

ENERGEN
RESOURCES

CERTIFIED MAIL
7009 2820 0000 5800 7099

April 20, 2011

Adobe Investment Company
PO Box 1006
Ignacio, CO 81137

Attention: Mr. Chris Ribera

RE Township 32 North, Range 4 West, N.M.P.M.
Sección 8 E/2 of Lot 5
Rio Arriba County, New Mexico

Dear Chris:

I am writing this letter in order to outline the options available to Adobe Investment Company as it relates to Energen Resources Corporation's ("Energen") proposal to drill the Carracas 8B 16 well in Section 8, T32N, R4W, Rio Arriba County, New Mexico

Energen's offer to lease your minerals is available. This offer is for a bonus of \$10,336.00, a 20% royalty and a five year term as shown in the lease and information previously provided.

Adobe also could join in the drilling and completion of this well. An Authority for Expenditure (AFE) is enclosed. This AFE shows an estimated total cost of \$1,602,830.15. Please note that this is an estimate only and costs could be more or less dependent upon problems occurring while drilling. A jointer would require an operating agreement. Energen will use a 1982 AAPL Model Form Operating Agreement. Fixed overhead rates would be \$6,500.00 per month for drilling and \$650.00 per month producing.

Your mineral interest would provide you with a 5.219279% working interest in this well. The spacing unit is all of Section 8, T32N-R4W, Rio Arriba County, New Mexico.

The last option would be for Energen to file a Compulsory Pooling request with the New Mexico Oil Conservation Division (NMOCD). Currently orders issued by the NMOCD allow for a 12.5% royalty during a 300% payout, which converts to a working interest thereafter. The NMOCD also would stipulate the overhead rates. Since this involves a timely process, Energen will commence this process right away.

I am hopeful that we can come to an agreement in the near future. If you have any questions, please contact me at 505-324-4133 or by email at dpoage@energen.com.

Yours very truly,


David M. Poage
District Landman

Enclosures

DMP/mt

cc: Carracas 8B 16 well file

Energen Resources Corporation, an Energen Company 2010 Afton Place, Farmington, New Mexico 87401 505.325.6800

