

2008 MAR 3 PM 1 26

February 29, 2008

U.S. Department of the Interior
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

New Mexico Commissioner of Public Land
State Land Office
Attn: Ms. Jami Bailey, Director
Oil, Gas and Minerals Division
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: CANADA OJITOS UNIT
RIO ARriba COUNTY, NM
2008 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 2007 and Operator's Plan of Development for 2008.

1. Summary of 2007 Operations:
No new wells were drilled.
A summary of work on the wells within the unit is included after Schedule I.
There were no changes to the participating area or Exhibits A and B.
2. A list of all wells and their status is shown on the attached Schedule I.
3. Schedule II, 2007 production statistics and companion graph is attached.
4. Plan of Development for 2008:

Clean-outs, workovers, and installation of plungers or pumping units are planned for the #27 (K-8) and #34 (F-19).

The permitting process for additional Mancos wells will be continued. New wells are planned for Section 5 and Section 33 of 25N and 1 W and one, possibly two wells, in the west of 26N and 1 W.

We request your approval of this 2008 Plan of Development for the Canada Ojitos Unit.

Regards,

Mike Dimond
President

Enclosures

SCHEDULE I
STATUS OF CANADA OJITOS UNIT WELLS
ALL IN RIO ARriba COUNTY, NEW MEXICO

Well Name	Footage Section - Twp - Range	Latitude/ Longitude	Elevation	Status
COU #1 (O-9)	1080' FSL, 1920' FEL SWSE-9-26N-1W	N36.29.707 W106.56.711	7750 GR	Producing
COU #2 (K-13)	1785' FSL, 2120' FWL NESW-13-25N-1W	N36.23.691 W106.53.735	7088 GR	Producing
COU #3 (A-14)	1125' FNL, 450' FWL NENE-14-25N-1W	N36.24.125 W106.54.255	7130 DF	Producing
COU #4 (P-11)	1020' FSL, 800' FEL SESE-11-25N-1W	N36.24.472 W106.54.339	7214 GR	Producing
COU #5 (B-18)	835' FNL, 1495' FEL NWNE-18-25N-1E		7203 DF	Producing
COU #6 (L-11)	1908' FSL, 523' FWL NWSW-11-25N-1W	N36.24.614 W106.55.149	7220 GR	Producing
COU #7 (A-23)	680' FNL, 620' FEL NENE-23-25N-1W		7141 GR	Producing
COU #8 (A-16)	850' FNL, 1030' FEL NENE-16-25N-1W	N36.24.159 W106.56.561	7532 KB	Plugged & Abandoned
COU #9 (C-2)	1280' FNL, 1610' FWL NENW-2-25N-1W	N36.27.161 W106.56.141	7278 GR	Producing
COU #10 (O-33)	175' FSL, 2090' FEL SWSE-33-26N-1W	N36.26.070 W106.56.745	7533 GR	Producing
COU #11 (E-10)	2145' FNL, 825' FWL SWNW-10-25N-1W	N36.24.810 W106.56.158	7329 GR	Producing
COU #12 (A-22)	525' FNL, 825' FEL NENE-22-25N-1W	N36.23.359 W106.55.432	7343 GR	Producing
COU #13 (L-27)	1415' FSL, 740' FWL NWSW-27-26N-1W	N36.27.161 W106.56.141	7463 KB	Producing
COU #14 (C-34)	595' FNL, 2145' FWL NENW-34-25N-1W	N36.21.603 W106.55.897	7427 KB	Producing
COU #16 (L-3)	1791' FSL, 523' FWL NWSW-3-24N-1W	N36.20.268 W106.56.215	7549 KB	Producing
COU #17 (G-1)	1980' FNL, 1880' FEL SWNE-1-24N-1E		7140 GR	Producing
COU #18 (C-5)	900' FNL, 1700' FWL NENW-5-25N-1E		7482 KB	Producing
COU #19 (A-14)	495' FNL, 495' FEL NENE-14-24N-1W		7096 GR	Shut In
COU #21 (G-32)	1800' FNL, 1675' FEL SWNE-32-26N-1W	N36.26.575 W106.57.734	7560 GR	Producing
COU #22 (F-20)	1700' FNL, 1790' FWL SENW-20-26N-1W	N36.28.370 W106.58.095	7724 GR	Producing
COU #23 (N-22)	1302' FSL, 1413' FWL SWSW-22-26N-1W	N36.28.015 W106.56.067	7494 KB	Producing

