

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Sherry S. Elkins
 P.O. Box 1377
 Grants, New Mexico 87020

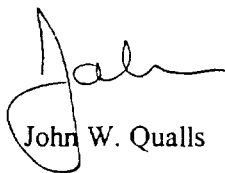
**Re: Well Proposal
 In Bounds Com. No. 1
 1650' FSL & 1980' FWL
 Section 9 - 22S - 25E
 Eddy County, New Mexico**

Ms. Elkins:

Chi is proposing a Morrow test in the NE/4SW/4 of Section 9-22S-25E, Eddy County, New Mexico to a depth of approximately 11,900'. The West one-half (W/2) of Section 9 is the proposed spacing unit. Attached is an "Authority for Expenditures" and approval page of same. An A.A.P.L. Form 610-1982 Model Form Operating Agreement is being prepared at this time and will be forwarded to you as soon as possible.

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Chi Energy, Inc. by:


 John W. Qualls

JWQ/fh

OIL CONSERVATION DIVISION

CASE NUMBER _____

EXHIBIT 3B

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Larry Jones
General Delivery
Pietown, New Mexico 87827


**Re: Well Proposal
In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

Mr. Jones:

Chi is proposing a Morrow test in the NE/4SW/4 of Section 9-22S-25E, Eddy County, New Mexico to a depth of approximately 11,900'. The West one-half (W/2) of Section 9 is the proposed spacing unit. Attached is an "Authority for Expenditures" and approval page of same. An A.A.P.L. Form 610-1982 Model Form Operating Agreement is being prepared at this time and will be forwarded to you as soon as possible.

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Larry Davis
P. O. Box 86
Eufaula, Oklahoma 74432

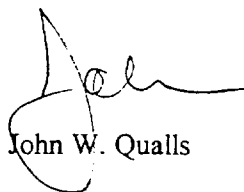
**Re: Well Proposal
In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

Mr. Davis:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Bucky Harris
2503 Ridgeview Drive
Farmington, New Mexico 87401

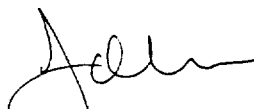
**Re: Well Proposal
In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

Mr. Harris:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Duane Berryhill
Conservator for Wallace J. Berryhill
7000 W. Hiway 66
Grants, New Mexico 87020

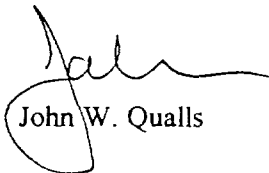
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Section 9 - 22S - 25E
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Mr. Berryhill:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

D. J. Elkins
P. O. Box 959
Aztec, New Mexico 87410

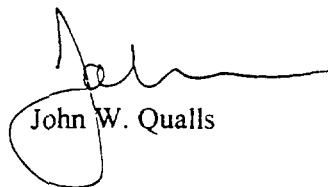
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Section 9 - 22S - 25E
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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Duwanna Guy Hopper
Box 2
Bluewater, New Mexico 87005

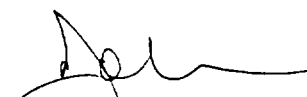
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1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

Ms. Hopper:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Jean Roundy
87 South 400 West
Manti, Utah 84647

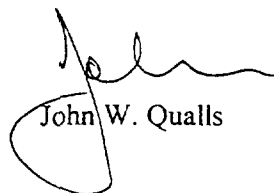
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In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

Ms. Roundy:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Lawrence Elkins
P. O. Box 36
Prewitt, New Mexico 87045

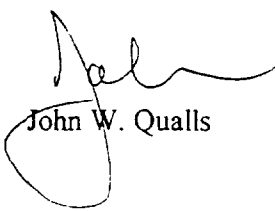
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Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:


John W. Qualls
JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Bill Elkins
P. O. Box 269
Snowflake, Arizona 85937


**Re: Well Proposal
In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

Mr. Elkins:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Mr. Bobby Ray McKinley
P. O. Box 1-U
Pietown, New Mexico 87827

