

January 30, 2012

U.S. Department of the Interior
Attn: Jim Lovato
Bureau of Land Management
1235 La Plata Highway, Suite A
Farmington, Nm 87401

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87504
Attention: Will Jones
Senior Petroleum Geologist

Director
Jicarilla Apache Oil & Gas Administration
P.O. Box 146
Dulce, NM 87528

Mr. Derek Padilla
Santa Fe National Forest
Cuba Ranger District
P.O. Box 130
Cuba, NM 87013

Re: EAST PUERTO CHIQUITO MANCOS
UNIT 2012 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 2011 and Operator's Plan of Development for 2012.

1. Summary of 2011 Operations:
No changes have been made in the geologic interpretations, wells or participating area boundaries so no new maps are submitted.
No new wells were drilled.
No additional wells have been plugged.
2011 operations for individual wells are detailed on attached schedule.
2. Listing of status of all wells is enclosed here as Schedule I.

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3. Production and injection statistics are enclosed as Schedule II along with production and injection curves.
4. Plans for development.

The nominations we submitted some years ago to the Santa Fe Forest for three un-leased parcels within the Unit have still not been released for sale. When originally nominated, we had planned to drill one well each on these leases and while continuing to analyze the economics of horizontal versus vertical wells, we still plan to drill if we can acquire the leases.

2011 production operations will continue generally unchanged from current operations.
5. Effectiveness of enhanced recovery project (water flood):

Schedule II states the cumulative oil, gas and water production, and monthly water injection volumes as of December 31, 2011. Please note that gas injection was discontinued after February 2007.
6. Disposition of shut in wells:

The EPCMU #2 (G-29) is scheduled for a rig this summer for clean out.

The EPCMU #24 (F-6), water injection well, is scheduled for plugging in the Spring or Summer.

We hereby request your approval of this 2012 Plan of Development.

Sincerely,

BENSON-MONTIN-GREER DRILLING CORP.

By: 
Mike Dimond, President

Encl.