SCHEDULE I
STATUS OF CANADA OJITOS UNIT WELLS
ALL IN RIO ARriba COUNTY, NEW MEXICO

Well Name	Footage Section - Twp - Range	Latitude/ Longitude	Elevation	Status
COU #24 (J-8)	1650' FSL, 1650' FEL NWSE-8-25N-1W	N36.24.586 W106.57.739	7437 GR	Plugged & Abandoned
COU #25 (B-32)	231' FNL, 2218' FEL NWN-32-25N-1W	N36.21.647 W106.57.873	7599 GR	Producing
COU #26 (K-31)	1650' FSL, 1650' FWL NESW-31-25N-1W	N36.21.104 W106.59.220	7437 GR	Producing
COU #27 (K-8)	1680' FSL, 2166' FEL NWSE-8-24N-1W	N36.19.383 W106.57.862	7517 GR	Producing
COU #28 (B-29)	393' FNL, 2367' FEL NWN-29-25N-1W	N36.22.494 W106.57.843	7496 GR	Producing
COU #29 (E-6)	1850' FSL, 870' FWL SWNW-6-25N-1W	N36.25.756 W106.59.382	7493 GR	Producing
COU #30 (F-30)	1755' FNL, 2418' FWL SESW-30-25N-1W	N36.22.276 W106.59.050	7671 GR	Producing
COU #31 (N-31)	900' FSL, 1650' FWL SESW-31-26N-1W	N36.26.215 W106.59.258	7569 GR	Plugged & Abandoned
COU #32 (J-6)	1650' FSL, 1650' FEL NWSE-6-25N-1W	N36.25.508 W106.58.861	7444 GR	Producing
COU #33 (F-18)	2310' FWL, 2265' FNL SWNW-18-25N-1W	N36.23.930 W106.59.152	7617 GR	Producing
COU #34 (F-19)	1340' FNL, 1903' FWL SWNW-19-25N-1W	N36.23.201 W106.59.181	7652 GR	Producing
COU #35 (D-17)	1200' FNL, 300' FWL NWNW-17-25N-1W	N36.24.121 W106.58.415	7465 GR	Producing
COU #36 (A-20)	1200' FNL, 415' FEL NENE-20-25N-1W	N36.23.218 W106.57.540	7432 GR	Producing
COU #37 (G-5)	1700' FNL, 2310' FEL SWNE-5-24N-1W	N36.20.578 W106.57.920	7551 GR	Producing
COU #38 (F-7)	1650' FNL, 2310' FEL SESW-7-25N-1W	N36.24.907 W106.59.095	7444 GR	Producing
COU #43 (H-8)	1632' FNL, 1189' FEL SENE-8-26N-1W	N36.20.100 W106.57.644	7785 GR	Recovering load oil
COU #44 (B-22)	227' FNL, 2800' FWL NWN-22-26N-1W	N36.28.624 W106.55.759	7575 GR	Recovering load oil
COU #45 (N-28)	500' FSL, 2200' FWL SESW-28-25N-1W	N36.21.794 W106.56.956	7532 GR	Recovering load oil

