

*Offt. Lease File***JAMES BRUCE**
ATTORNEY AT LAWPOST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)jamesbruce@aol.com

August 18, 2006

Certified Mail -- Return Receipt Requested

To: Persons listed on Exhibit A

Ladies and gentlemen:

U.S. Enercorp, Ltd. has filed a revised application with the New Mexico Oil Conservation Division seeking an unorthodox oil well location in the Mancos formation in Section 30, Township 24 North, Range 1 East, NMPM, Rio Arriba County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than Friday, September 8, 2006 (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a latter date.

Very truly yours,



James Bruce

Attorney for U.S. Enercorp, Ltd.

*Benson - Montin - Greer
never received this letter
notifying us of the timing
of the application process.*

J. Hambeck
11/9/06

Post-It® Fax Note	7671	Date	11/9/06	# of pages	5
To	Richard E. Ryan, Jr.	From	James Hambeck		
Co./Dept	NMOC	Co.	Benson - Montin - Greer		
Phone #		Phone #	505-325-8874		
Fax #	505-496-3462	Fax #	505-327-9207		

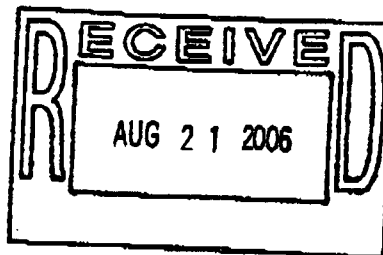


EXHIBIT A§19-24N-1E:

Benson-Montin-Greer Drilling Corp.
4900 College Boulevard
Farmington, New Mexico 87402

§24-24N-1W:

Benson-Montin-Greer Drilling Corp.
4900 College Boulevard
Farmington, New Mexico 87402

Burlington Resources Oil & Gas Company LP
P.O. Box 4289
Farmington, New Mexico 87499

Elm Ridge Exploration Co.
Suite 950
12225 Greenville Avenue
Dallas, Texas 75243

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87402

Medicine Bow Operating Company
Suite 1900
1225 17th Street
Denver, Colorado 80202

§25-24N-1W:

Benson-Montin-Greer Drilling Corp.
4900 College Boulevard
Farmington, New Mexico 87402

Burlington Resources Oil & Gas Company LP
P.O. Box 4289
Farmington, New Mexico 87499

Elm Ridge Exploration Co.
Suite 950
12225 Greenville Avenue
Dallas, Texas 75243

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87402

Medicine Bow Operating Company
Suite 1900
1225 17th Street
Denver, Colorado 80202

Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401

Ramon G. & Irene A. Sanchez
P.O. Box 533
Cuba, New Mexico 87013

Richard D. & Marilyn Sue Foster
3 Maya Lane
Los Alamos, New Mexico 87544

Mildred N. Pollack
312 Dartmouth S.E.
Albuquerque, New Mexico 87106

Evelyn June Wall, Trustee of
the Nordeen Family Trust
1730 Aliso
Albuquerque, New Mexico 87110

Ernest & Mary E. Sanchez
Route 4, Box 2041
Bloomfield, New Mexico 87413

Howard L. & Elsie M. Hays
P.O. Box 401
Regina, New Mexico 87046

Tedrick C. Sedillo
HC 78 Box 21
Regina, New Mexico 87046

Eduardo J. Lopez
P.O. Box 3786
Santa Fe, New Mexico 87504

U.S. ENERCORP, LTD.**AUG 09 2006**

**Post Office Box 17098
San Antonio, Texas 78217
Telephone: (210) 829-4888
Fax: (210) 824-3950**

August 7, 2006

**Benson-Montin-Greer Drilling Corp.
4900 College Boulevard
Farmington, New Mexico 87402**

Attn: James Hornbeck

**Re: Protest of Non-Standard Location
Almagre Arroyo 30 No. 1 Well
NW Sec. 30-24N-R1E
Rio Arriba County, New Mexico**

Gentlemen,

This letter, when signed by you, shall serve to evidence our prior verbal agreement regarding your protest of our Non-Standard Location Application for the Almagre Arroyo 30 No. 1 well as follows:

- (1) U.S. Enercorp, LTD. (USE) will amend (or re-file) the subject Non-Standard Location Application to reflect our agreement to cause the subject wellbore to be drilled no closer than 990' to your lease line, being the North and West lines of Section 30, T24N - R1E, rather than 660', as originally stated, and
- (2) USE will provide you with the daily drilling reports, a copy of any well logs, formation test results and other similar information directly related to the drilling of the subject well and,

In consideration for (1) and (2) above, Benson-Montin-Greer Drilling Corp. (BMG) will withdraw its protest of the subject Non-Standard Location Application. Furthermore, BMG's execution of this letter constitutes a waiver of protest to USE's amended (or re-filed) application with the NMOCD. BMG shall provide such additional approvals and consents as may be useful or necessary for the final approval of the subject non-standard location by the NMOCD.

The effective date of this letter agreement shall be the date of your agreement to the terms hereof as shown below and shall remain in effect for a period of one (1) year thereafter.

Benson-Montin-Greer Drilling Corp.
August 7, 2006
Page 2

If this letter correctly sets forth the terms and provisions of our agreement regarding the proposed Almagre Arroyo 30 No. 1 well, please date and sign the enclosed duplicate original and return it to this office in the enclosed envelope.

Very truly yours,



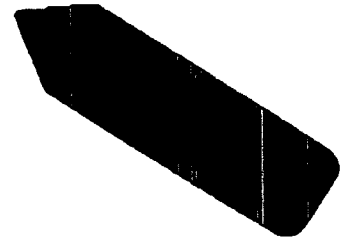
John H. Sowell, III
Landman

Agreed to and Accepted Effective this _____ day of _____, 2006.

Benson-Montin-Greer Drilling Corp.

By: _____

Title: _____



JHS:th