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March 11, 2010

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: **2010 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	12/1/1962
Dakota	6 th	11/1/1962
Fruitland Coal	9 th	11/1/2006

By letter dated March 24, 2008, the Plan of Development (POD) for the calendar year 2009 was filed by Energen Resources Corporation as Unit Operator and provided for the following activity:

<u>WELL NAME</u>	<u>FORMATION</u>	<u>DEDICATION</u>	<u>TYPE</u>	<u>STATUS</u>
San Juan 32-5 Unit 12C	Mesaverde	E/2 24-32N-6W	New Drill	Moved to 2010
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)	Spud 5/28/2009 Completed 7/7/2009 1 st Delivered 7/30/2009
San Juan 32-5 Unit 112S	Fruitland Coal	Surf: SWNE 24-32N-6W BHL: NWNW 18-32N-5W	New Drill (Horizontal)	Spud 9/3/2009 Completed 10/31/2009 1 st Delivered 11/20/2009

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	29
Fruitland Coal	Shut-in	1
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2010 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 2010 as follows:

WELL NAME	FORMATION	DEDICATION	TYPE	STATUS
San Juan 32-5 Unit 12C	Mesaverde	E/2 Sec 24, T32N, R6W	New Drill	Carry-over from 2009
San Juan 32-5 Unit 118	Fruitland Coal	E/2 Sec 16, T32N, R6W	New Drill	

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) 324-4133 if there are any questions regarding this letter.

Very truly yours,



David M. Poage
District Landman

Enclosures

DP/mt

SAN JUAN 32-5 UNIT 2010 PLAN OF DEVELOPMENT

APPROVED: _____ DATE: _____
Bureau of Land Management

APPROVED: _____ DATE: _____
Commissioner of Public Lands

APPROVED: *Ed Martin* DATE: 3/29/10
Oil Conservation Division