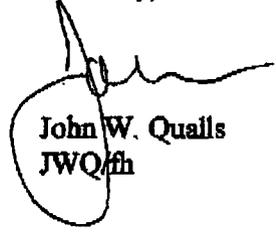
**Re: Lakewood Prospect
Bermuda # 1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico**

Mr. Manning:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,


John W. Qualls
JWQ/fh

482 2229 9000 0891 8007

MAIL RECIPT (Domestic Mail Only; No Insurance Coverage provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		

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

FAX 432 687-2662

August 18, 2005

To: **Mr. Fred Bohannon**

Send **Fred Bohannon Roy Trust**

5242 South Columbia

Tulsa, OK 74105

City, State or PO Box

PS Form 3500, June 2002

"Certified-Return Receipt"

Tulsa, Oklahoma 74105

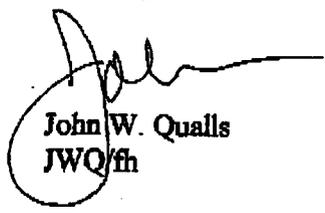
**Re: Lakewood Prospect
Bermuda # 1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico**

Mr. Bohannon:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,


John W. Qualls
JWQ/fh

3742 2229 9000 0994 7001

CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total	

Postmark
Here

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

FAX 432 687-2662

X

August 18, 2005

Sent To: **Mr. Joe M. Bohannon**

Street or PO #: **4157 S. Harvard Ave.**

City, St: **Tulsa, OK 74135-2631**

PS Form 3800, June 2002 See Reverse for Instructions

"Certified-Return Receipt"

Tulsa, Oklahoma 74135

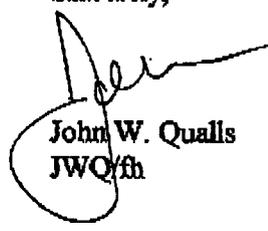
**Re: Lakewood Prospect
Bermuda # 1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico**

Mr. Bohannon:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,


John W. Qualls
JWQ/fh

242 2229 9000 DPRT EDD2

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

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

FAX 432 687-2662

4

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark
Here

August 18, 2005

To: **Mr. Marvin Bohannon**
c/o Mr. Joe M. Bohannon
4157 S. Harvard Ave.
Tulsa, OK 74135

"Certified-Return Receipt"

PS Form 3800, June 2002 See Reverse for Instructions

Mr. Joe M. Bohannon
4157 S. Harvard Ave.
Tulsa, Oklahoma 74135

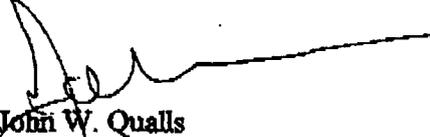
Re: Lakewood Prospect
Bermuda #1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico

Mr. Bohannon:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,


John W. Qualls
JWQ/fh

542 2229 9000 0891 EDD2

(Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

Postmark
Here

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

FAX 432 687-2662

X

August 18, 2005

Total Po

Sent To **Ms. Marianne B. Jost**
2248 NW 56th Street
Oklahoma City, OK 73112

Street, Apt or PO Box
City, State

PS Form 380, June 2002 See Reverse for Instructions

"Certified-Return Receipt"

Oklahoma City, Oklahoma 73112

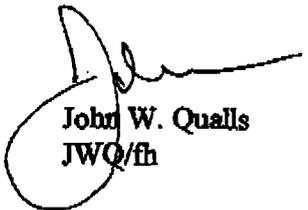
Re: Lakewood Prospect
Bermuda # 1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico

Ms. Jost:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,


John W. Qualls
JWQ/fh

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

August 31, 2005

"Certified-Return Receipt"

Gail Bohannon
1911 Douglas Blvd, Suite 84
Roseville, California 95661

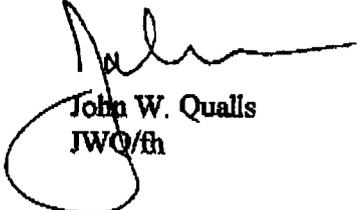
**Re: Lakewood Prospect
Bermuda # 1 (E/2 Proration Unit)
660' FNL & 660' FEL
Section 7-T-19S-R-26E
Eddy County, New Mexico**

Ms. Bohannon:

Chi Operating, Inc. is proposing a Morrow test in the NE/4 of Section 7-19S-26E, Eddy County, New Mexico to a depth of approximately 9,700'. The East one-half (E/2) of Section 7 is the spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. A JOA is being prepared and will be sent when available.

Thanks and please call should you have any questions and talk to myself or Bill Bergman.

Sincerely,



John W. Qualls
JWQ/fh