

Phone (915) 685-5001

Chi Operating, Inc.

Fax (915) 687-2662

P.O. Box 1799
Midland, TX 79702

4/14/04

38-015-33880

RECEIVED

APR 16 2004

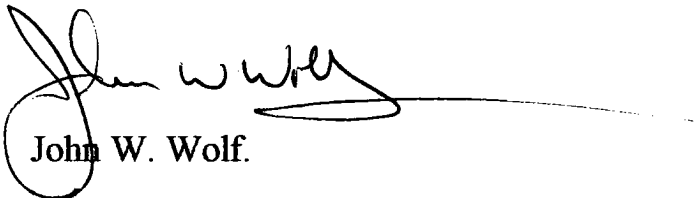
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Mr. Bryan Arrant
New Mexico Oil Conservation Division
Subject: Midwest Fed. Com. #2
Section 34 -T22S -R260E
660 FWL & 1650 FNL (W/2)

Dear Bryan,

Chi Operating Inc. has entered into an agreement whereby "Chi" is the operator for the drilling & completion of the Midwest Fed. Com. #2. Following the drilling and completion, Merit Energy, Inc will operate.

Respectfully,



John W. Wolf.

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