

November 3, 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
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
AMENDMENT

Gentlemen:

The two Horizontal wells to be proposed for Section 31, T-26N, R-1W and in the west of Section 30, T-26N, R-1W as stated in the original 2011 Plan of Development, have been postponed. Completion problems experienced by the operator of two horizontal wells drilled immediately west of these two wells (one in Section 14, T-26N, R-2w, and one in Section 25, T-26N, R-2W) have caused us to determine further study is required for horizontal completions in this area. We understand other companies will soon be drilling and completing horizontal wells in the Basin and we feel it prudent to delay our proposals

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until further information becomes available from these projects. We are hopeful proposals can be made by the end of 2012.

Please accept these changes to our 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 initial "M" and a cursive "D".

Mike Dimond
President