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OIL CONSERVATION
DIVISION

November 14, 2005

Bureau of Land Management(3)
Attn: Mr. Wayne Townsend
1235 La Plata Highway
Farmington, NM 87401

Commissioner of Public Lands(2)
Attn: Ms. Jamie Bailey
State of New Mexico
P.O. Box 1148
Santa Fe, NM 87501-1148

State of New Mexico(2)
Oil Conservation Division
Energy & Minerals Department
Attn: Mr. Mark E. Fesmire
1220 St. Francis Drive
Santa Fe, NM 87505-4000

RE: San Juan 32-5 Unit, # 14-08-001-534
San Juan County, New Mexico
Fruitland Coal Participating Area
Initial Expansion, effective April 30, 2000
First Expansion, effective May 1, 2001
Second Expansion, effective October 1, 2001
Third Expansion, effective November 1, 2001
Fourth Expansion, effective December 1, 2001
Fifth Expansion, effective August 1, 2002
Sixth Expansion, effective September 1, 2002
Seventh Expansion, effective November 1, 2002
Eighth Expansion, effective August 1, 2003
Ninth Expansion, effective November 1, 2003

Dear Sir or Madam:

Pursuant to Section 11(a) of the Unit Agreement for the referenced Unit, approved March 30, 1953, Energen Resources Corporation, as Unit Operator has determined that the listed wells are capable of producing unitized substances in paying quantities from the Fruitland Coal Formation and thereby should be admitted to the Fruitland Coal Participating Area. Pursuant to a BLM letter, attached is a list of all of the wells along with their respective tracts and completion dates.

The Expansion Schedules for the Initial through the Ninth Expansions are enclosed. The schedules describe and Participating Areas and show the percentages of unitized substances allocated to the Tracts according to the ownership within the Tracts.

We would appreciate consideration of these Expansions as soon as possible. Please contact the undersigned at (505) 326-6162 if there are any questions regarding this matter. Copies of this letter are being furnished to the Working Interest owners on the attached list.

Very truly yours,

A handwritten signature in black ink, reading "David M. Poage". The signature is written in a cursive style with a large, prominent initial "D".

David M. Poage
District Landman

WORKING INTEREST OWNERS
San Juan 32-5 Unit

BP America Production Inc.
Benson-Montin-Greer Drilling Corporation
La Plata Gathering System Inc.
Henrietta E. Schultz, Trustee
Mr. J. Glenn Turner, Jr.
Mr. William G. Webb
Williams Production Company
Frank O. Elliott and Edna Ione Hall Elliott
Energen Resources Corporation

SAN JUAN 32-5 UNIT, # 14-08-001-534
 Rio Arriba County, New Mexico
 Fruitland Coal Participating Area

Initial Expansion-Effective April 30, 2000
 Total P/A acres = 960.00

Wells No./ Dedication	Tract #	Tract Description	Tract Acres	Completion	Date
San Juan 32-5 # 102 (W/2)	11F 44	T32N,R6W, Sec. 24: NW/4 T32N,R6W, Sec. 24: SW/4	160.00		April 30, 2000
San Juan 32-5 # 105 (E/2)	11E 20A	T32N,R6W, Sec. 25: N/2NE/4 T32N,R6W, Sec. 25: S/2NE/4,SE/4	80.00 240.00		April 30, 2000
San Juan 32-5 # 108 (E/2)	11G 64	T32N,R6W, Sec. 27: E/2NE/4, SE/4 T32N,R6W, Sec. 27: W/2NE/4	240.00 80.00		April 30, 2000

First Expansion-Effective May 1, 2001
 Total P/A acres = 1600.00

San Juan 32-5 # 106 (W/2)	8 11B	T32N,R6W, Sec. 26: SW/4 T32N,R6W, Sec. 26: NW/4	160.00 160.00		April 30, 2001
San Juan 32-5 # 107 (E/2)		T32N,R6W, Sec. 26: NE/4NE/4 T32N,R6W, Sec. 26: NW/4NE/4, S/2NE/4, SE/4	40.00 280.00		April 30, 2001

Second Expansion-Effective October 1, 2001
 Total P/A acres = 1920.00

San Juan 32-5 # 104 (W/2)	11C 20B	T32N,R6W, Sec. 25; NW/4 T32N,R6W, Sec. 25; SW/4	160.00 160.00		September 30, 2001
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Third Expansion-Effective November 1, 2001
 Total P/A acres = 2240.00

