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February 10, 2010

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

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

Re: CANADA OJITOS UNIT
RIO ARRIBA COUNTY, NM
2010 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 2009 and Operator's Plan of Development for 2010.

1. Summary of 2009 Operations:
No new wells were drilled.
Installation of a truck loading facility and re-location of the oil sales LACT was completed.
Pumping units were installed on the #7 (A-23) and the #19 (A-14).

A summary of work on the individual 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, 2009 production statistics and companion graphs are attached.
4. Plan of Development for 2010:
A small re-frac of the #6 (L-11) is planned.
New wells are planned for Section 5, T-25N, R-1W and in the west of Section 30, T-26N, R-1W.

We request your approval of this 2010 Plan of Development for the Canada Ojitos Unit.

Regards,



Mike Dimond
President

Enclosures

SCHEDULE I
STATUS OF CANADA OJITOS UNIT WELLS 12/31/09

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 NWNW-18-25N-1E	N36.40.277 W106.87.168	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	N36.38.817 W106.90.529	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	Recovering load oil/Producing Gas
COU #17 (G-1)	1980' FNL, 1880' FEL SWNE-1-24N-1E	N36.34.171 W106.89.026	7140 GR	Shut In
COU #18 (C-5)	900' FNL, 1700' FWL NENW-5-25N-1E	N36.43.156 W106.86.075	7482 KB	Producing
COU #19 (A-14)	495' FNL, 495' FEL NENE-14-24N-1W	N36.31.667 W106.90.437	7096 GR	Recovering load oil/Producing Gas
COU #21 (G-32)	1800' FNL, 1675' FEL SWNE-32-26N-1W	N36.26.575 W106.57.734	7560 GR	Shut In
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 12/31/09

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 NWNE-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	Recovering load oil/Producing Gas
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 NWNE-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	Recovering load oil/Producing Gas
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	Recovering load oil/Producing Gas
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	Producing
COU #44 (B-22)	227' FNL, 2800' FWL NWNE-22-26N-1W	N36.28.624 W106.55.759	7575 GR	Producing
COU #45 (N-28)	500' FSL, 2200' FWL SESW-28-25N-1W	N36.21.794 W106.56.956	7532 GR	Recovering load oil/Producing

**SUMMARY OF 2009 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 downhole pump Fence PU & clean location
COU #2 (K-13)	1785' FSL, 2120' FWL NESW-13-25N-1W	N36.23.691 W106.53.735	7088 GR	Swab rig in May
COU #3 (A-14)	1125' FNL, 450' FWL NENE-14-25N-1W	N36.24.125 W106.54.255	7130 DF	Recovered remaining load oil
COU #4 (P-11)	1020' FSL, 800' FEL SESE-11-25N-1W	N36.24.472 W106.54.339	7214 GR	Rebuilt berms & clean location
COU #5 (B-18)	835' FNL, 1495' FEL NWNE-18-25N-1E	N36.40.277 W106.87.168	7203 DF	Replace plunger
COU #6 (L-11)	1908' FSL, 523' FWL NWSW-11-25N-1W	N36.24.614 W106.55.149	7220 GR	Replace PU engine Complete clean-out in Dec 2008
COU #7 (A-23)	680' FNL, 620' FEL NENE-23-25N-1W	N36.38.817 W106.90.529	7141 GR	Install Pumping Unit Plumb surface equip.
COU #9 (C-2)	1280' FNL, 1610' FWL NENW-2-25N-1W	N36.27.161 W106.56.141	7278 GR	
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 in December Replace downhole pump & PU engine
COU #12 (A-22)	525' FNL, 825' FEL NENE-22-25N-1W	N36.23.359 W106.55.432	7343 GR	Replace downhole pump in Dec. 2008 Clean-out wellbore/replace downhole pump
COU #13 (L-27)	1415' FSL, 740' FWL NWSW-27-26N-1W	N36.27.161 W106.56.141	7463 KB	Repair tail bearing - PU Replace downhole pump
COU #14 (C-34)	595' FNL, 2145' FWL NENW-34-25N-1W	N36.21.603 W106.55.897	7427 KB	Replace downhole pump Repair PU skid
COU #16 (L-3)	1791' FSL, 523' FWL NWSW-3-24N-1W	N36.20.268 W106.56.215	7549 KB	Clean location/remove vegetation
COU #17 (G-1)	1980' FNL, 1880' FEL SWNE-1-24N-1E	N36.34.717 W106.89.026	7140 GR	Replace plunger
COU #18 (C-5)	900' FNL, 1700' FWL NENW-5-25N-1E	N36.43.156 W106.86.075	7482 KB	Replace plunger Replace bottom hole assembly/Test zones
COU #19 (A-14)	495' FNL, 495' FEL NENE-14-24N-1W	N36.131.667 W106.90.437	7096 GR	Install Pumping Unit
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 SENE-20-26N-1W	N36.28.370 W106.58.095	7724 GR	Swabbing unit in May
COU #23 (N-22)	1302' FSL, 1413' FWL SWSW-22-26N-1W	N36.28.015 W106.56.067	7494 KB	Replace downhole pump, rod guides
COU #25 (B-32)	231' FNL, 2218' FEL NWNE-32-25N-1W	N36.21.647 W106.57.873	7599 GR	Replace PU engine, clean location Replace downhole pump

