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March 18, 2011

Bureau of Land Management
Attn: Don Peterson
620 E. Greene Street
Carlsbad, NM 88220

New Mexico Oil Conservation Division
Attn: Richard Ezeanyim
1220 S. St. Francis Drive
Santa Fe, NM 87505

New Mexico Oil Conservation Division
Attn: Paul Kautz
1625 N. French Drive
Hobbs, NM 88240

Re: Plan of Development and Operations
Resaca Operating Co.
Cooper Jal Unit
Lea County, NM

Gentlemen:

As operator of the Cooper Jal Unit ("the Unit"), Resaca Operating Co. ("Resaca") hereby submits for approval a Plan of Development and Operations ("POD") for 2011.

OPERATIONS SUMMARY

The Cooper Jal Unit became effective October 1, 1970. The Unitized interval includes the Jalmat and Langlie Mattix pools. Injection commenced in December, 1970. Although separate secondary recovery projects are officially recognized on a pool basis, the Unit is effectively operated as a single waterflood project. Many of the producing wells have been granted authority to downhole commingle production, and are completed in both the Jalmat and Langlie Mattix intervals. Likewise, many of the injection wells inject into both intervals.

As previous operator of the Unit, Texaco Exploration and Production, Inc. ("Texaco") filed the most recent POD on August 20, 2001. SDG Resources, L.P. became operator of the

Unit effective January 1, 2002. Torch Energy Services, Inc. ("Torch") succeeded as operator effective May 1, 2006. Resaca became operator of record effective January 1, 2009.

The POD submitted by Texaco in 2001, together with previously filed POD's, reported operations conducted within the Unit through calendar year 2000. During 2001, Texaco plugged and abandoned 12 wells within the Unit, including 7 producers and 5 injectors. During 2007 and 2008, Torch drilled and completed 14 additional producing wells, all but one of which was downhole commingled as to the Jalmat and Langlie Mattix pools, and converted 2 existing wells to injection into both pools.

Water injection rates were increased significantly in early 2009 by Resaca as part of its current reservoir management plan (discussed below). To facilitate increased injection rates, Resaca ran step-rate tests in certain wells within the Unit, and on the basis of these tests, sought and obtained authority to increase injection pressure in 9 injection wells during 2010. In addition, injection authority for the 2 wells previously converted to injection by Torch was sought and obtained, and injection was commenced into these wells.

The attached map delineates the Unit boundaries, and depicts well location, current status, and completion interval for each well within the Unit. The attached table provides the API number, location, lease type (federal vs. private), completion date, completion interval, and current status for each well within the Unit.

A plot of commercial production data for the Unit is attached. Cumulative production from the wells within the Unit (Jalmat and Langlie Mattix pools, as of November 30, 2010) is 16.63 MMBO and 72.33 BCFG. Cumulative injection into wells within the Unit is 171.19 MMBW.

A performance plot constructed from internal data for the Unit from July 2004 to date is also attached. Included thereon are oil production, water production, water injection, gas-oil ratio, and water-oil ratio. The increased injection rates occurring in early 2009 can be readily discerned. In response, oil and water production have increased. Gas-oil ratio has declined, indicating reservoir pressure is increasing. Although the water-oil ratio has risen along with both oil and water production rates, there have been no dramatic instances of water breakthrough in any producing well. In February, 2011, the Unit produced approximately 392 BOPD, 428 MCFD, and 9,498 BWPD, whereas approximately 15,375 BWPD were injected.

2011 DEVELOPMENT PLAN

Resaca is currently formulating plans to perform tertiary recovery operations within the Cooper Jal Unit which will involve injection of CO₂. Consistent therewith, efforts to increase water injection rates will continue during 2011 for the purpose of increasing reservoir pressure to achieve miscibility of the planned CO₂ injectant. Certain areas of the Unit which were abandoned by previous operators will be redeveloped during 2011. In addition, other miscellaneous modifications to production facilities and numerous workover operations are

planned, and regulatory relief may be sought. These development activities are discussed below in more detail.