San Juan 32-5 # 113 (S/2)	22	T32N,R5W, Sec. 32: S/2	320.00		October 28, 2001
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Fourth Expansion-Effective December 1, 2001
 Total P/A acres = 2585.59

San Juan 32-5 # 111 (All 30, 31)	1D 19A	T32N,R5W, Sec. 30: Lots 1,2,3,4, T32N,R5W, Sec. 31: Lots 1,2,3,4,	174.41 171.18		November 25, 2001
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SAN JUAN 32-5 UNIT, # 14-08-001-534
 Rio Arriba County, New Mexico
 Fruitland Coal Participating Area

Fifth Expansion-Effective August 1, 2002
 Total P/A acres = 2940.84

San Juan 32-5 # 112 (All 18,19)	1C 19B	T32N,R5W, Sec. 18: Lots 1,2,3,4, T32N,R5W, Sec. 19: Lots 1,2,3,4,	177.17 178.08	July 8, 2002
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Sixth Expansion-Effective September 1, 2002
 Total P/A acres = 3260.84

San Juan 32-5 # 100 (W/2)	11F 41 61B	T32N,R6W, Sec. 23: S/2NW/4, SW/4 T32N,R6W, Sec. 23: NW/4NW/4, W/2NE/4NW/4 T32N,R6W, Sec. 23: E/2NE/4NW/4	240.00 60.00 20.00	October 19, 2002
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Seventh Expansion-Effective November 1, 2002
 Total P/A acres = 3580.84

San Juan 32-5 # 110 (E/2)	12 40 41A	T32N,R6W, Sec. 22: SW/4SE/4, E/2SE/4 T32N,R6W, Sec. 22: NW/4SE/4 T32N,R6W, Sec. 22: NE/4	120.00 40.00 160.00	October 19, 2002
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Eighth Expansion-Effective August 1, 2003
 Total P/A acres = 3900.84

San Juan 32-5 # 101 (E/2)	11A 44 61A	T32N,R6W, Sec. 23: NE/4NE/4, S/2NE/4, W/2SE/4 T32N,R6W, Sec. 23: E/2SE/4 T32N,R6W, Sec. 23: NW/4NE/4	200.00 80.00 40.00	July 28, 2003
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Ninth Expansion-Effective November 1, 2003
 Total P/A acres = 4220.84

San Juan 32-5 # 103S (E/2)	11 11A 44	T32N,R6W, Sec. 24: NE/4 T32N,R6W, Sec. 24: E/2SE/4 T32N,R6W, Sec. 23: W/2SE/4	160.00 80.00 80.00	October 20, 2003
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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401



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IN REPLY REFER TO:
San Juan 32-5 Unit (Fruitland Coal)
3162.7 (07100)

March 25, 2004

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, NM 87401

RE: San Juan 32-5 Unit
Commerciality Determinations
Fruitland Coal Formation
Rio Arriba County, New Mexico

Dear Mr. Corcoran:

In response to your letter dated March 3, 2004, the Farmington Field Office (FFO) has reviewed the data you submitted for a commerciality determination for the following wells completed in the Fruitland Coal formation. A portion of the wells are being submitted for a re-determination for commerciality, San Juan 32-5 Unit wells number 100 through 108, as they were previously found to be non-commercial.

