

March 24, 2008

Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, NM 87401

New Mexico Commissioner of Public Lands
PO Box 1148
Santa Fe, NM 87501-1148

New Mexico Oil Conservation Division
Energy & Minerals Department
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: **2008 PLAN OF DEVELOPMENT**
SAN JUAN 32-5 UNIT, #14-08-001-534
RIO ARriba COUNTY, NEW MEXICO

Gentlemen:

The following Participating Areas currently exist in the unit:

| <u>FORMATION</u> | <u>EXPANSION</u> | <u>EFFECTIVE DATE</u> |
|------------------|---------------------------------|-----------------------|
| Mesaverde | 8 th | 12/1/62 |
| Dakota | 6 th | 11/1/62 |
| Fruitland Coal | Initial through 9 th | Varies (proposed) |

By letter dated March 23, 2007, the Plan of Development (POD) for the calendar year 2007 was filed by Energen Resources Corporation as Unit Operator and provided for the following activity:

| WELL NAME | FORMATION | DESCRIPTION | TYPE | STATUS |
|-----------------------------|----------------|----------------|------------------------|--------------------|
| San Juan 32-5 Unit Com 114 | Fruitland Coal | S/2 14-32-N-6W | New Drill - Single | Completed 9/25/07 |
| San Juan 32-5 Unit Com 115 | Fruitland Coal | W/2 22-32N-6W | New Drill - Single | Carry-over to 2008 |
| San Juan 32-5 Unit Com 115S | Fruitland Coal | W/2 22-32N-6W | New Drill - Horizontal | Carry-over to 2008 |
| San Juan 32-5 Unit 116 | Fruitland Coal | W/2 27-32N-6W | New Drill - Horizontal | Completed 9/28/07 |

As of this date, the total number of wells in the San Juan 32-5 Unit are as follows:

| | | |
|------------------|-----------|----------|
| Mesaverde | Producing | 26 |
| Mesaverde | P&A | 3 |
| Mesaverde/Dakota | Producing | 7 |
| Dakota | Producing | 1 |
| Fruitland Coal | Producing | 26 |
| | | <hr/> 63 |

2008 PLAN OF DEVELOPMENT

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Pursuant to Section 10 of the San Juan 32-5 Unit Agreement, Energen Resources Corporation as Unit Operator, hereby submits the Plan of Development for 2008 as follows:

| WELL NAME | FORMATION | DEDICATION | TYPE |
|-----------------------------|----------------|--|------------------------|
| San Juan 32-5 Unit 12C | Mesaverde | E/2 24-32N-6W | New Drill |
| San Juan 32-5 Unit 21 | Mesaverde | Surf: 23-32N-6W BHL: 22-32N-6W Spacing: S/2 of Sec. 22 | New Drill – Horizontal |
| San Juan 32-5 Unit 110S | Fruitland Coal | Surf: 23-32N-6W BHL: 22-32N-6W Spacing: E/2 of Sec 22 | New Drill – Horizontal |
| San Juan 32-5 Unit Com 115 | Fruitland Coal | W/2 22-32N-6W | New Drill – Horizontal |
| San Juan 32-5 Unit Com 115S | Fruitland Coal | Surf: 21-32N-6W BHL: 22-32N-6W W/2 of Sec. 22 | New Drill – Horizontal |
| San Juan 32-5 Unit 116S | Fruitland Coal | W/2 27-32N6W | New Drill – Horizontal |

Energen owns 98.523395% gross working interest in the proposed San Juan 32-5 Unit #12C Mesaverde well and 100% gross working interest in the rest of the proposed wells.

Energen, as Unit Operator, plans to drill any offset wells required to prevent drainage of unitized substances and any other wells deemed necessary or desirable by the Unit Operator and the Working Interest Owners.

In accordance with Section 10 of the Unit Agreement, please advise of your approval by executing in the space provided below and returning a copy to the undersigned.

Copies of this letter are being sent to the Working Interest Owners shown on the attached sheet.

Please contact the undersigned at (505) 325-6800 if there are any questions regarding this letter.

Very truly yours,



David M. Poage
District Landman

Enclosures

DP/mt

SAN JUAN 32-5 UNIT 2008 PLAN OF DEVELOPMENT

APPROVED: _____
Bureau of Land Management

DATE: _____

APPROVED: _____
Commissioner of Public Lands

DATE: _____

APPROVED: 
Oil Conservation Division

DATE: 4/9/08

Attachment to 2008 Plan of Development for the San Juan 32-5 Unit, #14-08-001-534

Working Interest Owner:

XTO Energy Inc.
810 Houston St.
Fort Worth, TX 76102