

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

January 28, 2005

Bivins Energy Corporation
4925 Grenville Ave.
Dallas, Texas 75206

"Certified-Return Receipt"

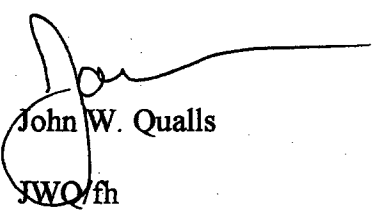
**Re: Peacekeeper State Com No. 1
660' FNL & 660' FEL (11,600')
N/2 of Section 25-T-19S-R-29E
Eddy County, New Mexico
320 acres, more or less**

Gentlemen:

Chi Operating, Inc. is proposing a Morrow test in the NE/4NE/4 of Section 25-19S-29E, Eddy County, New Mexico to a depth of approximately 11,600'. The North one-half (N/2) of Section 25 is the proposed spacing unit. Attached is an "Authority for Expenditures" and approval page of same. Please return a signed AFE at your earliest convenience. Should you not wish to participate Chi would be interested in purchasing a Two (2) year Term Assignment for \$200.00 per acre with a 77.0% net revenue interest delivered to Chi.

Thanks and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/fh

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
EXHIBIT NO. <u>3</u>
CASE NO. _____

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TEXAS 79702

January 28, 2005

Daniel A. McNabb
P. O. Box 2115
Colorado Springs, Colorado 80917

"Certified-Return Receipt"

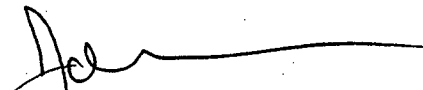
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John W. Qualls

JWQ/fh

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MIDLAND, TEXAS 79702

January 28, 2005

Joe Hammond
Dominion Exploration & Production, Inc.
14000 Quail Springs, Parkway
Suite 600
Oklahoma City, Oklahoma 73134

"Certified-Return Receipt"

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John W. Qualls

JWQ/fh

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MIDLAND, TEXAS 79702

January 28, 2005

Hal S. Dean
550 W. Texas, Suite 1230
Midland, Texas 79701

"Certified-Return Receipt"

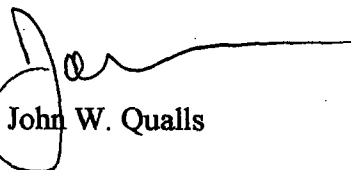
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Mr. Dean:

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John W. Qualls

JWQ/fh

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MIDLAND, TEXAS 79702

January 28, 2005

International Oil & Gas Corporation
Three Greenspoint Plaza
233 Benman Drive, 11th Floor
Houston, Texas 77060

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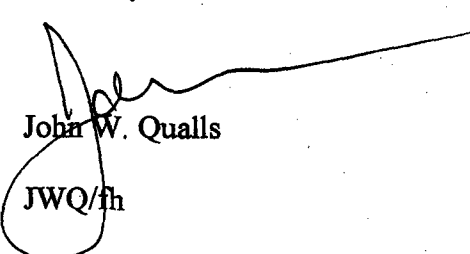
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John W. Qualls

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