Upgrade of Injection Facilities

Resaca plans to replace one of the two existing injection pumps to increase injection capacity to 25,000 BWPD. The second pump will remain in service as a back-up. In addition, filtration upgrades will be made to capture any oil carryover that may still exist in the injection water after exiting the gun barrel prior to entering the injection tanks.

Re-Development Activities

Resaca plans to re-enter 11 wells which were plugged by previous operators. Upon successful re-entry, 7 of these wells will be utilized as injection wells, and 4 of will be producing wells. Injection and commingling authority will be sought and obtained as required. The wells involved are listed below:

<u>Well</u>	<u>Planned Use</u>
Cooper Jal Unit #108	injector
Cooper Jal Unit #109	injector
Cooper Jal Unit #114	injector
Cooper Jal Unit #123	producer
Cooper Jal Unit #124	producer
Cooper Jal Unit #129	producer
Cooper Jal Unit #147	producer
Cooper Jal Unit #148	injector
Cooper Jal Unit #206	injector
Cooper Jal Unit #213	injector
Cooper Jal Unit #230	injector

Production Facility Modifications

Compression will be added at the central battery, and a gas gathering line will be laid from the central battery to the existing gas pipeline operated by Targa. A new electrical power line feed will be laid from the existing primary feed at the Cooper Jal Unit #237 location to the Cooper Jal Unit #209, and on to the central battery at the Cooper Jal Unit #245 location for the purpose of achieving a more consistent power supply. The new routing will come directly from the supplier's current substation. Existing vapor recovery units will be rebuilt, and new units will be installed at the central battery. Additional test facilities will be added and control system upgrades will be made at satellite batteries.

Workovers

Numerous injection well clean-outs, producing well stimulations and artificial lift upgrades are planned. Specific wells to be worked-over have not yet been identified.

Regulatory

Resaca may request that the New Mexico Oil Conservation Division schedule a hearing to consider vertical consolidation of the Jalmat and Langlie Mattix Pools. If granted, the need to allocate production to the individual pools and to obtain authority to downhole commingle producing wells will be eliminated.

Please feel free to call the undersigned, or Mr. Bob Porter, Vice-President of Engineering at Resaca at (713) 756-1685, should you have any questions or concerns regarding this Plan of Development and Operations for 2011.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith B. Masters".

Keith B. Masters, P.E.
for Resaca Operating Co.

