

March 7, 2011

U.S. Department of the Interior
Bureau of Land Management
Attn: Jim Lovato
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
2011 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 2010 and Operator's Plan of Development for 2011.

1. Summary of 2010 Operations:
Two new wells were spud and will be completed in early 2011.
Pumping Unit was removed from the #19 (A-14).
Pumping units were installed on the #21 (G-32) and the #22 (F-20).

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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, 2010 production statistics and companion graphs are attached.
4. Plan of Development for 2011:
The two new wells spud at the end of 2010 will be completed.
Two new horizontal wells will be proposed for Section 31, T-26N, R-1 W and in the west of Section 30, T-26N, R-1 W.

We request your approval of this 2011 Plan of Development for the Canada Ojitos Unit.

Regards,

A handwritten signature in black ink, appearing to read "Mike Dimond". The signature is stylized with a large, sweeping "M" and a cursive "Dimond".

Mike Dimond
President

Enclosures

SCHEDULE I
STATUS OF CANADA OJITOS UNIT WELLS 12/31/2010

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	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	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 12/31/2010

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 SENW-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 SENW-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	Producing
COU #46Y (P-27)	449' FSL, 281' FEL SESE-27-25N-1W	N36 21 45.920 W106 55 18.927	7296 GR	Spudded
COU #47 (N-4)	574' FSL, 1809' FWL SESW-4-25N-1W	N36 25 16.949 W106 57 1.666	7392 GR	Spudded

**SUMMARY OF 2010 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)	0 SWSE-9-26N-1W	N36.29.707 W106.56.711	7750 GR	Replace RTU Transmitter; Repair PU, Rebuild berms, clean loc.
COU #2 (K-13)	1785' FSL, 2120' FWL NESW-13-25N-1W	N36.23.691 W106.53.735	7088 GR	Clean Separator & Location Replace Plunger
COU #3 (A-14)	1125' FNL, 450' FWL NENE-14-25N-1W	N36.24.125 W106.54.255	7130 DF	Replace Plunger, Clean Location
COU #4 (P-11)	1020' FSL, 800' FEL SESE-11-25N-1W	N36.24.472 W106.54.339	7214 GR	
COU #5 (B-18)	835' FNL, 1495' FEL NWNE-18-25N-1E	N36.40.277 W106.87.168	7203 DF	
COU #6 (L-11)	1908' FSL, 523' FWL NWSW-11-25N-1W	N36.24.614 W106.55.149	7220 GR	Hot Oil-July, Rebuild firewalls & clean Loc. Replace Rod Pump
COU #7 (A-23)	680' FNL, 620' FEL NENE-23-25N-1W	N36.38.817 W106.90.529	7141 GR	Replace clutch-PU
COU #9 (C-2)	1280' FNL, 1610' FWL NENW-2-25N-1W	N36.27.161 W106.56.141	7278 GR	Re-build berms, clean location
COU #10 (O-33)	175' FSL, 2090' FEL SWSE-33-26N-1W	N36.26.070 W106.56.745	7533 GR	Repair PU,
COU #11 (E-10)	2145' FNL, 825' FWL SWNW-10-25N-1W	N36.24.810 W106.56.158	7329 GR	Replace C96 PU Engine
COU #12 (A-22)	525' FNL, 825' FEL NENE-22-25N-1W	N36.23.359 W106.55.432	7343 GR	Repair PU
COU #13 (L-27)	1415' FSL, 740' FWL NWSW-27-26N-1W	N36.27.161 W106.56.141	7463 KB	Replace rods & rod-guides, Clean-out & replace rod pump; Repair PU clutch
COU #14 (C-34)	595' FNL, 2145' FWL NENW-34-25N-1W	N36.21.603 W106.55.897	7427 KB	Hot oil, Replace Rod pump, Replace Walking Beam on PU
COU #16 (L-3)	1791' FSL, 523' FWL NWSW-3-24N-1W	N36.20.268 W106.56.215	7549 KB	Clean location
COU #17 (G-1)	1980' FNL, 1880' FEL SWNE-1-24N-1E	N36.34.717 W106.89.026	7140 GR	
COU #18 (C-5)	900' FNL, 1700' FWL NENW-5-25N-1E	N36.43.156 W106.86.075	7482 KB	Replace plunger
COU #19 (A-14)	495' FNL, 495' FEL NENE-14-24N-1W	N36.131.667 W106.90.437	7096 GR	Remove PU
COU #21 (G-32)	1800' FNL, 1675' FEL SWNE-32-26N-1W	N36.26.575 W106.57.734	7560 GR	Install PU, Rods, Rod Pump; Clean-out
COU #22 (F-20)	1700' FNL, 1790' FWL SENE-20-26N-1W	N36.28.370 W106.58.095	7724 GR	Install PU, Rods, Rod Pump; CO2 treat- ment
COU #23 (N-22)	1302' FSL, 1413' FWL SWSW-22-26N-1W	N36.28.015 W106.56.067	7494 KB	Replace Kim Ray meter; Hot oil; replace rod pump; Repair PU; Clean Location
COU #25 (B-32)	231' FNL, 2218' FEL NWNE-32-25N-1W	N36.21.647 W106.57.873	7599 GR	Replace Rods, guides, and pump; Hot oil; Acidize

