

2006 MAR 20 PM 12 32

March 14, 2006

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway, Wuite A
Farmington, Nm 87401

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87504
Attention: Will Jones
Senior Petroleum Geologist

Mr. Fred Vigil, Director
Jicarilla Apache Oil & Gas Administration
P.O. Box 146
Dulce, NM 87528

Re: EAST PUERTO CHIQUITO MANCOS
UNIT, 2006 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 2005 and Operator's Plan of Development for 2006.

1. Summary of 2005 Operations:
No changes have been made in the geologic interpretations, wells or participating area boundaries so no new maps are submitted. Gas and water injection continued. The #19 (H-25) and #42 (O-21) were plugged and abandoned. The #3 (C-29) was returned to production. The #11 (P-20) was returned to production and put on a pumping unit in March 2006. The #16 (C-28) was returned to production. He #34 (K-5) was reworked and returned to production.
2. Listing of status of all wells is enclosed here as Schedule I.
3. Production and injection statistics are enclosed as Schedule II along with production and injection curves.
4. Plans for development.
Operator has nominated three leases for sale in the BLM lease sale and is awaiting release of those parcels by the Santa Fe National Forest. Should

operator be successful in winning these leases at least one new well will be proposed. Wells #27(H-5), #29 (F-9), and #33 (P-5) are awaiting a rig for rework and/or repair. The fiberglass, gas gathering pipeline to the #22 (C-5) is leaking and will be replaced in the summer. The pipeline from the separator to the DeHy and compressor is leaking and is currently being replaced. The DPC 280 compressor currently in use will be replaced with a DPC 230 lowering both fuel costs and emissions. Operator is researching increasing the capacity of gas marketing pipeline to enable increased sales.

5. Effectiveness of enhanced recovery project (pressure maintenance by gas injection and water flood:
Schedule II states current cumulative oil, gas and water production and gas And water injection rates.

6. Disposition of shut in wells:

#8 (P-19) is logged off and awaiting a swabbing unit.

#9 (H-30) is awaiting pipeline repairs between separator and compressor.

#14 (N-19) is awaiting decision on plugging.

#18 (P-13) is awaiting Lufkin repair and replacement of walking beam for pumping unit.

#22 (C-5) is awaiting replacement of leaking gathering line planned for this summer.

#25 (I-6) is produced only in warm months.

#27 (H-5) is awaiting a rig for bradenhead repairs.

#29 (F-9) is awaiting rig for an acid job and replacement of wellhead.

#33 (P-5) is awaiting rig for re-work.

#7 (N-20) is awaiting pipeline repair for return to production.

We hereby request your approval of this 2006 Plan of Development.

Sincerely,

BENSON-MONTIN-GREER DRILLING CORP.