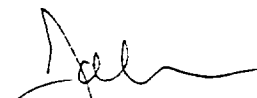
**Re: Well Proposal
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1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

Mr. McKinley:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Dave P. Elkins
P. O. Box 77
Navajo Shopping Center
Gamerco, New Mexico 87317

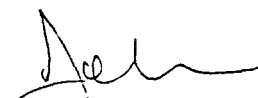
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John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Don McKinley
RR1, Box 850A
Wilcox, AZ 85643


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1650' FSL & 1980' FWL
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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Duane Berryhill
7000 W. Highway 66
Grants, New Mexico 87020

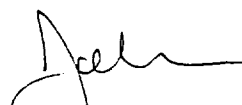
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John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Fred V. Elkins
P. O. Box 62
Grants, New Mexico 87020

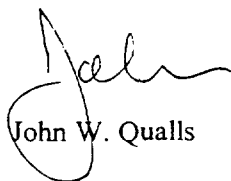
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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Gary Tietjen
293 Los Pueblos
Los Alamos, New Mexico 87544

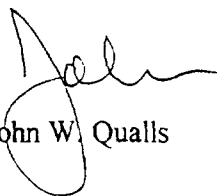
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Eddy County, New Mexico**

Mr. Tietjen:

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John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Jack Elkins
720 Aspen
Grants, New Mexico 87020

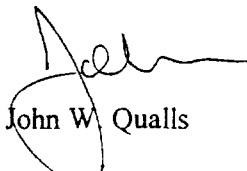
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John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Jerry Tietjen
Box 323
Ramah, New Mexico 87321

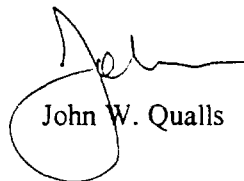
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John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Jim Elkins
P. O. Box 476
Macon, Mississippi 39341

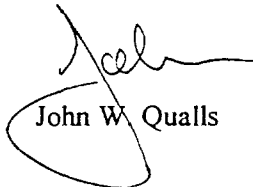
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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Fred Elkins
Box 1004
Grants, New Mexico 87020

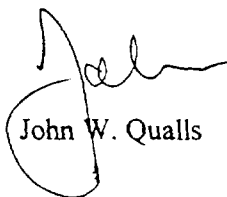
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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Lewis Eugene Marable
P. O. Box 1232
Grants, New Mexico 87020

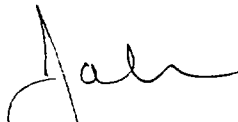
**Re: Well Proposal
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Section 9 - 22S - 25E
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Mr. Marable:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Mr. Tommy L. Elkins
2041 Lakeview Road, SW
Albuquerque, New Mexico 87105

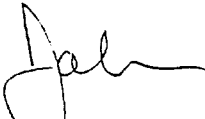
**Re: Well Proposal
In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

Mr. Elkins:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

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

March 1, 2001

Phillip Harris,
Conservator of Est. of Ms. Tanya Harris
2503 Ridgeview Road
Farmington, New Mexico 87401

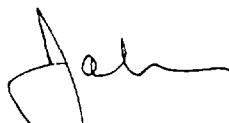
**Re: Well Proposal
In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Dave Elkins
Box 100
Gamerco, New Mexico 87317

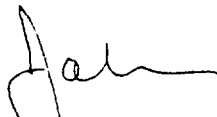
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Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:


John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Kin Elkins
New Laguna, New Mexico 87038

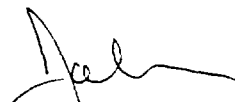
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Section 9 - 22S - 25E
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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Henry Elkins
1328 N. First Street
Grants, New Mexico 87020

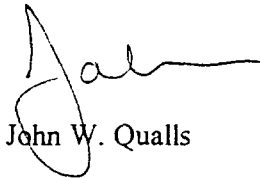
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1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Keith Elkins
Thoreau, New Mexico 87323

