



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220-6292



In Reply Refer To:

NM-97882, NM-111959,
NM-0560353
3162.4 (52200)

February 12, 2008

FEB 19 2008
OCD-ARTESIA

Chi Operating, Inc.
P. O. Box 1799
Midland, TX 79702

Gentlemen:

Your Applications for Permit to Drill (APDs), for the following wells have 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.

NM-97882 Lion Fed. Com. #1 1980'/N & 1980'/E sec. 14, T. 18S., R. 30E. ✓
APD approved on 01/10/07, APD expired on 01/10/08 30 015 35364

NM-111959 Freeway Fed. #2 660'/S & 1800'/W sec. 30, T. 19S., R. 30E.
APD approved on 06/13/05, last approved APD extension expired on 06/13/07 30 015 34166 ✓

NM-0560353 Munchkin Fed. #3 2230'/S & 1750'/W sec. 01, T. 19S., R. 30E.
APD approved on 12/12/05, APD expired on 12/12/06 30 015 31796

If drilling operations have commenced on the referenced wells, please contact this office at (505) 234-5972 and send all necessary reports (spud, casing/cementing, etc., 1 original and 4 copies for each well) to us, so we may correct our records.

If the wells have 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 these wells at a later date, please submit a complete application (1 original and 4 copies for each well) to this office. Since the original APDs have expired, the resubmitted APDs will be subject to all the processing requirements including the 30-day posting requirement. Please note on the resubmitted APDs that they were previously approved and we will review the expired files for information which will help expedite the processing. If you have any questions please contact Betty Hill at (505) 234-5937.

Sincerely,

/s/ Don Peterson

Don Peterson
Assistant Field Manager
Fluid Minerals

bcc:

BLM-I&E (CFO, HFS)
NMOCD (Artesia, Hobbs)
NM (513, L Askwig)