Well Name & Number	Dedication	Lease	Completion/ Workover Date	Determination
San Juan 32-5 Unit #100	W/2 Sec.23,T32N,R6W	NMSF079011	8/31/2002*	Commercial
San Juan 32-5 Unit #101S	E/2 Sec.23,T32N,R6W	FEE	7/28/2003	Commercial
San Juan 32-5 Unit #102	W/2 Sec.24,T32N,R6W	FEE	4/30/2000*	Commercial
San Juan 32-5 Unit #103S	E/2 Sec.24,T32N,R6W	NMSF079011	10/20/2003	Commercial
San Juan 32-5 Unit #104	W/2 Sec.25,T32N,R6W	NMSF081181	9/30/2001*	Commercial
San Juan 32-5 Unit #105	E/2 Sec.25,T32N,R6W	NMSF079011	4/30/2000*	Commercial
San Juan 32-5 Unit #106	W/2 Sec.26,T32N,R6W	NMNM03780	4/30/2001*	Commercial
San Juan 32-5 Unit #107	E/2 Sec.26,T32N,R6W	NMSF081181	4/30/2001*	Commercial
San Juan 32-5 Unit #108	E/2 Sec.27,T32N,R6W	NMSF079011A	4/30/2000*	Commercial
San Juan 32-5 Unit #110	E/2 Sec.22,T32N,R6W	NMSF079090	10/19/2002	Commercial
San Juan 32-5 Unit #111	All of Secs. 30 & 31, T32N,R5W	NMSF080657	11/25/2001	Commercial
San Juan 32-5 Unit #112	All of Secs. 18 & 19, T32N,R5W	NMSF080657	7/8/2002	Commercial
San Juan 32-5 Unit #113	S/2 Sec.32,T32N,R5W	STATE	10/28/2001	Commercial

* Commerciality dates were adjusted to the last day of the month preceding sustained commercial production.

It is not necessary to perform a commerciality determination on San Juan 32-5 Unit wells #101, #103, #104S, #105S, #106S and #107S as these wells are in the same gas proration and spacing unit as one of the above wells that were determined to be commercial. These wells will automatically be admitted to the San Juan 32-5 Unit Fruitland Coal Participating Area.

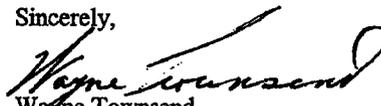
After completing our economic evaluations, we are in concurrence with the above determinations.

The wells were determined to be commercial in the Fruitland Coal formation and are to be included in the Fruitland Coal participating area. It is required that the initial San Juan 32-5 Unit Fruitland Coal Participating Area be submitted. It is also required that subsequent revisions be submitted to include the remaining wells in the San Juan 32-5 Unit Fruitland Coal Participating Area.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions concerning this matter, please contact Wayne Townsend at the above address or telephone (505) 599-6359.

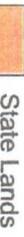
Sincerely,



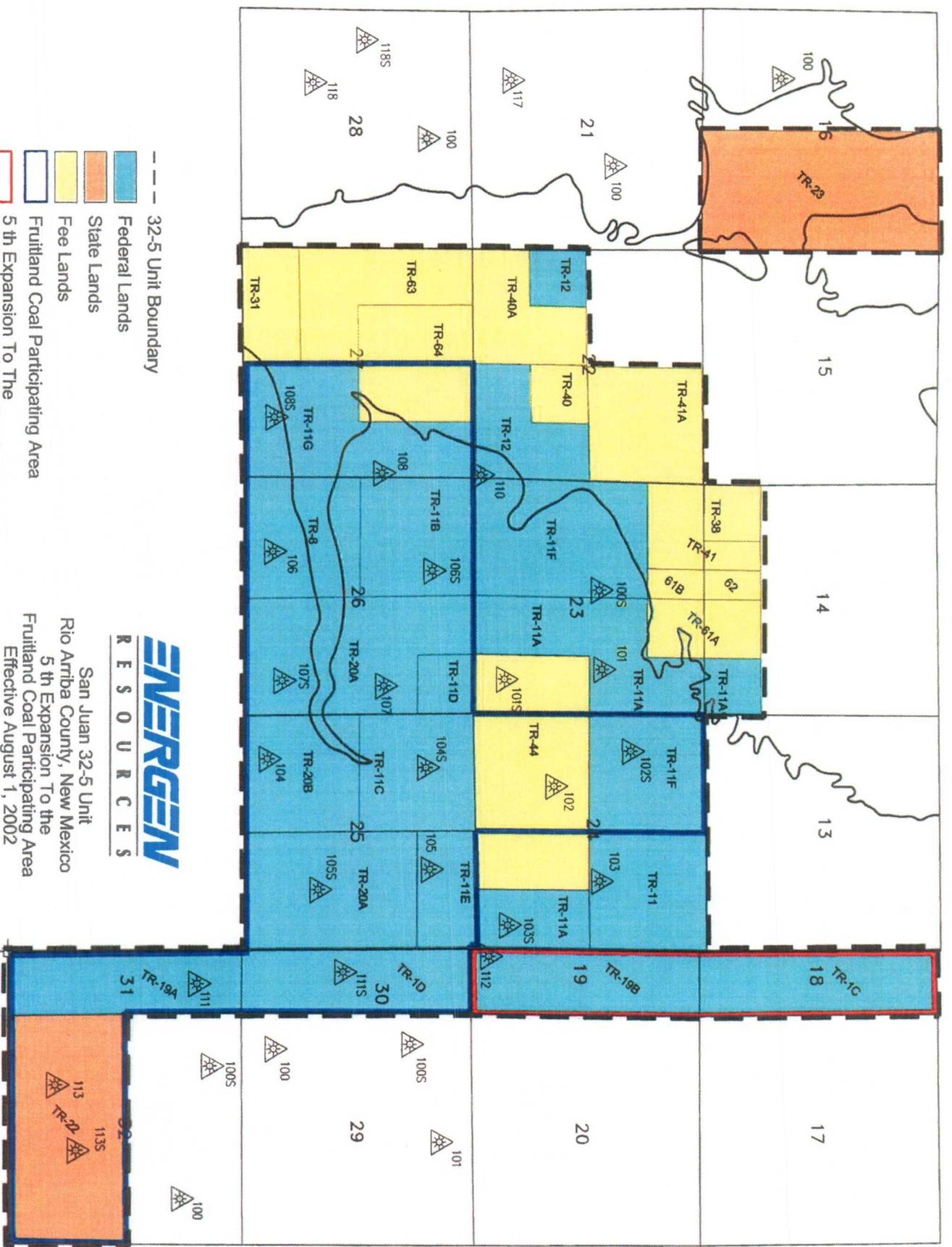
Wayne Townsend
Petroleum Engineer
Petroleum Management Team