ENERGEN EX. NO. 4
NMOCD CASE # 14653
MAY 26, 2011

APE NUMBER SJ11-11		PROPERTY NUMBER 3121111A		DATE 4/3/2011	
WELL NAME AND NUMBER CARRACAS BB #16			FIELD OR AREA Basin Fruitland Coal		
OPERATOR Energen Resources			COUNTY RIO ARRIBA		STATE NEW MEXICO
PROJECT DESCRIPTION AND LOCATION New Development Well			SECTION 8	TOWNSHIP 32N	RANGE 4W
			PROPOSED FORMATION Fruitland Coal		PROPOSED DEPTH 7,655
<input checked="" type="checkbox"/> SINGLE	<input type="checkbox"/> OIL	<input checked="" type="checkbox"/> GAS	<input type="checkbox"/> EXPL.	<input type="checkbox"/> STRAT.	<input type="checkbox"/> WORKOVER
<input type="checkbox"/> DUAL	<input type="checkbox"/> BAY	<input checked="" type="checkbox"/> DEV.	<input type="checkbox"/> NEW	<input type="checkbox"/> CAPITAL	<input checked="" type="checkbox"/> EXPENSE
<input checked="" type="checkbox"/> LAND	<input type="checkbox"/> MARSH	<input type="checkbox"/> GULF	DATE TO START 8/1/2011		DAYS TO DRILL/COMPLETE 16 10
			<input checked="" type="checkbox"/> ORIGINAL	<input type="checkbox"/> SUPPLEMENT	
TANGIBLES - 940			DRY HOLE COSTS	COMPLETION COSTS	TOTAL COSTS
TUBULAR GOODS					
101	Conductor Pipe	in	FL		\$0.00
106	Surface Casing	9 5/8 in.	200 FL	20.42 \$/FL	\$4,084.00
104	Production	in	FL		\$0.00
104	First Inter	7 in.	3,715 FL	15.57 \$/FL	\$57,842.55
104	Second Inter	in	FL		\$0.00
104	Prod Liner	4 1/2 in.	3,990 FL	12.44 \$/FL	\$49,635.60
105	Rods	7/8 in.	3,550 FL	3.62 \$/FL	\$12,851.00
107	Tubing	2 3/8 in.	3,550 FL	4.40 \$/FL	\$15,620.00
107	Tubing	1 1/4 in.	3,550 FL	3.25 \$/FL	\$11,537.50
EQUIPMENT					
201	Wellhead				\$8,499.00
102,103	Tbg & Csg Acc./liner hgr, Prod Pkr				\$17,499.00
202,203	Production				
205,206	Equipment				\$138,000.00
204	Other Valves and fittings				\$10,000.00
TOTAL TANGIBLES					\$307,948.65
INTANGIBLES - 950					
DRILLING COSTS					
103	Turnkey				\$0.00
103	Footage		FL		\$0.00
103	Day Work	18 Da.		15,800.00 \$/Da.	\$282,800.00
208	Comp Rig	120 Hr.		300.00 \$/hr.	\$36,000.00
208	Service unit				\$10,000.00
105	Rental Tools, Services, Chokes, Etc.				\$128,000.00
107,205	Rig Moving Cost				\$5,000.00
105	Other Directional Services				\$300,000.00
CEMENTING (INCL. FLOAT EQUIP. ETC.)					
102	Surface				\$10,000.00
102	Intermediates				\$28,000.00
201	Production				\$0.00
201	Production Liners				\$0.00
102	Tieback String				\$0.00
201	Squeeze Cemt (Incl Ret & Pkrs)				\$0.00
201	Other				\$0.00
FORMATION TREATMENT					
207	Acidizing				\$5,000.00
207	Fracturing Equipment & Materials				\$0.00
204	Frac. Fluid	Gas			\$0.00
203,205	Tank Rental & Hauling				\$0.00
SPECIAL SERVICES					
208	Perforation (set B P, & Pkrs., Wireline Etc)				\$0.00
150	Mud Logging Data Units				\$27,000.00
150	Formation Logging				\$0.00
160,250	Cores, DST's, Well Testing, etc				\$0.00
150	Drilling Logs (CBL, Tracer, Inspection, W L)				\$0.00
203	Packer & Retr B P				\$0.00
208	Whipstocking & Sidetracking				\$0.00
206	Compressors				\$0.00
DRILLING FLUIDS					
104	Mud & Chemicals				\$56,000.00
108	Water & Brine				\$10,000.00
108	Other (Gas & Air)				\$15,000.00
MATERIALS & SERVICES OTHER					
101	Bite & Reamers				\$22,965.00
108	Fuel				\$5,000.00
107,205	Hauling				\$33,000.00
201	Tubular Inspection				\$49,600.00
105,203	Testing (Manifolds, BOP, Tbg Etc)				\$0.00
105,203	Misc. Csg Exp (Run Csg, Sandblasting, Etc)				\$0.00
203	Tank Rentals				\$18,000.00
203	Equipment Rental				\$2,000.00
203	Misc. Exp.				\$1,000.00
LOCATION, ACCESS, CLEANUP					
030	Road/Site/Construction				\$41,000.00
060,090	Safety/Environmental				\$27,000.00
SUPERVISION & LEGAL ETC.					
020					\$20,800.00
TOTAL INTANGIBLES					\$1,177,165.00
Plus 10% Contingency					\$117,716.50
TOTAL INTANGIBLES WITH 10% CONTINGENCY					\$1,294,881.50
TOTAL TANGIBLES					\$307,948.65
GRAND TOTAL					\$1,602,830.15
Partner Name			W.I. % for Dry Hole	W.I. % for Completion	
Date April 6, 2011			Partner's Approval		
Prepared by Devin Mills			Company Name		
Approved by			Date		

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Sent To Adobe Investment Co.
 Street, Apt. No., or PO Box No. P.O. Box 1006
 City, State, ZIP+4 Ignacio CO 81137
 PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> <u>Stephanie R. Baker</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>Stephanie R. Baker</u> C. Date of Delivery <u>3-4-11</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p><u>Adobe Investment Co.</u> <u>P.O. Box 1006</u> <u>Ignacio CO 81137</u></p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>7009 2820 0000 5801 5094</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1546</p>	