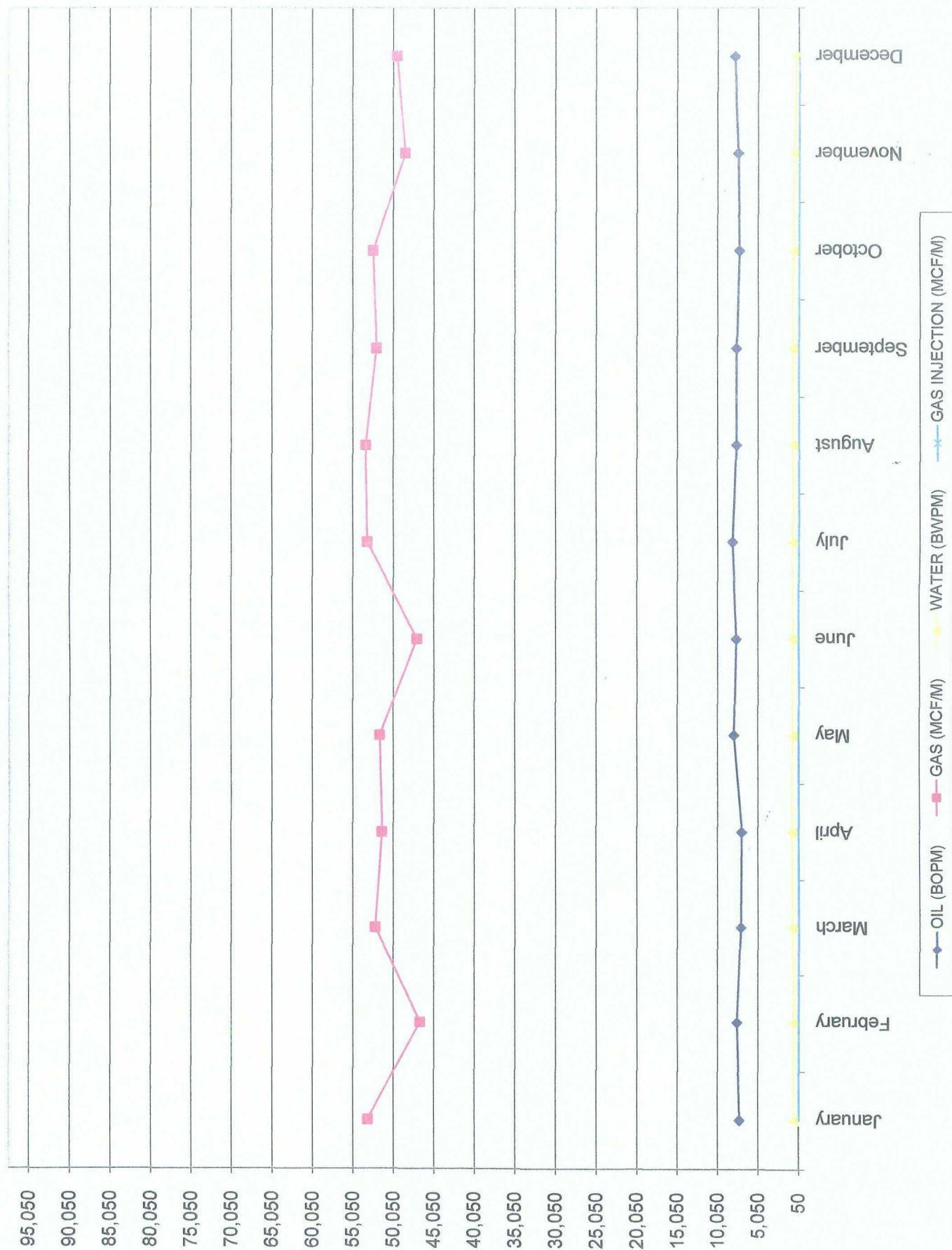
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Well Name	Footage Section - Twp - Range	Latitude/ Longitude	Elevation	Summary of Work
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COU #27 (K-8)	1680' FSL, 2166' FEL NWSE-8-24N-1W	N36.19.383 W106.57.862	7517 GR	
COU #28 (B-29)	393' FNL, 2367' FEL NWN-29-25N-1W	N36.22.494 W106.57.843	7496 GR	Replace PU base; Hot oil qtrly; Replace downhole pump;
COU #29 (E-6)	1850' FSL, 870' FWL SWNW-6-25N-1W	N36.25.756 W106.59.382	7493 GR	Hot oil; Repair PU brake
COU #30 (F-30)	1755' FNL, 2418' FWL SENW-30-25N-1W	N36.22.276 W106.59.050	7671 GR	Hot oil; Replace Rod Pump; clean location; Acidize;
COU #32 (J-6)	1650' FSL, 1650' FEL NWSE-6-25N-1W	N36.25.508 W106.58.861	7444 GR	Clean location;
COU #33 (F-18)	2310' FWL, 2265' FNL SWNW-18-25N-1W	N36.23.930 W106.59.152	7617 GR	Clean location
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	