SCHEDULE I
EAST PUERTO CHIQUITO MANCOS UNIT WELLS
RIO ARriba COUNTY, NEW MEXICO
December 31, 2011

Well Name	Location - Sec. - Twp - Range	Latitude/Longitude	Status
#1 (L-29)	SW/SW Sec. 29, T-27N, R-1E	N36.31.317, W106.51.447	Plugged & Abandoned
#2 (G-29)	SW/NE Sec. 29, T-27N, R-1E	N36.31.557, W106.50.890	Shut In
#3 (C-29)	NE/NW Sec. 29, T-27N, R-1E	N36.52845, W106.85293	Producing
#4 (K-29)	SE/SW Sec. 29, T-27N, R-1E	N36.31.359, W106.51.189	Plugged & Abandoned
#5 (A-29)	NE/NE Sec. 29, T-27N, R-1E	N36.31.715, W106.50.670	Plugged & Abandoned
#7 (N-20)	SE/SW Sec. 20, T-27N, R-1E	N36.31.933, W106.51.114	Producing
#8 (P-19)	SE/SE Sec. 19, T-27N, R-1E	N36.31.937, W106.51.744	Producing
#9 (H-30)	SE/NE Sec. 30, T-27N, R-1E	N36.31.502, W106.51.745	Producing
#10 (H-20)	SE/NE Sec. 20, T-27N, R-1E	N36.32.367, W106.50.671	Producing
#11 (P-20)	SE/SE Sec. 20, T-27N, R-1E	N36.31.968, W106.50.706	Producing
#12 (H-19)	SE/NE Sec. 19, T-27N, R-1E	N36.32.372, W106.51.744	Producing
#13 (F-30)	SE/NW Sec. 30, T-27N, R-1E	N36.31.521, W106.52.322	Producing
#14 (N-19)	SE/SW Sec. 19, T-27N, R-1E	N36.31.934, W106.52.283	Plugged & Abandoned
#15 (M-21)	SW/SW Sec. 21, T-27N, R-1E	N36.31.876, W106.50.397	Plugged & Abandoned
#16 (C-28)	NE/NW Sec. 28, T-27N, R-1E	N36.31.736, W106.50.152	Producing
#17 (O-17)	SW/SE Sec. 17, T-27N, R-1E	N36.32.816, W106.50.916	Producing
#18 (P-13)	SE/SE Sec. 13, T-27N, R-1W	N36.32.848, W105.52.768	Producing
#19 (H-25)	SE/NE Sec. 25, T-27N, R-1W	N36.31.325, W106.52.858	Plugged & Abandoned
#20 (D-4)	NW/NW Sec. 4, T-26N, R-1E	N36.31.199, W106.50.881	Plugged & Abandoned
#21 (B-5)	NW/NE Sec. 5, T-26N, R-1E	N36.31.150, W106.51.344	Plugged & Abandoned
#22 (C-5)	NE/NW Sec. 5, T-26N, R-1E	N36.31.152, W106.51.655	Producing
#23 (H-6)	SE/NE Sec. 6, T-26N, R-1E	N36.31.010, W106.52.136	Plugged & Abandoned
#24 (F-6)	SE/NW Sec. 6, T-26N, R-1E	N36.30.855, W106.52.692	Water Inj Well Shut In
#25 (I-6)	NE/SW Sec. 6, T-26N, R-1E	N36.30.740, W105.52.182	Plugged & Abandoned
#26 (F-5)	SE/NW Sec. 5, T-26N, R-1E	N36.31.001, W106.51.688	Plugged & Abandoned
#27 (H-5)	SE/NE Sec. 5, T-26N, R-1E	N36.30.988, W106.51.155	Plugged & Abandoned
#28 (D-9)	NW/NW Sec. 9, T-26N, R-1E	N36.30.285, W105.50.799	Producing
#29 (F-9)	SE/NW Sec. 9, T-26N, R-1E	N36.30.066, W106.50.543	Producing
#30 (I-8)	NE/SE Sec. 8, T-26N, R-1E	N36.29.842, W106.51.092	Producing
#31 (P-9)	SE/SE Sec. 9, T-26N, R-1E	N36.29.625, W106.50.108	Plugged & Abandoned
#32 (H-16)	SE/NE Sec. 16, T-26N, R-1E	N36.29.124, W106.50.004	Plugged & Abandoned
#33 (P-5)	SE/SE Sec. 5, T-26N, R-1E	N36.30.498, W106.51.091	Producing
#34 (K-5)	NE/SW Sec. 5, T-26N, R-1E	N36.51264, W106.8605	Producing
#35 (M-9)	SW/SW Sec. 9, T-26N, R-1E	N36.29.632, W106.50.819	Producing
#37 (C-8)	NE/NW Sec. 8, T-26N, R-1E	N36.30.289, W106.51.629	Producing
#38 (H-8)	SE/NE Sec. 8, T-26N, R-1E	N36.30.107, W106.51.095	Producing
#39 (E-21)	SW/NW Sec. 21, T-27N, R-1E	N36.32.394, W106.50.416	Producing
#40 (E-19)	SW/NW Sec. 19, T-27N, R-1E	N36.32.375, W106.52.545	Water Injection Well
#41 (F-20)	SE/NW Sec. 20, T-27N, R-1E	N36.32.369, W106.51.209	Producing
#42 (O-21)	SW/SE Sec. 21, T-27N, R-1E	N36.31.931, W106.49.854	Plugged & Abandoned
#43 (L-28)	SW/SW Sec. 28, T-27N, R-1E		Plugged & Abandoned
#44 (P-18)	SE/SE Sec. 18, T-27N, R-1E		Plugged & Abandoned

