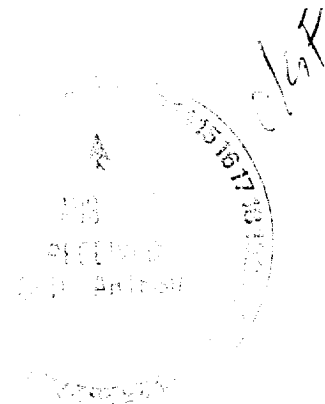




United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88202



IN REPLY REFER TO

3162.4

NM-13232-A

AUG 10 1998

Chi Operating, Inc.
Attn: John Wolf
P. O. Box 1799
Midland, Texas 79702

Dear Mr. Wolf:

Your Application for Permit to Drill (APD), approved March 18, 1997, for the Wincheser Federal Well #5, located 330' FNL & 530' FEL, Sec. 4, T. 20 S, R. 28 E., Eddy County, New Mexico Lease No. NM-13232-A, has expired because drilling has not commenced within one year of the approval date as stated in the General Requirements for Oil and Gas Operations on Federal Leases.

If drilling operations have commenced on the referenced well, please contact this office at (505) 627-0272 and send all necessary reports (spud, casing/cementing, etc., 1 original and 5 copies) so we may correct our records.

If the well has not been spudded, but site construction activities have occurred, please contact this office at the above telephone number for surface reclamation instructions.

If you wish to drill this well at a later date, please submit a complete application (1 original and 6 copies). Since the original APD has expired, the resubmitted APD will be subject to all the processing requirements including the 30-day posting requirement. Please note on the resubmitted APD that it was previously approved and we will review the expired file for information which will help expedite the processing.

Sincerely,

for Armando A. Lopez

Armando A. Lopez
Acting Assistant Field Office Manager,
Lands and Minerals

cc: BLM-I&E (CFO)
NMOCD (Artesia)
CFO (L Denniston)

*Artesia
Lands and Minerals
8/10/98*