SUMMARY OF WORK ON CANADA OJITOS UNIT WELLS
ALL IN RIO ARRIBA COUNTY, NEW MEXICO

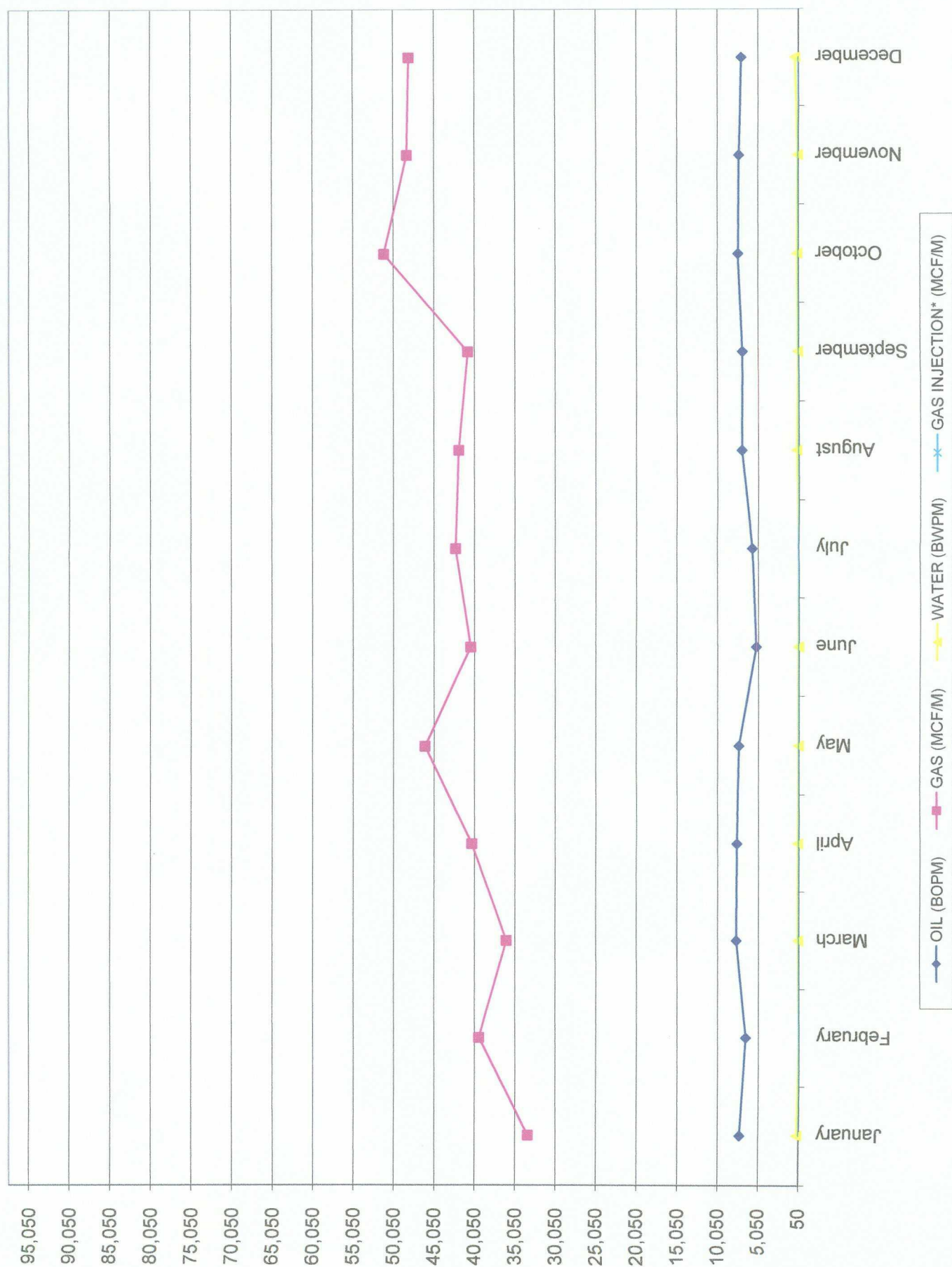
Well Name	Footage Section - Twp - Range	Latitude/ Longitude	Elevation	Summary of Work
COU #1 (O-9)	1080' FSL, 1920' FEL SWSE-9-26N-1W	N36.29.707 W106.56.711	7750 GR	Replace bad joints and install plunger
COU #2 (K-13)	1785' FSL, 2120' FWL NESW-13-25N-1W	N36.23.691 W106.53.735	7088 GR	
COU #3 (A-14)	1125' FNL, 450' FWL NENE-14-25N-1W	N36.24.125 W106.54.255	7130 DF	
COU #4 (P-11)	1020' FSL, 800' FEL SESE-11-25N-1W	N36.24.472 W106.54.339	7214 GR	Clean hole with air, replace bad tbg. Install plunger.
COU #5 (B-18)	835' FNL, 1495' FEL NWNE-18-25N-1E		7203 DF	Converted from injection to gas producer
COU #6 (L-11)	1908' FSL, 523' FWL NWSW-11-25N-1W	N36.24.614 W106.55.149	7220 GR	
COU #7 (A-23)	680' FNL, 620' FEL NENE-23-25N-1W		7141 GR	Pumped acid job and installed plunger
COU #8 (A-16)	850' FNL, 1030' FEL NENE-16-25N-1W	N36.24.159 W106.56.561	7532 KB	
COU #9 (C-2)	1280' FNL, 1610' FWL NENW-2-25N-1W	N36.27.161 W106.56.141	7278 GR	Clean out with air and install plunger
COU #10 (O-33)	175' FSL, 2090' FEL SWSE-33-26N-1W	N36.26.070 W106.56.745	7533 GR	Replace downhole pump
COU #11 (E-10)	2145' FNL, 825' FWL SWNW-10-25N-1W	N36.24.810 W106.56.158	7329 GR	Stripping job to remove paraffin Replace downhole pump.
COU #12 (A-22)	525' FNL, 825' FEL NENE-22-25N-1W	N36.23.359 W106.55.432	7343 GR	Clean out with air. Install pump- ing unit.
COU #13 (L-27)	1415' FSL, 740' FWL NWSW-27-26N-1W	N36.27.161 W106.56.141	7463 KB	Clean out hole and replace downhole pump
COU #14 (C-34)	595' FNL, 2145' FWL NENW-34-25N-1W	N36.21.603 W106.55.897	7427 KB	Repair parted rods and replace downhole pump
COU #16 (L-3)	1791' FSL, 523' FWL NWSW-3-24N-1W	N36.20.268 W106.56.215	7549 KB	
COU #17 (G-1)	1980' FNL, 1880' FEL SWNE-1-24N-1E		7140 GR	Converted from injection to gas producer
COU #18 (C-5)	900' FNL, 1700' FWL NENW-5-25N-1E		7482 KB	Converted from injection tp gas producer. Added perfs and frac'd Installed plunger.
COU #19 (A-14)	495' FNL, 495' FEL NENE-14-24N-1W		7096 GR	Converted from injection to gas producer. Pump acid job
COU #21 (G-32)	1800' FNL, 1675' FEL SWNE-32-26N-1W	N36.26.575 W106.57.734	7560 GR	
COU #22 (F-20)	1700' FNL, 1790' FWL SENW-20-26N-1W	N36.28.370 W106.58.095	7724 GR	Replace bad joints and install plunger.
COU #23 (N-22)	1302' FSL, 1413' FWL SWSW-22-26N-1W	N36.28.015 W106.56.067	7494 KB	
COU #25 (B-32)	231' FNL, 2218' FEL NWNE-32-25N-1W	N36.21.647 W106.57.873	7599 GR	Stripping job to remove paraffin. Hot oil and replace d/h pump