By: _____


Mike Dimond, President

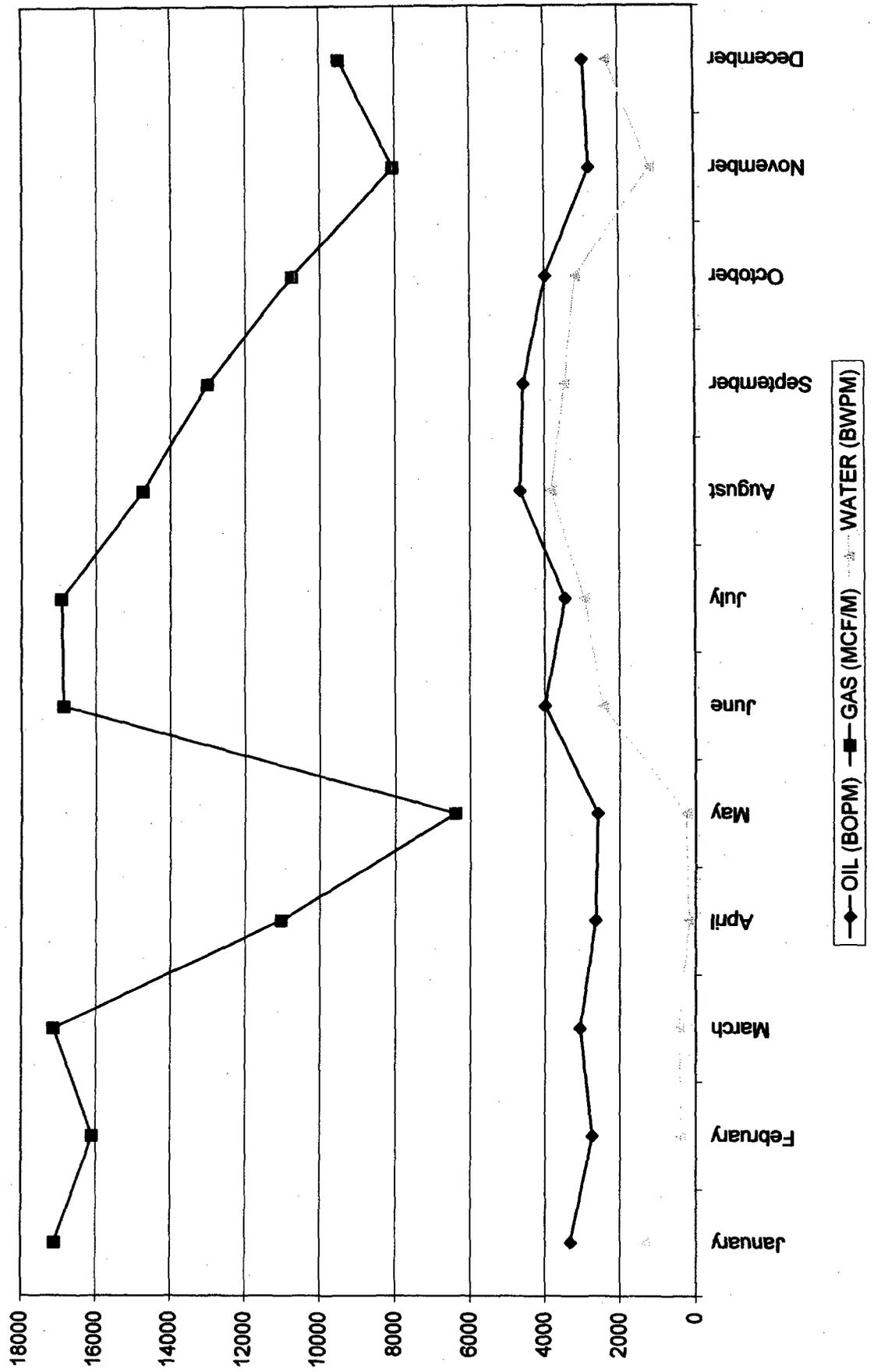
Schedule I
EAST PUERTO CHIQUITO MANCOS UNIT WELLS
RIO ARRIBA COUNTY, NEW MEXICO