cc: Resaca Operating Co.
All Working Interest Owners

WELL STATUS

Cooper Jal Unit

as of 12/31/10

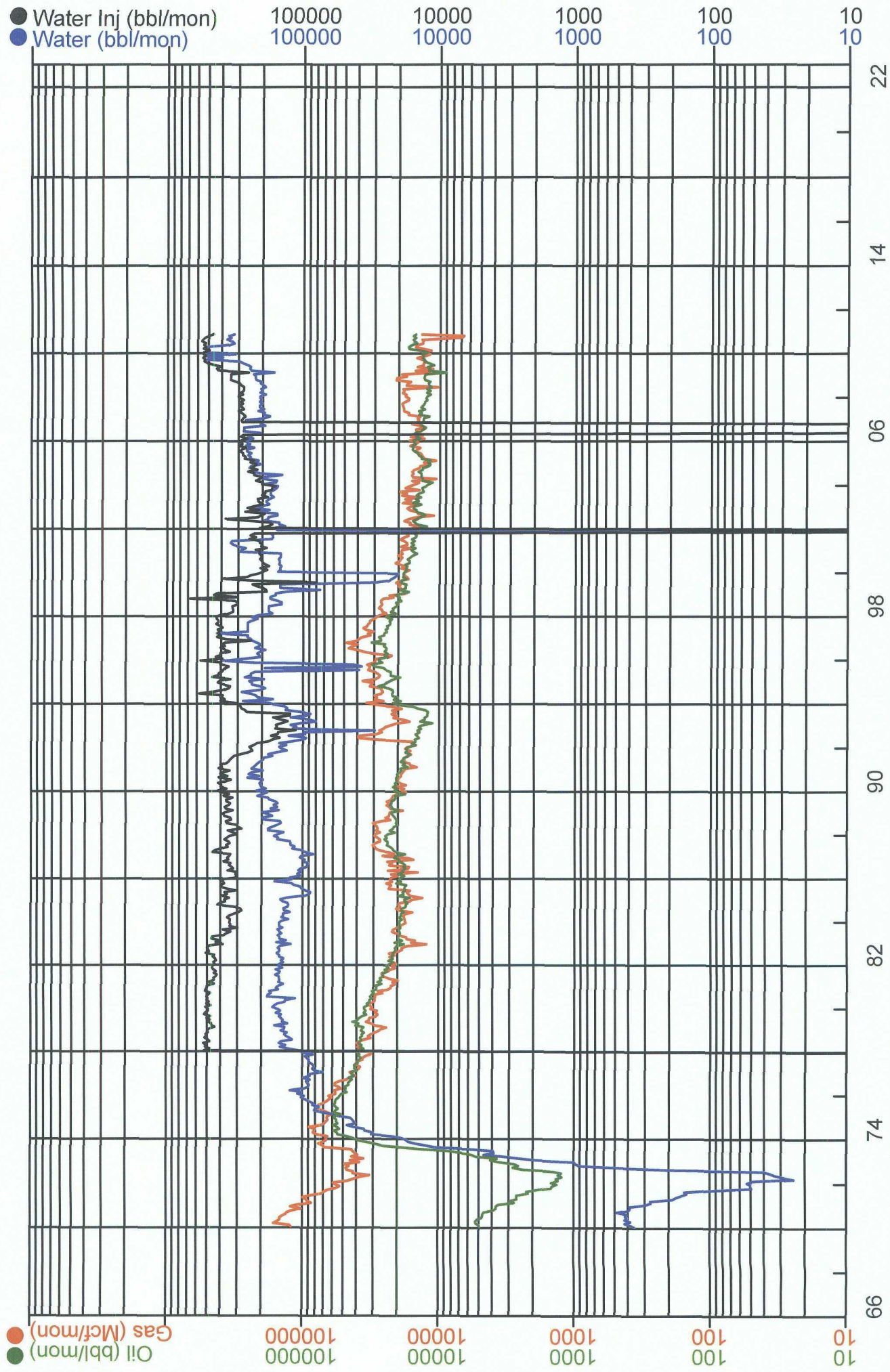
API Suffix	Current Well Name	Section	Unit	Location			Lease Type	Original Completion Date	Pool	Status	
11145	Cooper Jal #101	18	C	660	FNL	1980	FWL	Private	11/20/41	Jalmat	Prod
11134	Cooper Jal #102	18	B	660	FNL	1980	FEL	Private	08/27/45	Jalmat/Langlie Mattix	Prod
11135	Cooper Jal #103	18	A	990	FNL	990	FEL	Private	08/09/46	-----	P&A
11138	Cooper Jal #104	18	E	1980	FNL	660	FWL	Private	07/02/50	-----	P&A
11147	Cooper Jal #105	18	F	1980	FNL	1980	FWL	Private	07/12/46	Jalmat/Langlie Mattix	Inj
11137	Cooper Jal #106	18	H	1980	FNL	660	FEL	Private	05/26/46	Jalmat	Prod
09558	Cooper Jal #107	13	K	1650	FSL	1980	FWL	Private	03/26/52	Jalmat	Prod
11142	Cooper Jal #108	18	L	1980	FSL	660	FWL	Federal	03/01/50	-----	P&A
11133	Cooper Jal #109	18	K	1980	FSL	1980	FWL	Federal	10/26/48	-----	P&A
11143	Cooper Jal #110	18	I	1980	FSL	660	FEL	Private	09/19/46	Langlie Mattix	Prod
09581	Cooper Jal #111	14	P	640	FSL	330	FEL	Private	02/22/50	-----	P&A
09557	Cooper Jal #112	13	M	330	FSL	990	FWL	Private	02/19/52	-----	P&A
09496	Cooper Jal #113	13	N	330	FSL	2310	FWL	Private	12/02/51	Jalmat/Langlie Mattix	Prod
09559	Cooper Jal #114	13	O	330	FSL	2310	FEL	Private	09/21/54	-----	P&A
09566	Cooper Jal #115	13	P	900	FSL	990	FEL	Private	05/12/47	Jalmat	Prod
11141	Cooper Jal #116	18	M	660	FSL	660	FWL	Federal	03/01/50	Jalmat/Langlie Mattix	Inj
11140	Cooper Jal #117	18	N	660	FSL	1980	FWL	Federal	11/23/48	Jalmat/Langlie Mattix	Prod
11139	Cooper Jal #118	18	O	660	FSL	1980	FEL	Private	09/28/46	Jalmat/Langlie Mattix	Inj
11144	Cooper Jal #119	18	P	660	FSL	660	FEL	Private	07/07/46	-----	P&A
09631	Cooper Jal #120	24	C	660	FNL	1980	FWL	Private	11/10/51	Jalmat/Langlie Mattix	Inj
09645	Cooper Jal #121	24	B	990	FNL	1650	FEL	Private	02/15/49	Jalmat/Langlie Mattix	Prod
09638	Cooper Jal #122	24	A	330	FNL	990	FEL	Private	06/17/54	Jalmat/Langlie Mattix	Inj
11150	Cooper Jal #123	19	D	330	FNL	990	FWL	Federal	05/03/52	-----	P&A
11153	Cooper Jal #124	19	C	660	FNL	1917	FWL	Federal	03/09/56	-----	TA