R 6 W

T 32 N

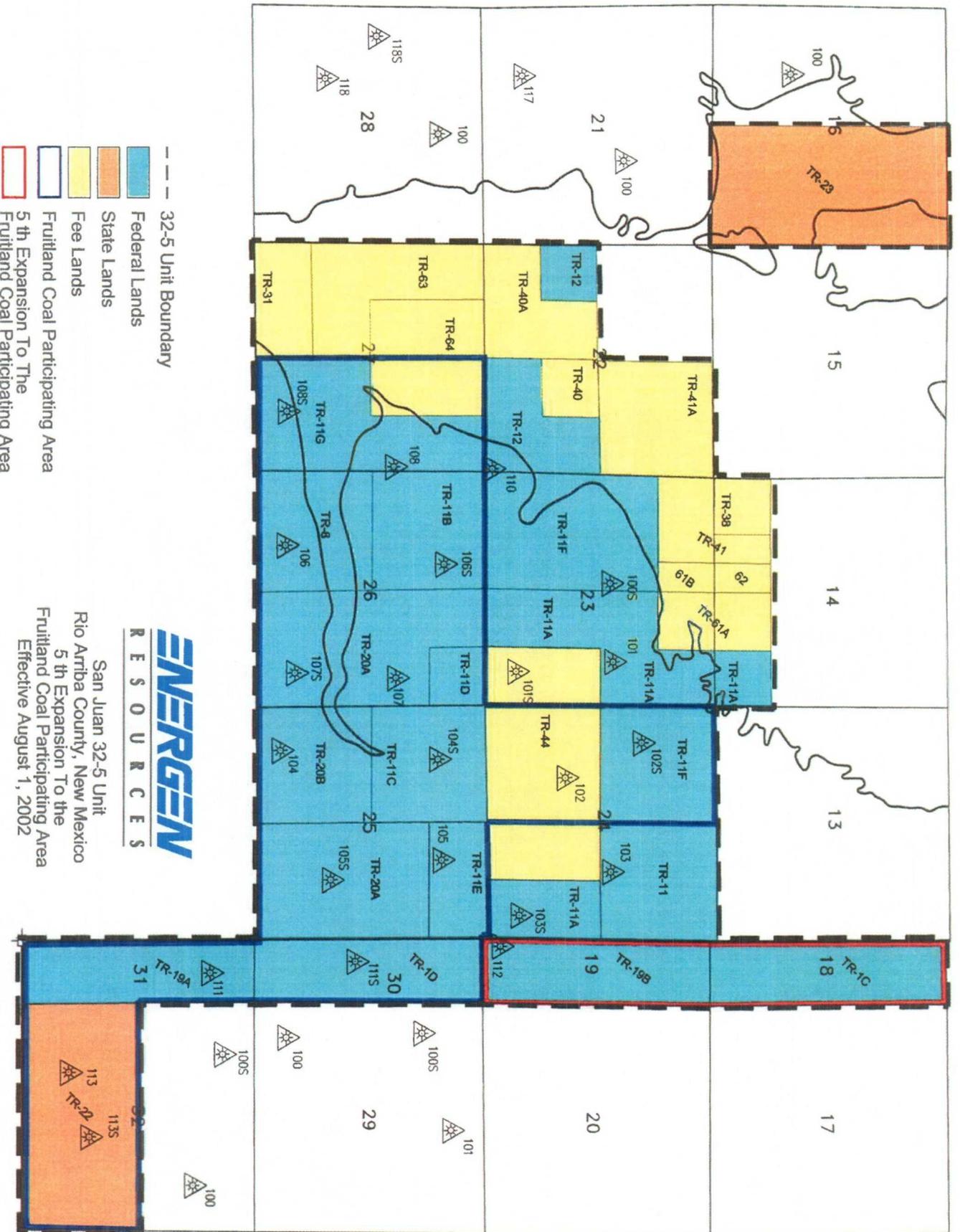
-  32-5 Unit Boundary
-  Federal Lands
-  State Lands
-  Fee Lands
-  Fruitland Coal Participating Area
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-  Fruitland Coal Participating Area