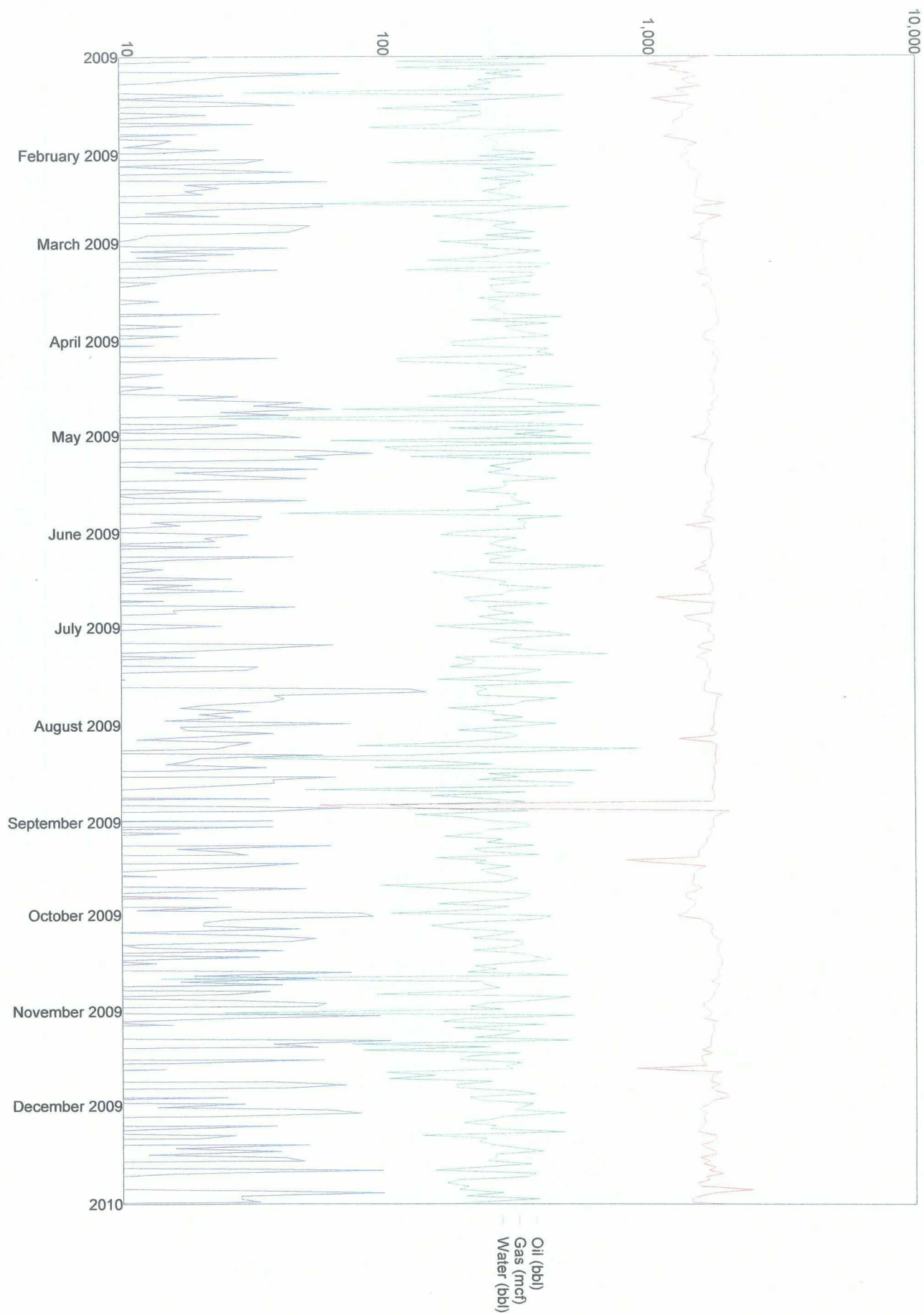
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COU #29 (E-6)	1850' FSL, 870' FWL SWNW-6-25N-1W	N36.25.756 W106.59.382	7493 GR	Stripping job/replace downhole pump Clean location/remove vegetation
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COU #45 (N-28)	500' FSL, 2200' FWL SESW-28-25N-1W	N36.21.794 W106.56.956	7532 GR	Replace downhole pump Rebuilt berms & clean location
Unit Participating Area				Seismic reprocess, additional pig launchers & receivers, replace pump @ evap. Pond Install Truck Loading Facility