COU #36 (A-20)	1200' FNL, 415' FEL NENE-20-25N-1W	N36.23.218 W106.57.540	7432 GR	Install netting on open tan
COU #37 (G-5)	1700' FNL, 2310' FEL SWNE-5-24N-1W	N36.20.578 W106.57.920	7551 GR	Clean location
COU #38 (F-7)	1650' FNL, 2310' FEL SENW-7-25N-1W	N36.24.907 W106.59.095	7444 GR	Clean location
COU #43 (H-8)	1632' FNL, 1189' FEL SENE-8-26N-1W	N36.20.100 W106.57.644	7785 GR	Repair PU; Clean location
COU #44 (B-22)	227' FNL, 2800' FWL NWN-22-26N-1W	N36.28.624 W106.55.759	7575 GR	Replace plunger; Repair EFM
COU #45 (N-28)	500' FSL, 2200' FWL SESW-28-25N-1W	N36.21.794 W106.56.956	7532 GR	Replace Downhole pump; Repair OU;
COU #46Y (P-27)	449' FSL, 281' FEL SESE-27-25N-1W	N36 21 45.920 W106 55 18.927	7296 GR	APD prep, Arch & Bio reports
COU #47 (N-4)	574' FSL, 1809' FWL SESW-4-25N-1W	N36 25 16.949 W106 57 1.666	7392 GR	APD Prep, Arch & Bio reports
Unit Participating Area				Install panels on Unit Compressor Bldgs. Blade roads & Locations; Landfarm/Evap Pond sampling