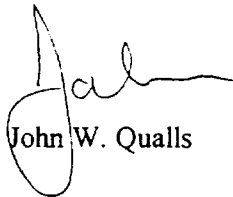
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1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Tyra Van Belle
Rt. 2, Box 289-F
Aztec, New Mexico 87410

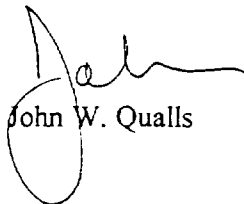
**Re: Well Proposal
In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Thelma Jo Elkins
P. O. Box 3222
Ramah, New Mexico 87321

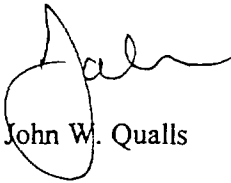
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In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Ina Mae Hoffman
330 East 550 North
Bountiful, Utah 84010

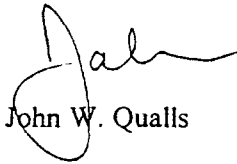
**Re: Well Proposal
In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Hattie B. Elkins
P. O. Box 62
Grants, New Mexico 87020

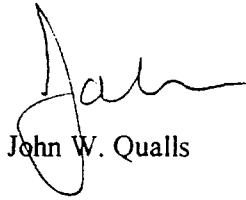
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Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Glenda K. Bybee
Sherida Farm Route No. 8
Buffalo, Wyoming 82834

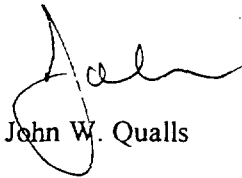
**Re: Well Proposal
In Bounds Com. No. 1
1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

Ms. Bybee:

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Betty Harris
2503 Ridgeview Drive
Farmington, New Mexico 87401

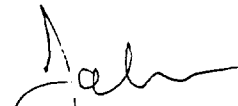
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Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Nelda Rae McPhaul
P. O. Box 2Y
Pietown, New Mexico 87827

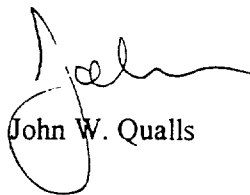
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Section 9 - 22S - 25E
Eddy County, New Mexico**

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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

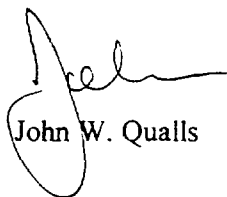
Wayne Harris
P. O. Box 4003
Ambrosia, New Mexico 87020

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1650' FSL & 1980' FWL
Section 9 - 22S - 25E
Eddy County, New Mexico**

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John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Phillip Harris
2503 Ridgeview Drive
Farmington, New Mexico 87401

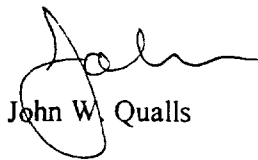
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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Mark Elkins, Jr.
P. O. Box 84
Ramah, New Mexico 87321

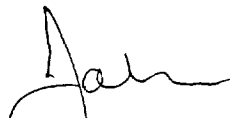
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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Lynn Elkins
P. O. Box 1377
Grants, New Mexico 87020

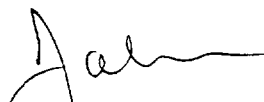
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John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799
MIDLAND, TEXAS 79702

March 1, 2001

Larry Harris
2503 Ridgeview drive
Farmington, New Mexico 87401

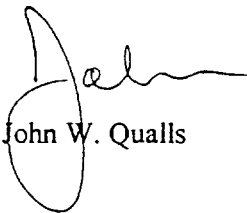
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Chi Energy, Inc. by:



John W. Qualls

JWQ/fh

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

March 1, 2001

Larry Elkins
P. O. Box 2051
Milan, New Mexico 87021

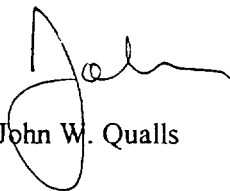
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John W. Qualls

JWQ/fh