

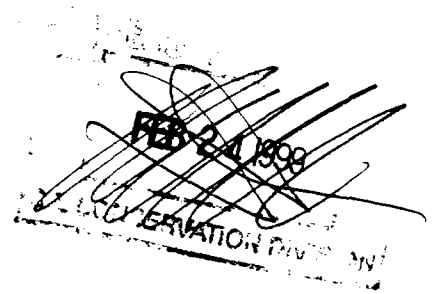
JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

FEB 25 1999



February 25, 1999

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Call 12158

Re: Administrative application for an unorthodox location:

Greenstone Fed. Com. Well No. 1
Surface location: 480 feet FSL & 1650 feet FEL
E½ §19, Township 20 South, Range 34 East, NMPM
Lea County, New Mexico

Operator: Chi Energy, Inc.

Dear Mr. Stogner:

You requested that we notify the interest owners in the W¼ of Section 29 of the application. The NW¼ and SE¼SW¼ of Section 29 are owned by Santa Fe Energy Resources, Inc. (Federal Lease NM 95650), which has already been notified of the application. The N¼SW¼ and SW¼SW¼ of Section 29 are unleased federal minerals, and I have notified the BLM of the application. A copy of the letter to the BLM is enclosed.

Very truly yours,

A handwritten signature in black ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce

Attorney for Chi Energy, Inc.

JAMES BRUCE
ATTORNEY AT LAW

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February 25, 1999

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bureau of Land Management
2909 West Second Street
Roswell, New Mexico 88201

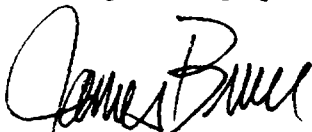
Ladies and Gentlemen:

Enclosed is a copy of an application for administrative approval of an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Chi Energy, Inc., regarding the E $\frac{1}{4}$ of Section 19, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico.

This application was filed on February 15, 1999, and the Division subsequently requested that we notify the lessees of the W $\frac{1}{4}$ of Section 29 of the application. The BLM's records indicate that the N $\frac{1}{4}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 29 are unleased federal minerals. If you object to the application, you must notify the Division in writing no later than Wednesday, March 17, 1999. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner).

Please call me if you have any questions.

Very truly yours,



James Bruce

Attorney for Chi Energy, Inc.

FEB 25 1999

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

February 16, 1999

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505


Re: Greenstone Fed. Com. Well No. 1
Surface location: 480 feet FSL & 1650 feet FEL
E½ §19, Township 20 South, Range 34 East, NMPM
Lea County, New Mexico

Operator: Chi Energy, Inc.

Dear Mr. Stogner:

I filed an administrative application for an unorthodox gas well location for the above well on February 15, 1999. I mistakenly placed the well in the Mid-Bell Lake-Morrow Gas Pool. The well is actually in the Undesignated Quail Ridge-Morrow Gas Pool. I ask that the application be amended accordingly.

Very truly yours,


James Bruce

Attorney for Chi Energy, Inc.

FEB 17 1999

Call 12158