09632	Cooper Jal #125	24	F	1650	FNL	2310	FWL	Private	08/22/54	Jalmat/Langlie Mattix	Prod
09636	Cooper Jal #126	24	G	1650	FNL	2310	FEL	Private	05/14/54	Jalmat/Langlie Mattix	Inj
09637	Cooper Jal #127	24	H	1650	FNL	990	FEL	Private	05/29/54	Jalmat	Prod
11151	Cooper Jal #128	19	E	1650	FNL	330	FWL	Federal	08/22/54	Jalmat/Langlie Mattix	Prod
11152	Cooper Jal #129	19	F	1650	FNL	1587	FWL	Federal	09/11/54	-----	P&A
09643	Cooper Jal #130	24	K	1650	FSL	1650	FWL	Private	04/22/54	Jalmat/Langlie Mattix	Prod
09639	Cooper Jal #132	24	I	2310	FSL	990	FEL	Federal	05/13/54	Jalmat/Langlie Mattix	Inj
11161	Cooper Jal #133	19	K	1980	FSL	1916	FWL	Federal	10/16/49	Jalmat/Langlie Mattix	Inj
09644	Cooper Jal #134	24	N	330	FSL	1650	FWL	Private	07/21/54	Jalmat/Langlie Mattix	Inj
09641	Cooper Jal #135	24	O	990	FSL	1980	FEL	Private	02/28/54	Jalmat/Langlie Mattix	Inj
09640	Cooper Jal #136	24	P	990	FSL	990	FEL	Federal	05/08/54	Jalmat	Prod
09660	Cooper Jal #137	25	D	990	FNL	330	FWL	Private	07/24/54	-----	P&A
09657	Cooper Jal #138	25	C	840	FNL	1650	FWL	Private	07/01/54	Jalmat/Langlie Mattix	Prod
09661	Cooper Jal #139	25	B	330	FNL	2310	FEL	Private	05/24/54	Jalmat	Prod
09662	Cooper Jal #140	25	A	990	FNL	990	FEL	Private	06/13/54	Jalmat/Langlie Mattix	Prod
11292	Cooper Jal #141	30	D	330	FNL	330	FWL	Federal	09/13/55	Jalmat	Prod
09658	Cooper Jal #143	25	F	2310	FSL	1650	FWL	Private	07/06/54	-----	P&A
09663	Cooper Jal #144	25	H	2310	FNL	990	FEL	Private	06/24/54	-----	P&A
11136	Cooper Jal #145	18	G	1980	FNL	1980	FEL	Private	03/25/46	Jalmat/Langlie Mattix	Inj
09560	Cooper Jal #146	13	I	1650	FSL	990	FEL	Private	06/11/50	Jalmat/Langlie Mattix	Inj
11166	Cooper Jal #147	19	E	2310	FNL	330	FWL	Federal	04/15/50	-----	P&A
09642	Cooper Jal #148	24	J	2310	FSL	2310	FEL	Private	03/31/54	-----	P&A
11159	Cooper Jal #150	19	L	1650	FSL	990	FWL	Federal	12/22/48	Jalmat/Langlie Mattix	Prod
25682	Cooper Jal #151	24	A	771	FNL	170	FEL	Private	11/10/77	Langlie Mattix	Inj
09627	Cooper Jal #152	24	D	660	FNL	660	FWL	Private	01/10/36	-----	S/I
26128	Cooper Jal #153	19	L	1400	FSL	280	FWL	Federal	01/27/79	Jalmat	Inj
