

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

November 17, 1997

Tim Gum
NMOCD
811 S. First St.
Artesia, New Mexico 88210



**Re: Millman St. #1
Cedar St. #1
Eddy County, New Mexico**

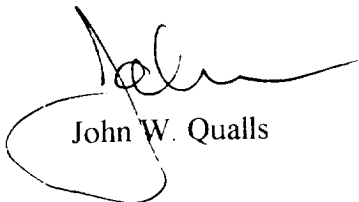
Tim:

Pursuant to your letter dated October 24, 1997 concerning the above wells, please be advised that Chi Energy, Inc. has sold the Millman St. #1 to SDX Resources in Midland. They will be sending you a C-104 requesting change of operator in the next few days.

The Cedar St. #1 was purchased by Penwell Energy, Inc. last March and you should have something in your files in regards to the change of operator on that well.

Thanks and please let me know should you need anything further.

Sincerely,


John W. Qualls

JWQ/fh

Handwritten note: Linda of Penwell said they'd
11-18-97