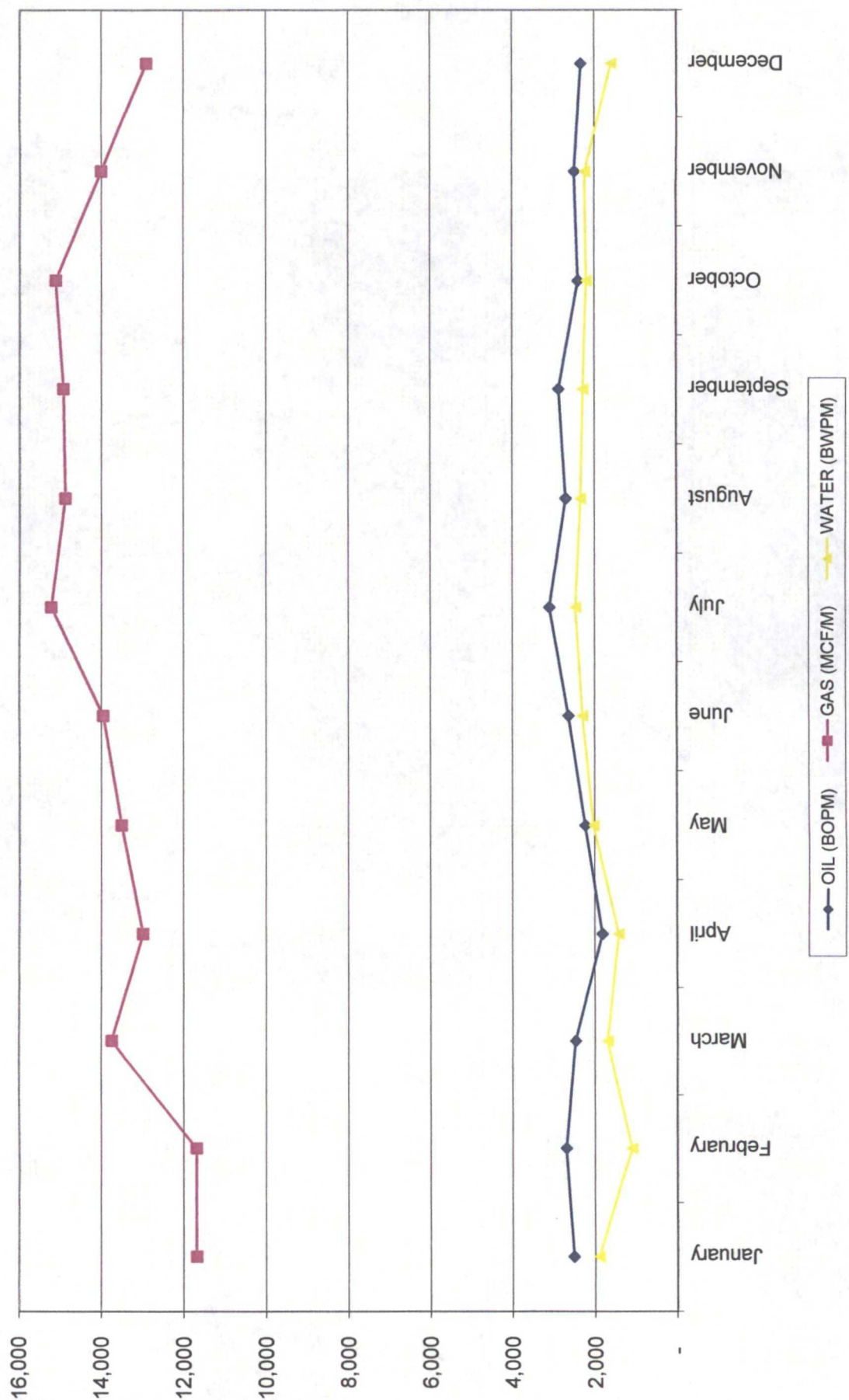
EAST PUERTO CHIQUITO MANCOS UNIT WELLS
RIO ARriba COUNTY, NEW MEXICO
2011

Well Name	Location - Sec. - Twp - Range	Latitude/Longitude	SUMMARY OF WORK
#2 (G-29)	SW/NE Sec. 29, T-27N, R-1E	N36.31.557, W106.50.890	
#3 (C-29)	NE/NW Sec. 29, T-27N, R-1E	N36.52845, W106.85293	
#7 (N-20)	SE/SW Sec. 20, T-27N, R-1E	N36.31.933, W106.51.114	Chemical paraffin treatments;
#8 (P-19)	SE/SE Sec. 19, T-27N, R-1E	N36.31.937, W106.51.744	
#9 (H-30)	SE/NE Sec. 30, T-27N, R-1E	N36.31.502, W106.51.745	
#10 (H-20)	SE/NE Sec. 20, T-27N, R-1E	N36.32.367, W106.50.671	Replace downhole pump
#11 (P-20)	SE/SE Sec. 20, T-27N, R-1E	N36.31.968, W106.50.706	
#12 (H-19)	SE/NE Sec. 19, T-27N, R-1E	N36.32.372, W106.51.744	Chemical paraffin treatments;
#13 (F-30)	SE/NW Sec. 30, T-27N, R-1E	N36.31.521, W106.52.322	Replace downhole pump
#14 (N-19)	SE/SW Sec. 19, T-27N, R-1E	N36.31.934, W106.52.283	
#16 (C-28)	NE/NW Sec. 28, T-27N, R-1E	N36.31.736, W106.50.152	
#17 (O-17)	SW/SE Sec. 17, T-27N, R-1E	N36.32.816, W106.50.916	
#18 (P-13)	SE/SE Sec. 13, T-27N, R-1W	N36.32.848, W105.52.768	Back pressure reg.; replace downhole pump & rods;
#22 (C-5)	NE/NW Sec. 5, T-26N, R-1E	N36.31.152, W106.51.655	