Well Name	Location - Sec. - Twp - Range	Latitude/Longitude	Status
#1 (L-29)	SW/SW Sec. 29, T-27N, R-1E	N36.31.317, W106.51.447	Plugged & Abandoned
#2 (G-29)	SW/NE Sec. 29, T-27N R-1E	N36.31.557, W106.50.890	Gas Injection Well
#3 (C-29)	NE/NW Sec. 29, T-27N, R-1E		Producing
#4 (K-29)	SE/SW Sec. 29, T-27N, R-1E	N36.31.359, W106.51.189	Plugged & Abandoned
#5 (A-29)	NE/NE Sec. 29, T-27N, R-1E	N36.31.715, W106.50.670	To Be Plugged
#7 (N-20)	SE/SW Sec. 20, T-27N, R-1E	N36.31.933, W106.51.114	Temporarily Abandoned
#8 (P-19)	SE/SE Sec. 19, T-27N, R-1E	N36.31.937, W106.51.744	Shut In
#9 (H-30)	SE/NE Sec. 30, T-27N, R-1E	N36.31.502, W106.51.745	Shut In
#10 (H-20)	SE/NE Sec. 20, T-27N, R-1E	N36.32.367, W106.50.671	Producing
#11 (P-20)	SE/SE Sec. 20, T-27N, R-1E	N36.31.968, W106.50.706	Producing
#12 (H-19)	SE/NE Sec. 19, T-27N, R-1E	N36.32.372, W106.51.744	Producing
#13 (F-30)	SE/NW Sec. 30, T-27N, R-1E	N36.31.521, W106.52.322	Producing
#14 (N-19)	SE/SW Sec. 19, T-27N, R-1E	N36.31.934, W106.52.283	Shut In
#15 (M-21)	SW/SW Sec. 21, T-27N, R-1E	N36.31.876, W106.50.397	Plugged & Abandoned
#16 (C-28)	NE/NW Sec. 28, T-27N, R-1E	N36.31.736, W106.50.152	Producing
#17 (O-17)	SW/SE Sec. 17, T-27N, R-1E	N36.32.816, W106.50.916	Producing
#18 (P-13)	SE/SE Sec. 13, T-27N, R-1W	N36.32.848, W105.52.768	Shut In
#19 (H-25)	SE/NE Sec. 25, T-27N, R-1W	N36.31.325, W106.52.858	Plugged & Abandoned
#20 (D-4)	NW/NW Sec. 4, T-26N, R-1E	N36.31.199, W106.50.881	Plugged & Abandoned
#21 (B-5)	NW/NE Sec. 5, T-26N, R-1E	N36.31.150, W106.51.344	Plugged & Abandoned
#22 (C-5)	NE/NW Sec. 5, T-26N, R-1E	N36.31.152, W106.51.655	Shut In
#23 (H-6)	SE/NE Sec. 6, T-26N, R-1E	N36.31.010, W106.52.136	Plugged & Abandoned
#24 (F-6)	SE/NW Sec. 6, T-26N, R-1E	N36.30.855, W106.52.692	Water Injection Well
#25 (I-6)	NE/SW Sec. 6, T-26N, R-1E	N36.30.740, W105.52.182	Shut In
#26 (F-5)	SE/NW Sec. 5, T-26N, R-1E	N36.31.001, W106.51.688	Plugged & Abandoned
#27 (H-5)	SE/NE Sec. 5, T-26N, R-1E	N36.30.988, W106.51.155	Shut in
#28 (D-9)	NW/NW Sec. 9, T-26N, R-1E	N36.30.285, W105.50.799	Producing
#29 (F-9)	SE/NW Sec. 9, T-26N, R-1E	N36.30.066, W106.50.543	Shut In - To Be Reworked
#30 (I-8)	NE/SE Sec. 8, T-26N, R-1E	N36.29.842, W106.51.092	Producing
#31 (P-9)	SE/SE Sec. 9, T-26N, R-1E	N36.29.625, W106.50.108	Plugged & Abandoned
#32 (H-16)	SE/NE Sec. 16, T-26N, R-1E	N36.29.124, W106.50.004	Plugged & Abandoned
#33 (P-5)	SE/SE Sec. 5, T-26N, R-1E	N36.30.498, W106.51.091	Temporarily Abandoned
#34 (K-5)	NE/SW Sec. 5, T-26N, R-1E		Producing
#35 (M-9)	SW/SW Sec. 9, T-26N, R-1E	N36.29.632, W106.50.819	Producing
#37 (C-8)	NE/NW Sec. 8, T-26N, R-1E	N36.30.289, W106.51.629	Producing
#38 (H-8)	SE/NE Sec. 8, T-26N, R-1E	N36.30.107, W106.51.095	Producing
#39 (E-21)	SW/NW Sec. 21, T-27N, R-1E	N36.32.394, W106.50.416	Producing
#40 (E-19)	SW/NW Sec. 19, T-27N, R-1E	N36.32.375, W106.52.545	Water Injection Well
#41 (F-20)	SE/NW Sec. 20, T-27N, R-1E	N36.32.369, W106.51.209	Producing
#42 (O-21)	SW/SE Sec. 21, T-27N, R-1E	N36.31.931, W106.49.854	Plugged & Abandoned
#43 (L-28)	SW/SW Sec. 28, T-27N, R-1E		Plugged & Abandoned
#44 (P-18)	SE/SE Sec. 18, T-27N, R-1E		Plugged & Abandoned