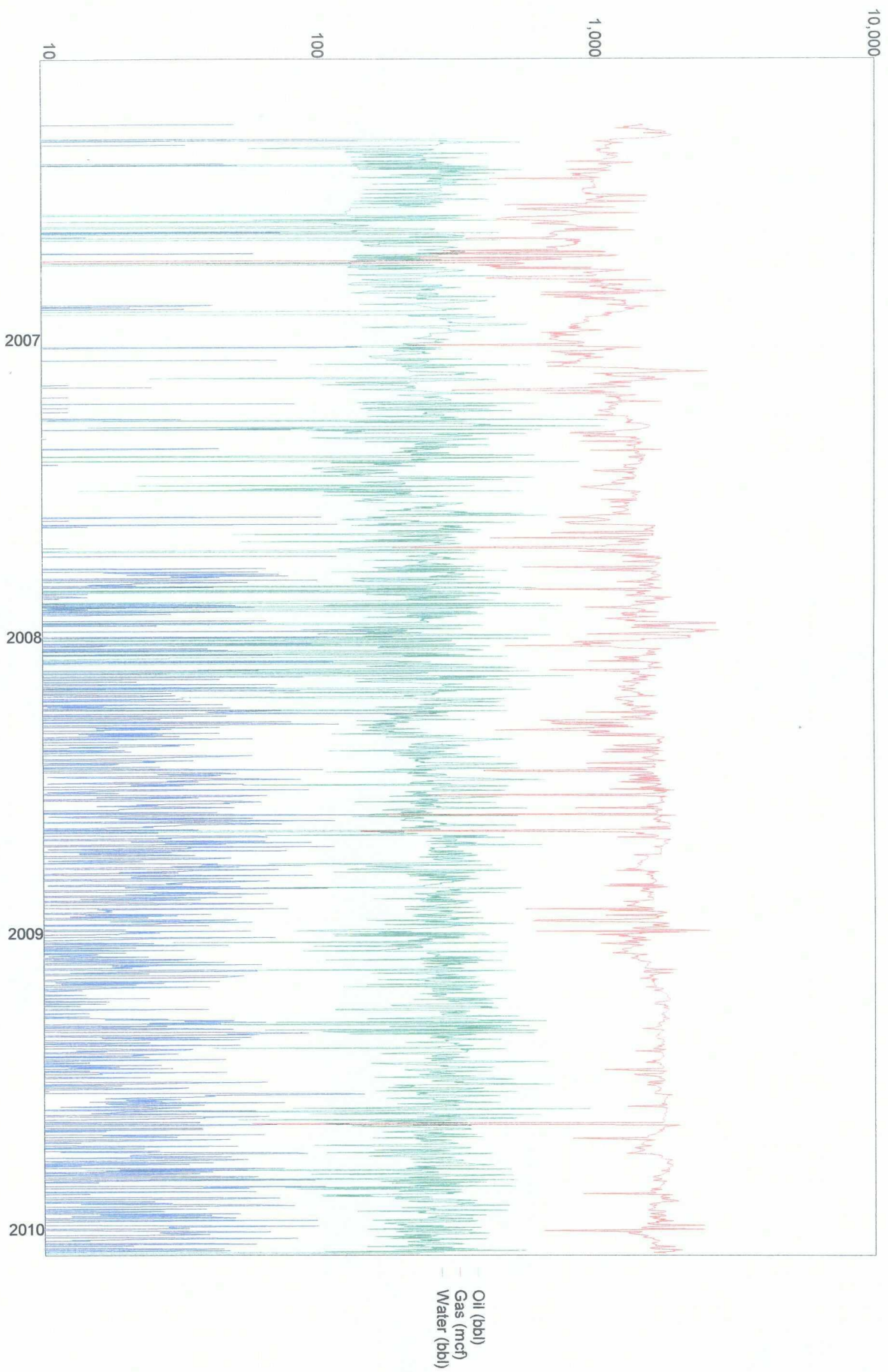
SCHEDULE II
CANADA OJITOS UNIT
2008 PRODUCTION STATISTICS

	OIL (BOPM)	GAS (MCF/M)	WATER (BWPM)	GAS INJECTION (MCF/M)
January	7,680	45,568	464	0
February	7,973	47,302	664	0
March	8,414	56,882	373	0
April	8,367	55,538	548	0
May	8,302	55,628	685	0
June	7,699	52,459	434	0
July	7,718	56,111	869	0
August	7,337	54,510	705	0
September	6,884	48,056	621	0
October	7,113	58,004	807	0
November	6,804	54,099	649	0
December	7,726	55,870	812	0
Totals	92,017	640,027	7,631	0

COU



COU



CANADA OJITOS UNIT 2009 PRODUCTION

