

**CBS OPERATING CORP.****P. O. BOX 2236, MIDLAND, TX 79702 432/685-0878 FAX 685-1945**

February 27, 2006

State of New Mexico  
Department of Energy, Minerals & Natural Resources  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: 2006 Plan of Development  
North Square Lake Unit  
Eddy County, New Mexico

2006 MAR 1 PM 12 52

Ladies and Gentlemen:

Recap of 2005 Operations

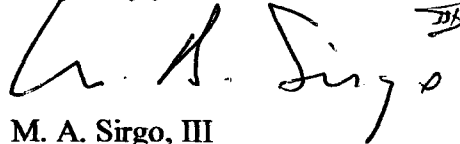
CBS Operating Corp. initiated injection into the north pilot area through new C-108 injection wells NSLU #3, #5 and #12. Additionally previous non-compliant injection wells NSLU #185, #102, #51 and #8 were repaired and returned to injection.

Step rate testing was performed on NSLU injection Well Nos. 3, 5, 12, 51 and 69 to establish surface injection pressures.

Plan of Development for 2006

- 1) Continue remediation of old wellbores in the field with a priority of repairing or plugging any non-compliant inactive injection wells.
- 2) Complete last five of thirteen surface remediations previously identified within the unit area and submit for final closure with the NMOCD.
- 3) Continue to apply enhanced recovery practices in the pilot area to improve recovery.

Very truly yours,



M. A. Sirgo, III  
Engineer

MAS/pr