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CBS OPERATING CORP.

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February 25, 2010
State of New Mexico
Department of Energy, Minerals & Natural Resources
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: 2010 Plan of Development
North Square Lake Unit
Eddy County, New Mexico

Ladies and Gentlemen:

Recap of 2009 Operations

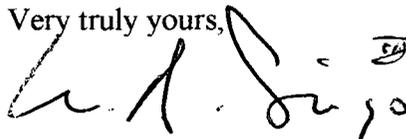
CBS Operating Corp. injected 820,781 BW into the North Square Lake Unit in 2009 compared to 775,456 BW in 2008. This resulted in an 8% increase in production in 2009 over 2008.

CBS Operating remediated surface spills from historical stuffing box leaks located at the North Square Lake Unit Well Nos. 20, 72, 159, and 199.

Plan of Development for 2010

- 1) CBS Operating Corp. intends on increasing injection capacity at the North Square Lake Unit by adding new pump capacity to the existing injection facility.
- 2) As a result of increasing injection capacity at the North Square Lake Unit, CBS Operating will reactivate North Square Lake Unit No. 142 to injection as well as several pending new C-108 injection wells.

Very truly yours,



M. A. Sirgo, III
Engineer

MAS/pr