26284	Cooper Jal #154	25	G	1550	FNL	2400	FEL	Private	05/11/79	Langlie Mattix	Prod
11146	Cooper Jal #155	18	D	660	FNL	660	FWL	Private	01/31/42	-----	P&A
09628	Cooper Jal #201	24	A	660	FNL	330	FEL	Private	05/13/50	Jalmat	Inj
11148	Cooper Jal #202	19	D	990	FNL	330	FWL	Federal	05/23/50	Jalmat/Langlie Mattix	Prod
09630	Cooper Jal #203	24	E	1980	FNL	760	FWL	Private	10/21/51	Jalmat	Inj
09629	Cooper Jal #204	24	F	1980	FNL	1980	FWL	Private	10/03/51	-----	P&A
09620	Cooper Jal #205	24	G	1980	FNL	1650	FEL	Private	04/30/50	Jalmat/Langlie Mattix	Inj
09621	Cooper Jal #206	24	H	1980	FNL	330	FEL	Private	05/04/50	-----	TA
11158	Cooper Jal #208	19	F	2310	FNL	1650	FWL	Federal	05/10/50	Jalmat/Langlie Mattix	Prod
09635	Cooper Jal #209	24	L	2080	FSL	660	FWL	Private	11/10/54	Jalmat/Langlie Mattix	Prod
09633	Cooper Jal #210	24	L	1980	FSL	660	FWL	Private	05/18/51	-----	P&A
09787	Cooper Jal #211	24	K	2310	FSL	2310	FWL	Private	04/02/50	Jalmat/Langlie Mattix	Inj
09623	Cooper Jal #213	24	I	1980	FSL	660	FEL	Federal	03/13/50	-----	P&A
09611	Cooper Jal #215	23	P	660	FSL	660	FEL	Private	06/23/51	Jalmat	Prod
09634	Cooper Jal #216	24	M	660	FSL	660	FWL	Private	06/08/51	Jalmat	Inj
09626	Cooper Jal #217	24	N	990	FSL	2310	FWL	Private	03/02/50	Jalmat	Prod
09624	Cooper Jal #218	24	O	330	FSL	1650	FEL	Private	09/03/49	Jalmat	Inj
09622	Cooper Jal #219	24	P	330	FSL	660	FEL	Federal	12/24/49	Jalmat	Prod
11162	Cooper Jal #220	19	M	660	FSL	628	FWL	Federal	03/23/50	Jalmat/Langlie Mattix	Inj
11160	Cooper Jal #221	19	N	660	FSL	1917	FWL	Federal	10/04/50	Jalmat/Langlie Mattix	Prod
09671	Cooper Jal #222	26	A	330	FNL	330	FEL	Federal	03/06/51	-----	P&A
09648	Cooper Jal #223	25	D	330	FNL	990	FWL	Private	12/05/50	Jalmat	Prod
09646	Cooper Jal #224	25	C	330	FNL	2310	FWL	Private	06/06/50	Jalmat	Inj
09650	Cooper Jal #225	25	B	660	FNL	1650	FEL	Private	01/08/50	Jalmat	Prod
09651	Cooper Jal #226	25	A	330	FNL	330	FEL	Private	05/18/50	Jalmat/Langlie Mattix	Inj
11291	Cooper Jal #227	30	D	660	FNL	660	FWL	Federal	07/19/50	Jalmat/Langlie Mattix	Prod
11290	Cooper Jal #228	30	C	660	FNL	1917	FWL	Federal	12/08/49	Jalmat	Inj