#24 (F-6)	SE/NW Sec. 6, T-26N, R-1E	N36.30.855, W106.52.692	
#25 (I-6)	NE/SW Sec. 6, T-26N, R-1E	N36.30.740, W105.52.182	
#28 (D-9)	NW/NW Sec. 9, T-26N, R-1E	N36.30.285, W105.50.799	
#29 (F-9)	SE/NW Sec. 9, T-26N, R-1E	N36.30.066, W106.50.543	
#30 (I-8)	NE/SE Sec. 8, T-26N, R-1E	N36.29.842, W106.51.092	
#33 (P-5)	SE/SE Sec. 5, T-26N, R-1E	N36.30.498, W106.51.091	PU guards;
#34 (K-5)	NE/SW Sec. 5, T-26N, R-1E	N36.51.264, W106.8605	Chemical paraffin treatments; replace downhole pump; Repair PU
#35 (M-9)	SW/SW Sec. 9, T-26N, R-1E	N36.29.632, W106.50.819	Chemical paraffin treatments;
#37 (C-8)	NE/NW Sec. 8, T-26N, R-1E	N36.30.289, W106.51.629	Chemical paraffin treatments; Replace downhole pump; Repair PU
#38 (H-8)	SE/NE Sec. 8, T-26N, R-1E	N36.30.107, W106.51.095	Chemical paraffin treatments; replace downhole pump & rods
#39 (E-21)	SW/NW Sec. 21, T-27N, R-1E	N36.32.394, W106.50.416	Replace PU Engine
#40 (E-19)	SW/NW Sec. 19, T-27N, R-1E	N36.32.375, W106.52.545	Repair pump motor;
#41 (F-20)	SE/NW Sec. 20, T-27N, R-1E	N36.32.369, W106.51.209	Chemical paraffin treatments; Replace downhole pump
Tank Battery	SE/SW Sec. 29, T-27N, R-1E	N 36.5218, W106.85.577	Maintain gaskets & seals; blade roads

