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**CBS OPERATING CORP.**

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March 5, 2008  
State of New Mexico  
Department of Energy, Minerals & Natural Resources  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: 2008 Plan of Development  
North Square Lake Unit  
Eddy County, New Mexico

Ladies and Gentlemen:

Recap of 2007 Operations

CBS Operating Corp. injected 319,000 BW into the North Square Lake Unit in 2007 compared to 434,000 BW in 2006. Additionally, CBS repaired and restored NSLU #51 and NSLU #69 to active injection status.

As required under Agreed Order ACOI-136, CBS Operating plugged the North Square Lake Unit Well No. 127, old injection well.

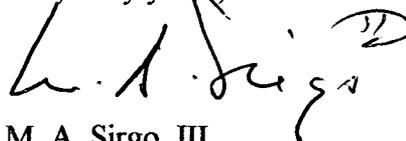
Plan of Development for 2008

- 1) CBS Operating will re-contour and reseed old abandoned well sites located on the North Square Lake Unit Well Nos. 62, 64, 136, 137, 127 and 151.

Additionally CBS Operating will remediate surface spills from historical stuffing box leaks located at the North Square Lake Unit Well Nos. 24, 144, 123, 160, 149, 135, 114, 170, 156, 162, 158 and 106.

- 2) CBS will increase injection volumes at the North Square Lake Unit in 2008 and continue to apply enhanced recovery technologies to improve performance throughout the unit.
- 3) CBS will continue to restore or plug and abandon additional idle wellbores in the unit area, subject to Agreed Order ACOI-136.

Very truly yours,



M. A. Sirgo, III  
Engineer

MAS/pr