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August 14, 2008

**HAND-DELIVERY**

Mikal Altomare, Esq.  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**RE: Status Update and Plan of Action**

Xeric Oil & Gas Corp. ("Xeric") submits this Status Update and Plan of Action regarding the wells it operates in New Mexico. Xeric is committed to bringing all its wells into compliance and many into production as quickly as possible. We appreciate your willingness to work with us and plan to provide you with regular status updates to keep you apprised of our progress.

**I. Completed Tasks**

Xeric has completed the following tasks to-date:

- The West Pearl Queen Well #301 – which is the subject of Case No. 14107 - Pit has been tested and filled by Phoenix Environmental. A completion and compliance report will be filed shortly.
- Xeric re-worked (pulled and treated) the West Pearl Queen Well Nos. 182, 190, and 301 and the South Pearl Queen Well No. 28.
- A new pad has been poured and a new equipment facility has been purchased and will be assembled on the Mesa Queen Unit Tank Battery.
- Preliminary tests have begun with Elk Environmental to fill in the pit on the Crosby Deep Unit Well.

*Xeric Oil & Gas, Corp.  
Case 14106*

*OCD Exhibit No. C*

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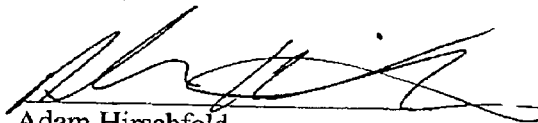
## II. To Be Completed

Xeric has met with representatives from the OCD District Office to discuss Xeric's wells. Xeric plans an ongoing dialogue with the district office. In addition, Xeric plans to do the following:

- Xeric is currently developing an inventory of wells that need minor surface remediation.
- Xeric will go well-by-well with Elk Environmental to determine what is necessary to test and plug or produce each well.
- The Pit on the Crosby Deep Unit Well No. 3 will be tested and filled in by Elk Environmental.
- The buried tank battery will be analyzed and removed on the Crosby Deep Unit Well No. 4. We will be corresponding with Tricia Badbear at the BLM to address this issue.

Thank you for your time and attention to this matter.

Sincerely,



Adam Hirschfeld  
TITLE Secretary