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 San Juan 32-5 Unit
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 5th Expansion To the
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 Effective August 1, 2002



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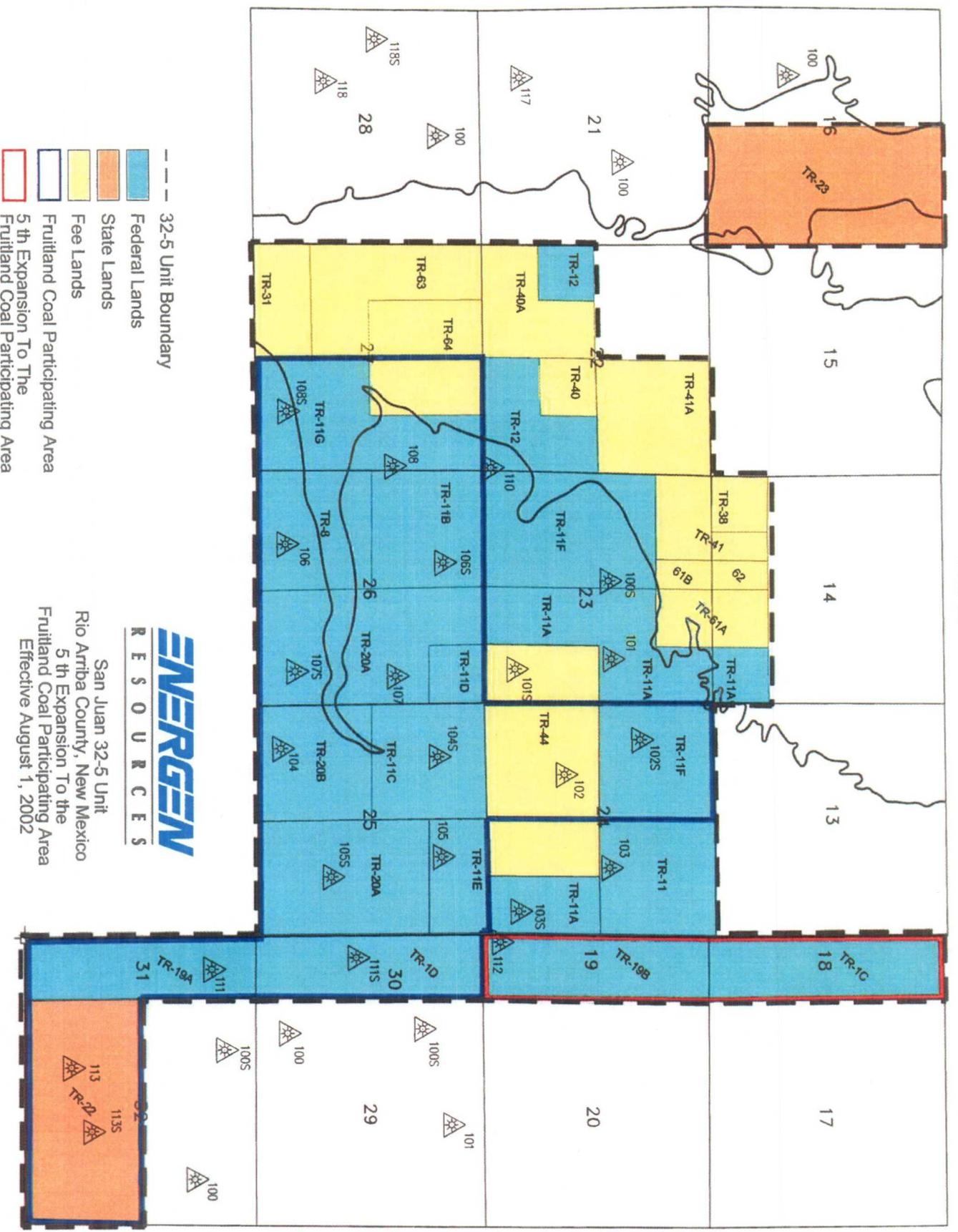
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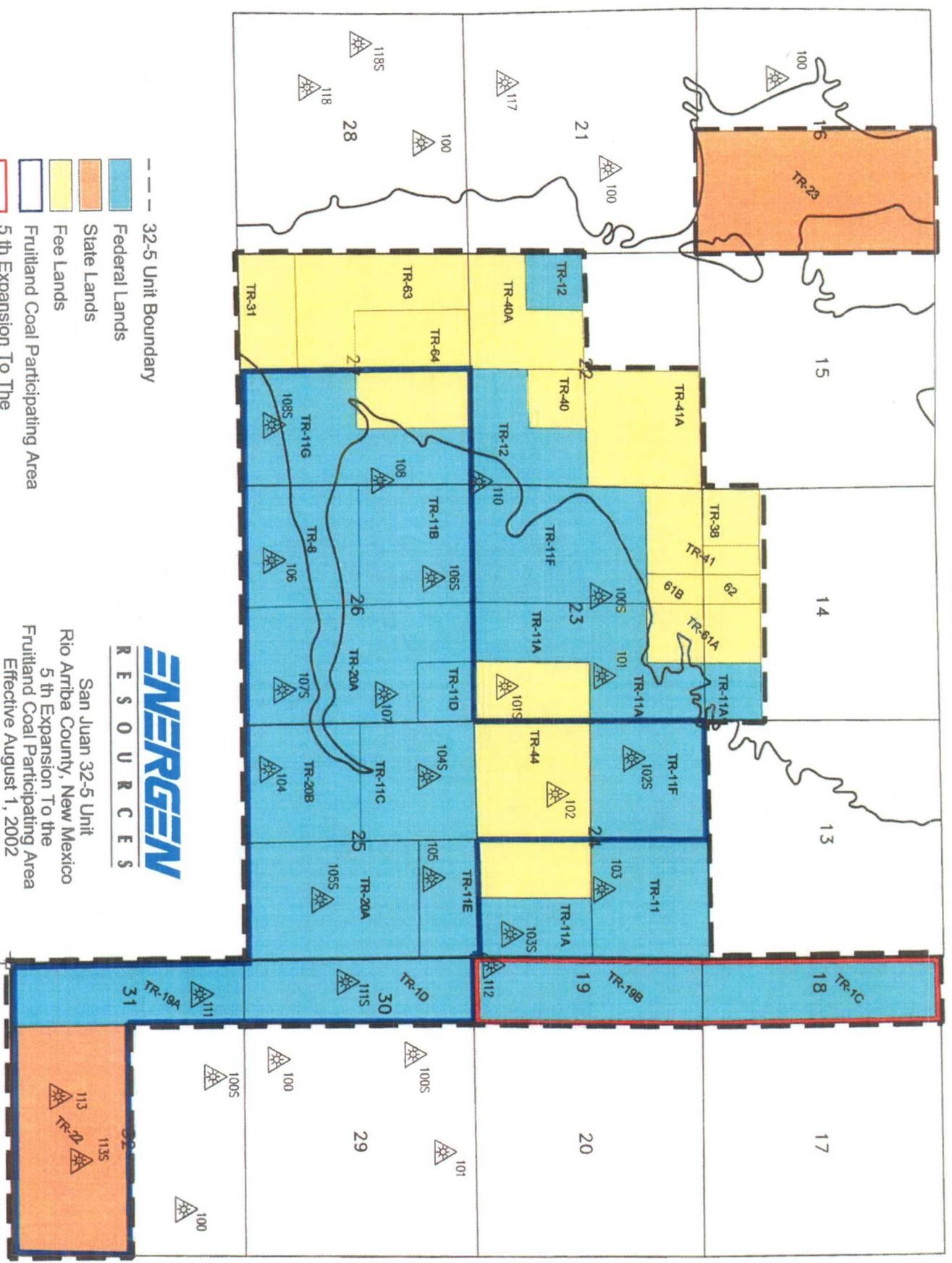