WELL STATUS

Cooper Jal Unit

as of 12/31/10

API Suffix	Current Well Name	Section	Unit	Location			Lease Type	Original Completion Date	Pool	Status	
09647	Cooper Jal #229	25	E	1650	FNL	990	FWL	Private	08/30/50	Jalmat	Prod
09649	Cooper Jal #230	25	F	1650	FNL	2310	FEL	Private	02/06/51	-----	P&A
09652	Cooper Jal #231	25	H	1650	FNL	330	FEL	Private	04/05/51	Jalmat	Prod
11289	Cooper Jal #232	30	F	1980	FNL	1920	FWL	Federal	11/09/49	Jalmat	Prod
09561	Cooper Jal #234	13	O	330	FSL	1650	FEL	Private	05/24/50	Jalmat	Inj
09610	Cooper Jal #237	23	O	660	FSL	1980	FEL	Private	11/10/34	Jalmat/Langlie Mattix	Prod
09659	Cooper Jal #238	25	E	1980	FNL	330	FWL	Private	09/27/54	Jalmat	Inj
11288	Cooper Jal #239	30	E	1980	FNL	660	FWL	Federal	06/13/49	Jalmat	Inj
09653	Cooper Jal #241	25	G	1650	FNL	1650	FEL	Private	08/02/51	Jalmat	Inj
11149	Cooper Jal #242	19	C	990	FNL	1587	FWL	Federal	07/03/50	Jalmat	Inj
11052	Cooper Jal #244	18	J	1980	FSL	1980	FEL	Private	08/16/46	Jalmat/Langlie Mattix	Inj
09625	Cooper Jal #245	24	J	1980	FSL	1980	FEL	Private	12/17/49	Jalmat	Prod
09556	Cooper Jal #303	13	K	2310	FSL	2310	FWL	Private	04/04/48	Jalmat	Prod
09562	Cooper Jal #304	13	J	1650	FSL	1650	FEL	Private	09/08/50	-----	P&A
32268	Cooper Jal #401	19	L	2400	FSL	1130	FWL	Federal	01/13/94	Jalmat/Langlie Mattix	Prod
32292	Cooper Jal #402	19	L	2150	FSL	50	FWL	Federal	01/22/94	Jalmat/Langlie Mattix	Prod
32286	Cooper Jal #403	19	D	150	FNL	100	FWL	Federal	01/27/94	Jalmat/Langlie Mattix	Prod
32218	Cooper Jal #404	24	B	510	FNL	2310	FEL	Private	01/13/94	Jalmat/Langlie Mattix	Prod
32269	Cooper Jal #405	19	N	1055	FSL	1385	FWL	Federal	12/28/93	Jalmat/Langlie Mattix	Prod
32568	Cooper Jal #406	24	H	2522	FNL	400	FEL	Private	10/01/94	Jalmat/Langlie Mattix	Prod
32569	Cooper Jal #407	24	J	2540	FSL	1640	FEL	Private	10/01/94	Jalmat/Langlie Mattix	Prod
32856	Cooper Jal #408	13	P	1250	FSL	200	FEL	Private	05/29/95	Jalmat	Prod
32570	Cooper Jal #409	24	K	2500	FSL	1450	FWL	Private	10/16/94	Jalmat/Langlie Mattix	Prod
32857	Cooper Jal #410	24	F	1425	FNL	1450	FWL	Private	06/21/95	Langlie Mattix	Prod
32858	Cooper Jal #411	24	J	1600	FSL	1425	FEL	Private	08/24/95	Jalmat/Langlie Mattix	Prod