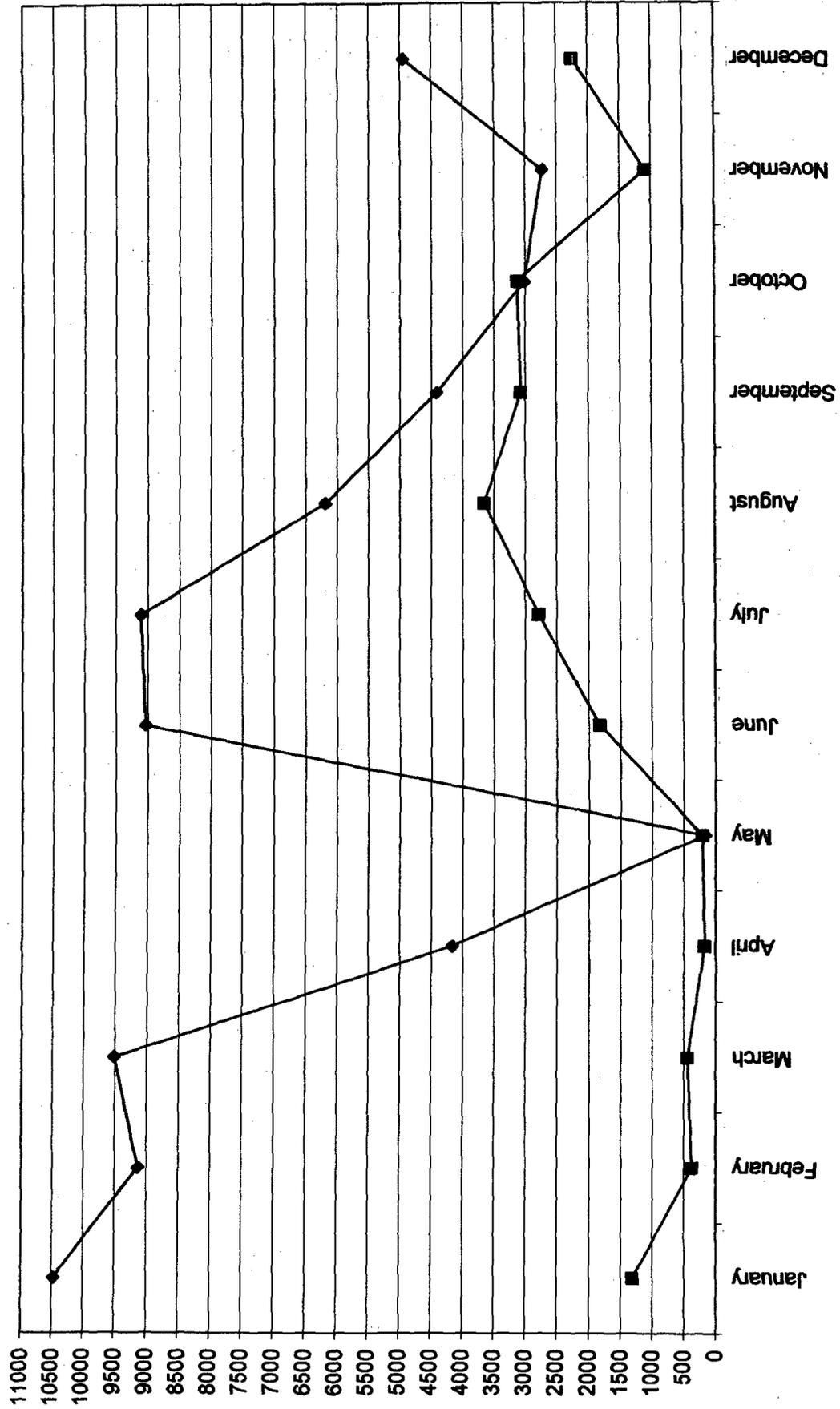
SCHEDULE II
 EAST PUERTO CHIQUITO MANCOS UNIT
 2005 PRODUCTION STATISTICS

	OIL (BOPM)	GAS (MCF/M)	WATER (BWPM)	GAS INJECTION* (MCF/M)	WATER INJECTION (BWPM)
January	3328	17112	1320	10481	1320
February	2743	16107	380	9135	380
March	3060	17141	443	9517	445
April	2648	11031	172	4165	173
May	2597	6393	248	164	209
June	4006	16871	2439	9037	1833
July	3455	16924	2926	9113	2789
August	4665	14731	3818	6193	3660
September	4587	13016	3453	4419	3073
October	3990	10750	3172	3017	3133
November	2807	8059	1181	2727	1101
December	2947	9484	2326	4956	2251
Totals	40833	157619	21878	72924	20367
Cumulaltive Since 5/81	933521	2844102	199192	2274431	161175

EAST PUERTO CHIQUITO MANCOS UNIT 2005 PRODUCTION



EAST PUERTO CHIQUITO MANCOS UNIT 2005 GAS & WATER INJECTION



—◆— GAS INJECTION* (MCF/M) —■— WATER INJECTION (BWPM)