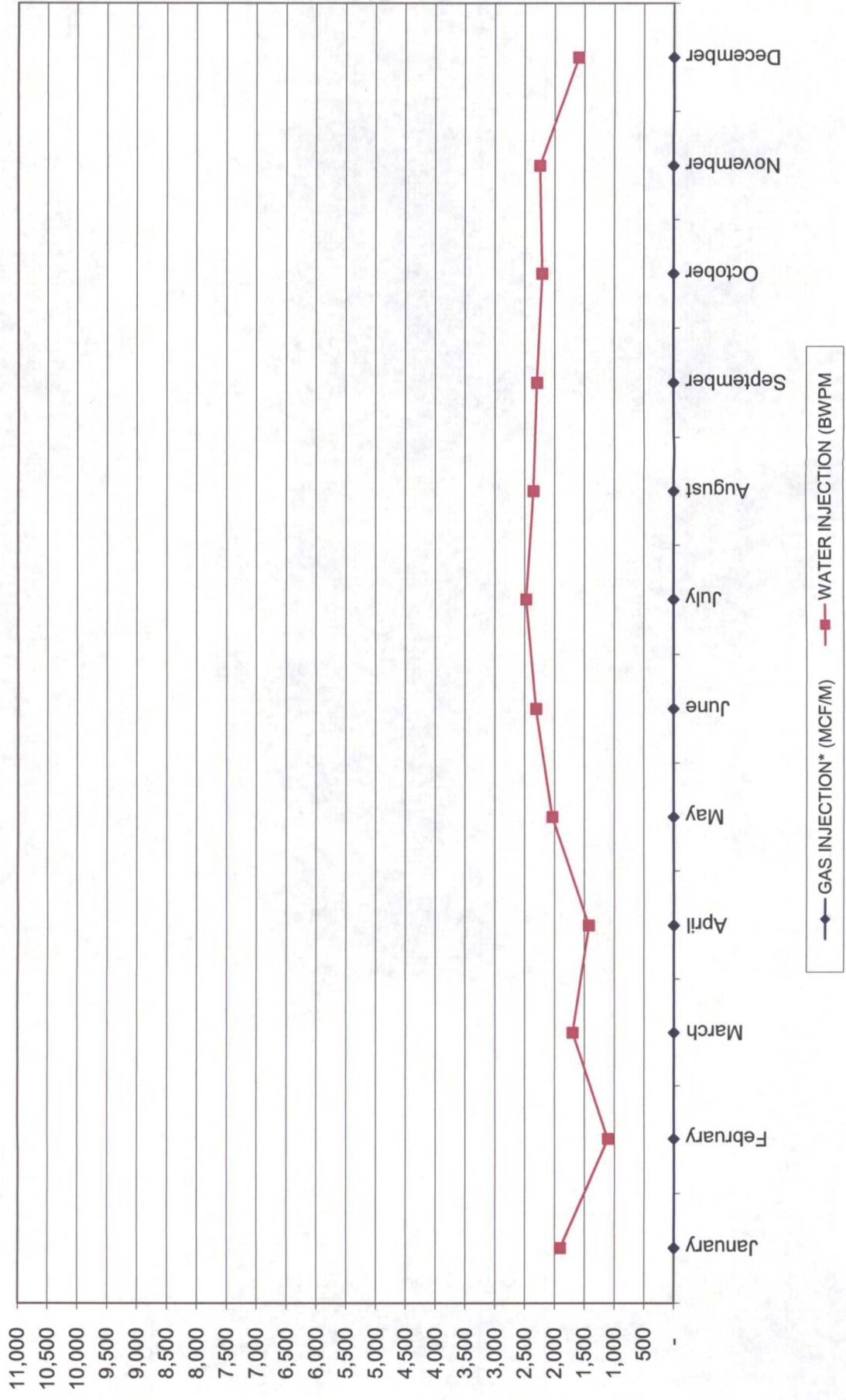
SCHEDULE II
EAST PUERTO CHIQUITO MANCOS UNIT
2008 PRODUCTION STATISTICS

	OIL (BOPM)	GAS (MCF/M)	WATER (BWPM)	GAS INJECTION* (MCF/M)	WATER INJECTION (BWPM)
January	2,522	11,690	1,908	-	1,908
February	2,707	11,696	1,105	-	1,105
March	2,483	13,755	1,697	-	1,697
April	1,824	12,992	1,422	-	1,422
May	2,241	13,511	2,036	-	2,036
June	2,651	13,963	2,308	-	2,308
July	3,111	15,232	2,476	-	2,476
August	2,714	14,891	2,354	-	2,354
September	2,886	14,936	2,296	-	2,296
October	2,415	15,125	2,212	-	2,212
November	2,501	14,015	2,248	-	2,248
December	2,342	12,908	1,598	-	1,598
Totals	30,397	164,714	23,660	-	23,660
Cumulaltive Since 5/81	1,065,274	3,575,739	287,953	2,202,228	250,802