32892	Cooper Jal #412	24	P	980	FSL	225	FEL	Federal	07/30/95	Jalmat	Prod
32969	Cooper Jal #413	30	D	1250	FNL	1300	FWL	Federal	07/31/95	Jalmat/Langlie Mattix	Prod
32571	Cooper Jal #414	24	O	330	FSL	2550	FEL	Private	10/01/94	Jalmat/Langlie Mattix	Prod
32855	Cooper Jal #415	25	D	825	FNL	330	FWL	Private	07/30/95	Jalmat/Langlie Mattix	Prod
32551	Cooper Jal #419	13	P	330	FSL	500	FEL	Private	10/06/94	Jalmat/Langlie Mattix	Prod
33458	Cooper Jal #420	24	G	2310	FNL	2310	FEL	Private	08/09/96	Jalmat/Langlie Mattix	Prod
33459	Cooper Jal #421	24	J	1575	FSL	2525	FEL	Private	08/11/96	Jalmat/Langlie Mattix	Prod
33490	Cooper Jal #422	19	N	125	FSL	1275	FWL	Federal	09/03/95	Jalmat/Langlie Mattix	Prod
38180	Cooper Jal #501	18	D	1310	FNL	1248	FWL	Private	02/22/07	Jalmat/Langlie Mattix	Prod
38188	Cooper Jal #502	18	E	2630	FNL	1249	FWL	Private	03/30/07	Langlie Mattix	Prod
38330	Cooper Jal #503	18	L	1332	FSL	1207	FWL	Federal	05/10/07	Jalmat/Langlie Mattix	Prod
38189	Cooper Jal #504	18	F	1330	FNL	2468	FWL	Private	03/12/07	Jalmat/Langlie Mattix	Prod
38263	Cooper Jal #505	18	F	2581	FNL	2369	FWL	Private	03/22/07	Jalmat/Langlie Mattix	Prod
38201	Cooper Jal #506	18	O	1310	FSL	2477	FEL	Private	02/14/07	Jalmat/Langlie Mattix	Prod
38269	Cooper Jal #507	18	B	1307	FNL	1534	FEL	Private	04/25/07	Jalmat/Langlie Mattix	Prod
38270	Cooper Jal #508	18	H	2546	FNL	1238	FEL	Private	04/11/07	Jalmat/Langlie Mattix	Prod
38202	Cooper Jal #509	18	J	1370	FSL	1368	FEL	Private	03/06/07	Jalmat/Langlie Mattix	Prod
39104	Cooper Jal #511	24	C	980	FNL	2280	FWL	Private	11/04/08	Jalmat/Langlie Mattix	Prod
39103	Cooper Jal #512	24	H	1600	FNL	300	FEL	Private	10/21/08	Jalmat/Langlie Mattix	Prod
39102	Cooper Jal #514	24	F	2200	FNL	2280	FWL	Private	10/28/08	Jalmat/Langlie Mattix	Prod
39101	Cooper Jal #515	25	B	1100	FNL	1650	FEL	Private	11/12/08	Jalmat/Langlie Mattix	Prod
39100	Cooper Jal #516	-----	-----	-----	-----	-----	-----	Private	-----	-----	Cancelled APD
39099	Cooper Jal #517	25	A	110	FNL	160	FEL	Private	10/15/08	Jalmat/Langlie Mattix	Prod



Proj Oil Cum: 16,630.46 Mbbl
Proj Gas Cum: 72,327.97 MMcf

RESACA OPERATING CO. COOPER JAL UNIT