Well Name	Footage Section - Twp - Range	Latitude/ Longitude	Elevation	
COU #26 (K-31)	1650' FSL, 1650' FWL NESW-31-25N-1W	N36.21.104 W106.59.220	7437 GR	
COU #27 (K-8)	1680' FSL, 2166' FEL NWSE-8-24N-1W	N36.19.383 W106.57.862	7517 GR	
COU #28 (B-29)	393' FNL, 2367' FEL NWNE-29-25N-1W	N36.22.494 W106.57.843	7496 GR	Circulate trash out of hole and replace downhole pump
COU #29 (E-6)	1850' FSL, 870' FWL SWNW-6-25N-1W	N36.25.756 W106.59.382	7493 GR	Replace bad tubing and down- hole pump.
COU #30 (F-30)	1755' FNL, 2418' FWL SENW-30-25N-1W	N36.22.276 W106.59.050	7671 GR	
COU #32 (J-6)	1650' FSL, 1650' FEL NWSE-6-25N-1W	N36.25.508 W106.58.861	7444 GR	
COU #33 (F-18)	2310' FWL, 2265' FNL SWNW-18-25N-1W	N36.23.930 W106.59.152	7617 GR	Remove rods and pumping unit and install plunger
COU #34 (F-19)	1340' FNL, 1903' FWL SWNW-19-25N-1W	N36.23.201 W106.59.181	7652 GR	
COU #35 (D-17)	1200' FNL, 300' FWL NWNW-17-25N-1W	N36.24.121 W106.58.415	7465 GR	
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COU #43 (H-8)	1632' FNL, 1189' FEL SENE-8-26N-1W	N36.20.100 W106.57.644	7785 GR	Install rods and pumping unit
COU #44 (B-22)	227' FNL, 2800' FWL NWNE-22-26N-1W	N36.28.624 W106.55.759	7575 GR	Replace 3 1/2 tbg. With 2 3/8 and install plunger
COU #45 (N-28)	500' FSL, 2200' FWL SESW-28-25N-1W	N36.21.794 W106.56.956	7532 GR	Remove 1 1/4" tbg, replace 2 7/8 with 2 3/8 and install pump. Unit.

SCHEDULE II
CANADA OJITOS UNIT
2007 PRODUCTION STATISTICS

	OIL (BOPM)	GAS (MCF/M)	WATER (BWPM)	GAS INJECTION* (MCF/M)
January	7,362	33,474	313	0
February	6,598	39,482	43	0
March	7,772	36,098	141	0
April	7,692	40,342	173	0
May	7,453	46,142	86	0
June	5,318	40,487	79	0
July	5,758	42,343	-	0
August	7,063	41,963	294	0
September	6,980	40,848	128	0
October	7,504	51,229	204	0
November	7,396	48,374	119	0
December	7,103	48,112	475	0
Totals	83,999	508,894	2,055	0

CANADA OJITOS UNIT 2007 PRODUCTION



Oil (bbl)
Gas (mcf)
Water (bbl)

COU