SCHEDULE II
CANADA OJITOS UNIT
2008 PRODUCTION STATISTICS

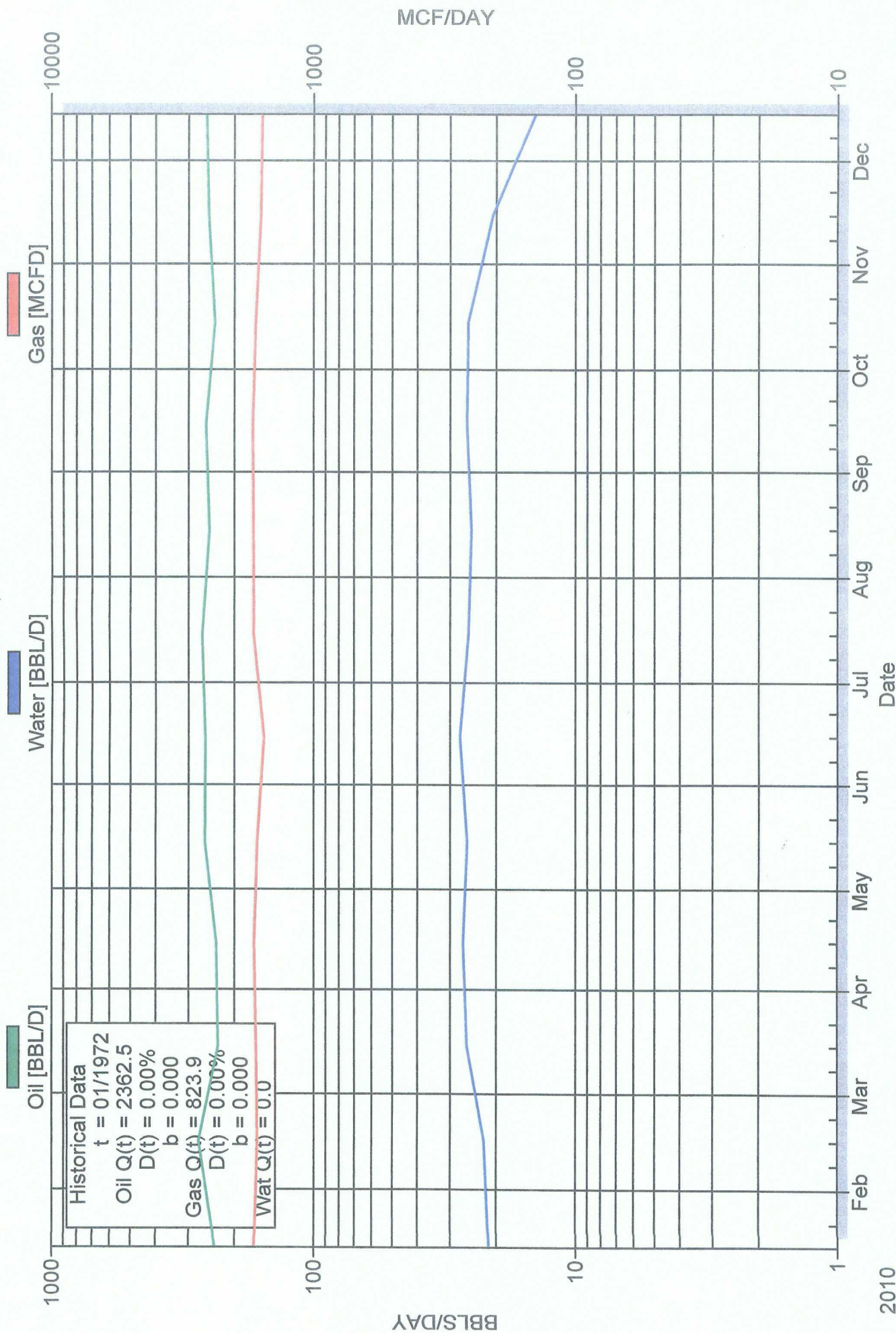
	OIL (BOPM)	GAS (MCF/M)	WATER (BWPM)	GAS INJECTION (MCF/M)
January	7,374	53,254	665	0
February	7,676	46,766	626	0
March	7,164	52,310	806	0
April	7,053	51,457	806	0
May	8,038	51,764	803	0
June	7,755	47,169	826	0
July	8,226	53,307	794	0
August	7,730	53,520	775	0
September	7,713	52,162	780	0
October	7,374	52,596	797	0
November	7,539	48,628	622	0
December	7,944	49,620	439	0
Totals	91,586	612,553	8,739	0

