

Chi Energy, Inc.

P.O. BOX 1799
MIDLAND, TEXAS 79702

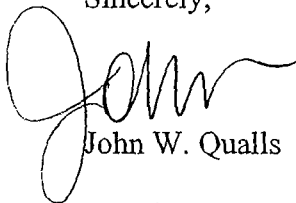
October 2, 2009

**Re: Benson Delaware Unit
Revised Unit Operating Agreement
Revised Unit Agreement
T-19S-R-30E
Sections: 1, 11, 12
Eddy County, New Mexico**

Participant:

Chi has revised the Unit, it has gone down from 640 to 560 acres, enclosed for your files is a copy of the ***Revised*** Unit Operating Agreement and the ***Revised*** Unit Agreement along with **ratifications** for this Agreement. Please execute and have notarized and return to us **four (4) original ratifications**. Thanks and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/br

Enclosures

Oil Conservation Division
Case No. 7
Exhibit No. 7

Chi Energy, Inc.

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MIDLAND, TEXAS 79702

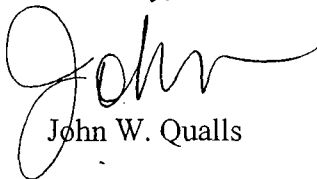
October 2, 2009

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Revised Unit Agreement
T-19S-R-30E
Sections: 1, 11, 12
Eddy County, New Mexico**

Participant:

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Sincerely,



John W. Qualls

JWQ/br

Enclosures

Chi Energy, Inc.

P.O. BOX 1799
MIDLAND, TEXAS 79702

October 9, 2009

Mr. Bob Frederick
Ballard Exploration Company, Inc.
1021 Main Street, Suite 2310
Houston, Texas 77002

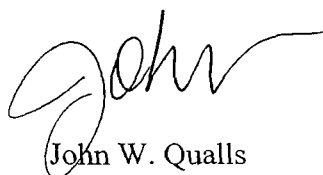
**Re: Benson Delaware Unit
Revised Unit Agreement
T-19S-R-30E
Sections: 1, 11, 12
Eddy County, New Mexico**

Dear Mr. Frederick:

Chi has revised the Unit, it has gone down from 640 to 560 acres, enclosed for your files is a copy of the ***Revised*** Unit Agreement, along with **ratifications** for this Agreement. Please have Mr. A. L. Ballard execute and return to us **four (4) original ratifications**.

We would appreciate your prompt attention to this matter; we have a hearing set for October 29, 2009, with the Bureau of Land Management. Should you have any questions feel free to contact me at (432) 685-5001.

Sincerely,



John W. Qualls

JWQ/br

Enclosures