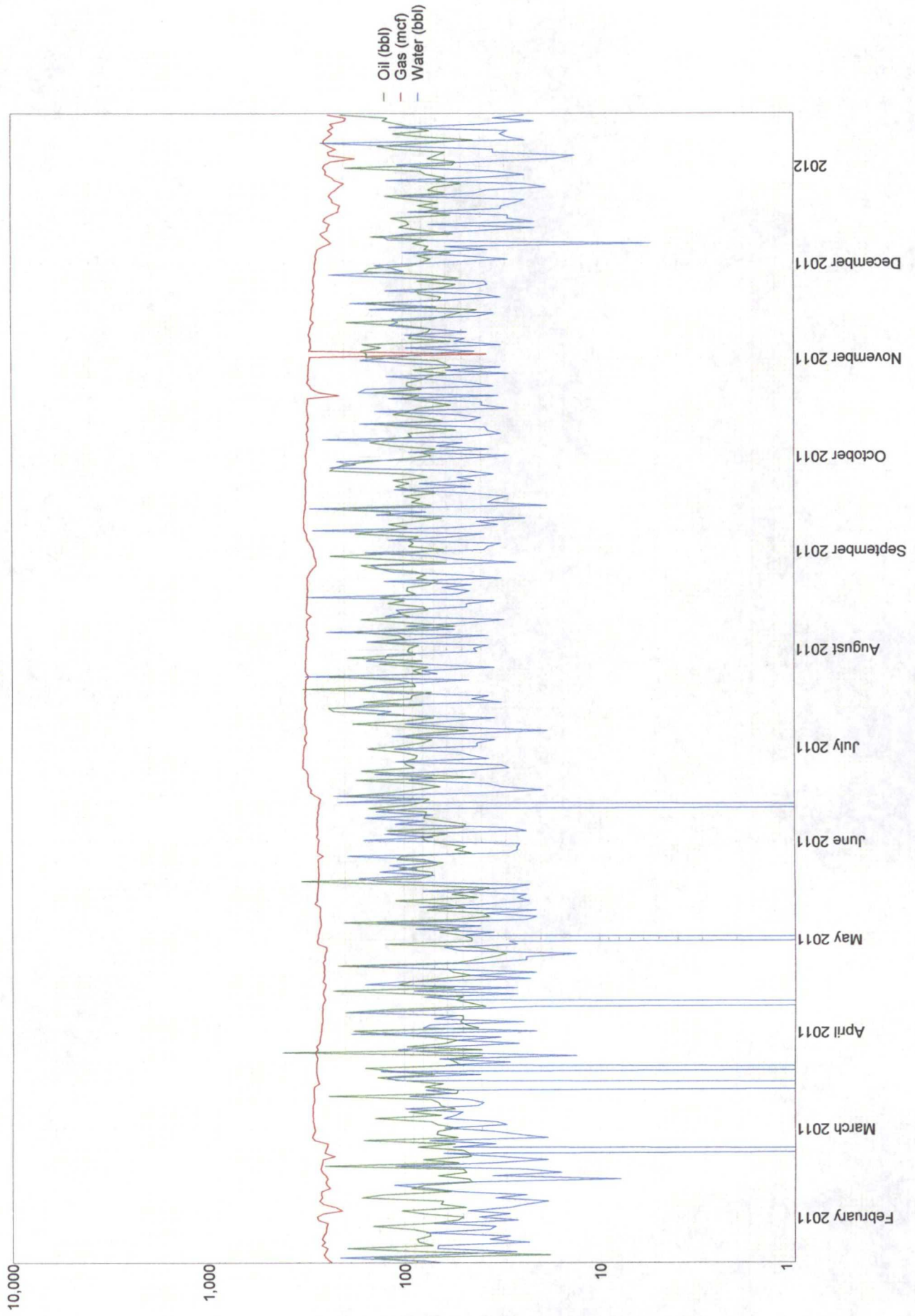
EAST PUERTO CHIQUITO MANCOS UNIT 2011 PRODUCTION



EAST PUERTO CHIQUITO MANCOS UNIT 20011GAS & WATER INJECTION



EPCMU



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