

Phone (915) 685-5001

Chi Operating, Inc.

Fax (915) 687-2662

P.O. Box 1799
Midland, TX 79702

January 8, 2001

Mr. Tim Gum
District II Supervisor
New Mexico Energy, Minerals and
Natural Resources Department.
811 South First Street
Artesia, New Mexico 88210



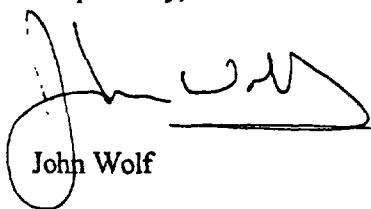
Dear Tim,

In reference to our conversation on January 2, 2001, Chi Operating, Inc. has the desire to restore the Yates State #1 (K-10-21S-27E) to producing status. We are currently circulating the AFE for partner approval as well as clearing up some final land issues.

If it all comes together we hopefully can continue with operations by March 1, 2001 if not sooner. To date we have done some BHP work & are planning on RU swb unit this week if all goes well. We are currently on everybody's list for a workover unit as is everybody else in S.E. New Mexico or so we are told. I am enclosing a copy of what we faxed back to your office from your first mail out. We have spoken with SDX concerning the Millman State #1. SDX was to contact your office & address that matter.

Tim, if you need any further documentation or have any questions, please feel free to contact me at the above phone or fax numbers. Thank you for working with us on this matter.

Respectfully,


John Wolf

*Per Telecom John Wolf -
1/10/01 will send
C-104 on millman st
in file*

cc/well file.

| | |
|---------------------------|----------------|
| BEFORE EXAMINER STOGNER | |
| OIL CONSERVATION DIVISION | |
| OCD | EXHIBIT NO. 60 |
| CASE NO. | 12811 |

INACTIVE WELLS
ARTESIA DISTRICT

CHI OPERATING INC

4378

| PRO- PERTY | WELL NAME | ULSTR | API | DATE OF EARLIEST COMPLETION | APPROVED OCD STATUS* | LAST PRODUCTION | YEARS INACTIVE | WELL TYPE |
|---------------|-------------------------------|--------------|--------------|-----------------------------------|----------------------------|--------------------|-------------------|--------------|
| 15530 | JEB STUART 13 COM #001 | J-13-19S-27E | 30-015-23133 | 1980-08-01 | SHUT IN | 05-1994 | 5 | G |
| 16960 | MILLMAN STATE #001? | M-11-19S-28E | 30-015-28457 | 1995-05-03 | SHUT IN | 04-1996 | 3 | O |
| 14616 | SILVER BULLET #001 - Plugged | J-16-24S-28E | 30-015-21789 | 1994-02-10 | ZONE ABN | NONE | | O |
| 18993 | WELCH FEDERAL #001 - Plugged | G-08-18S-29E | 30-015-22300 | 1996-05-16 | ZONE ABN | NONE | | O |
| 24835 | YATES STATE #001 - working on | K-10-21S-27E | 30-015-20838 | 1973-11-01 | SHUT IN | 05-1988 | 6+ | G |

Returning to Prod.

PRESENTLY looking into Gas Lift?

11/04/00

TIM, This is WHAT WE FEEDBACK TO YOU, back in Sept./99.

* T/A wells only show if the five-year T/A period has expired.