CANADA OJITOS UNIT 2010 PRODUCTION



Canada Ojitos Unit 2010

Rio Arriba COUNTY, NM

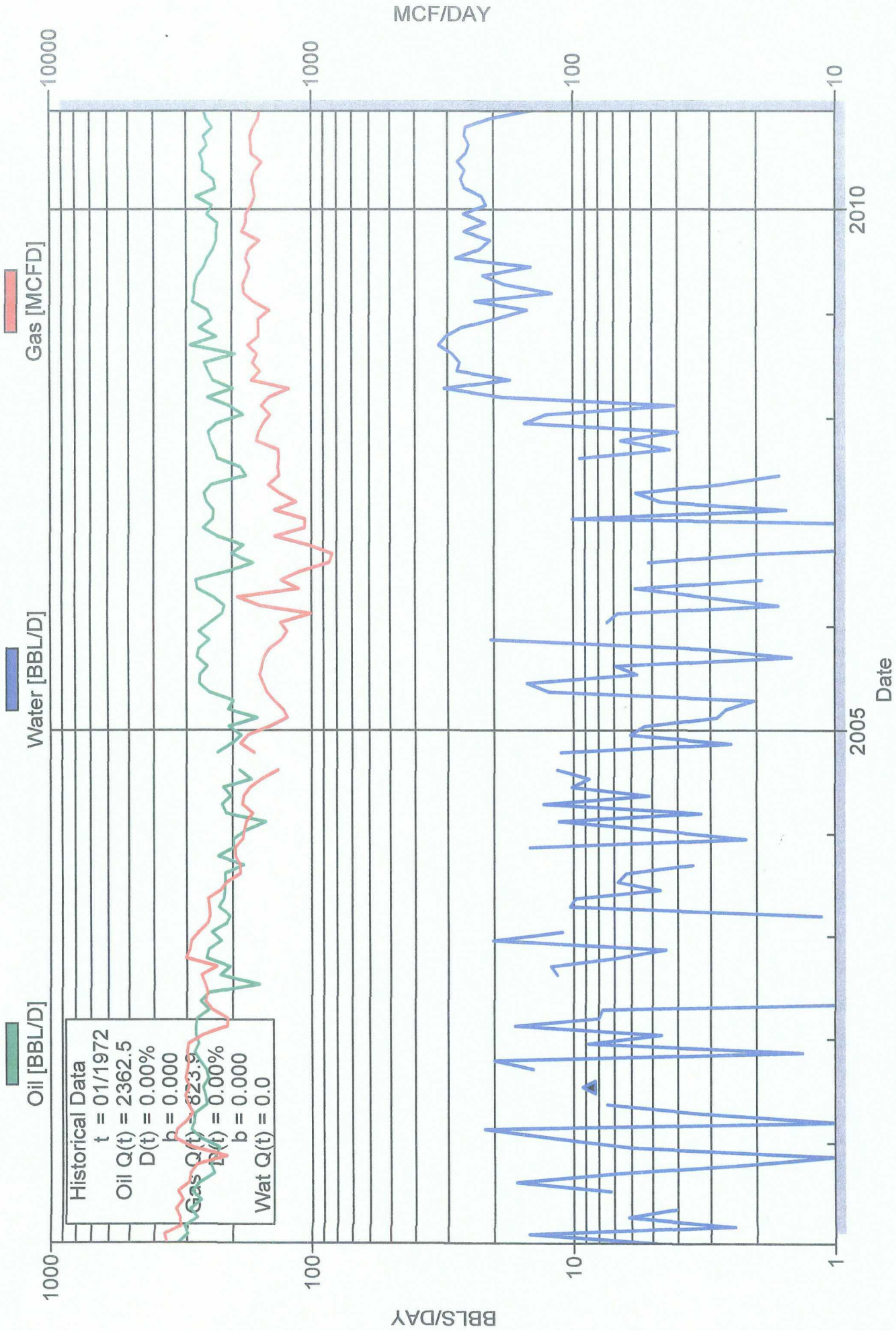


Cum Oil [bbls]: 8495254
 Cum Gas [mcf]: 42811802
 Cum Water [bbls]: 81056

2010
 Operator: BENSON-MONTIN-GREER DRILLING CORP
 Field:
 Reservoir:

Canada Ojitos Unit 2010

Rio Arriba COUNTY, NM



Operator: BENSON-MONTIN-GREER DRILLING CORP

Field:

Reservoir:

Cum Oil [bbls]: 8495254

Cum Gas [mcf]: 42811802

Cum Water [bbls]: 81056