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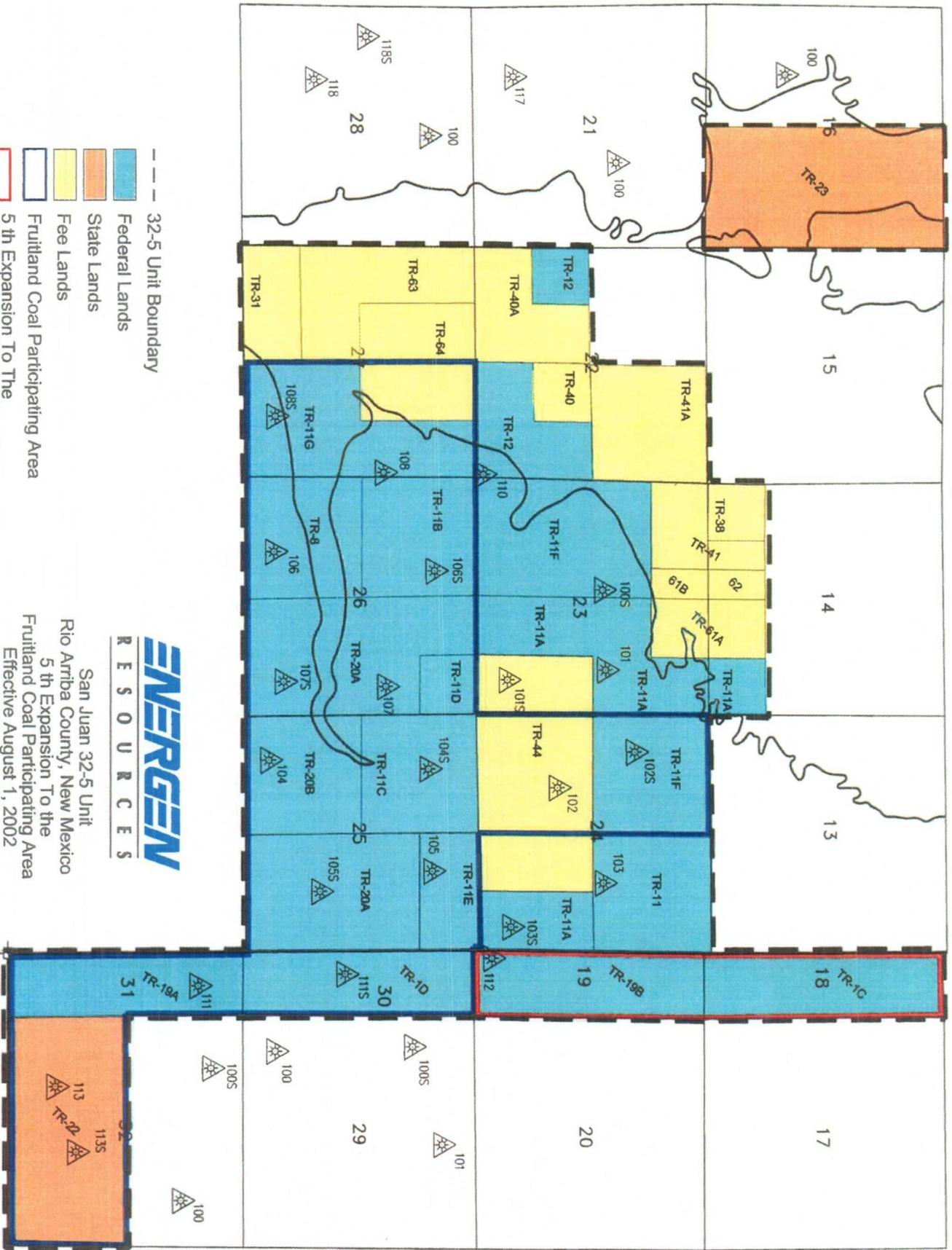


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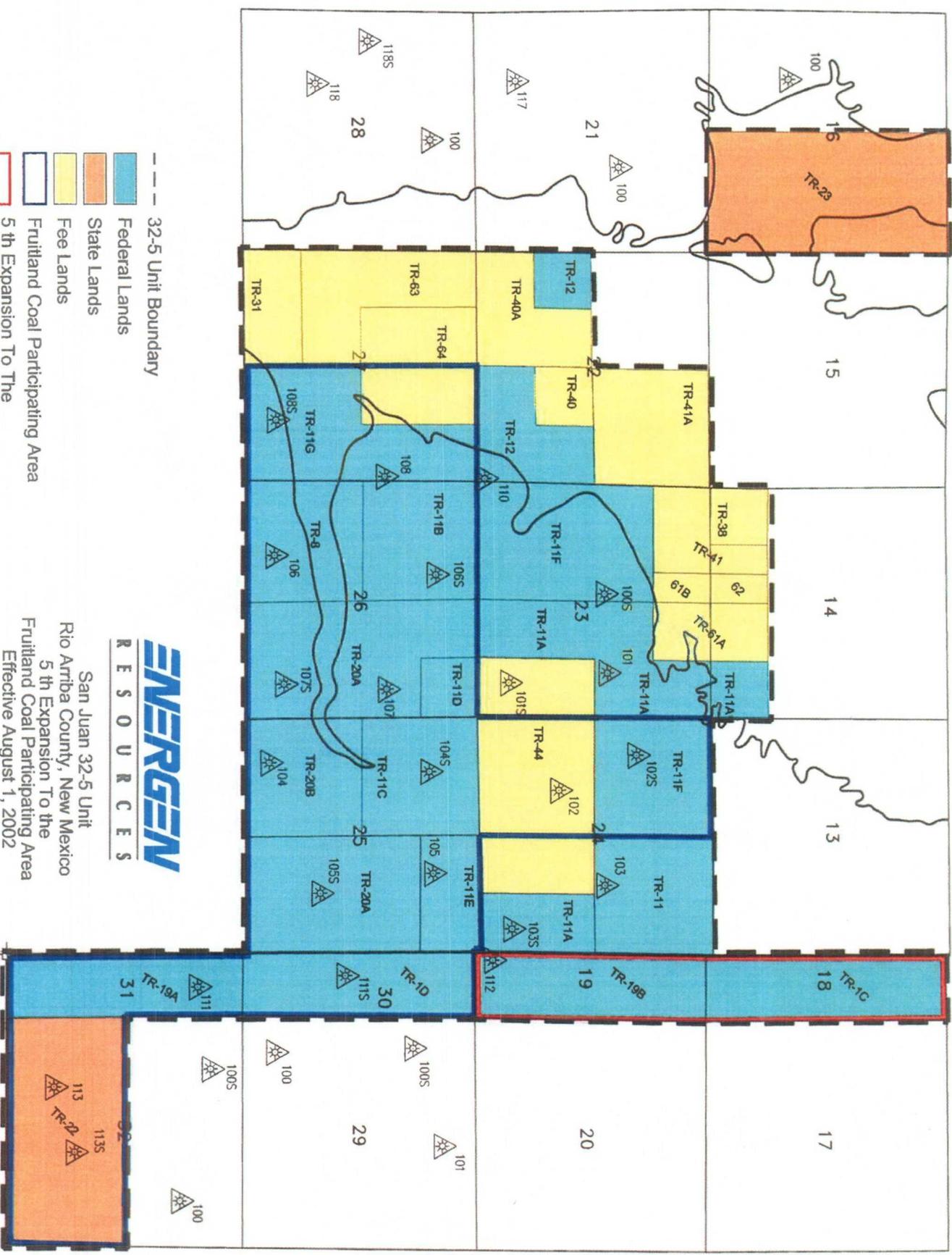
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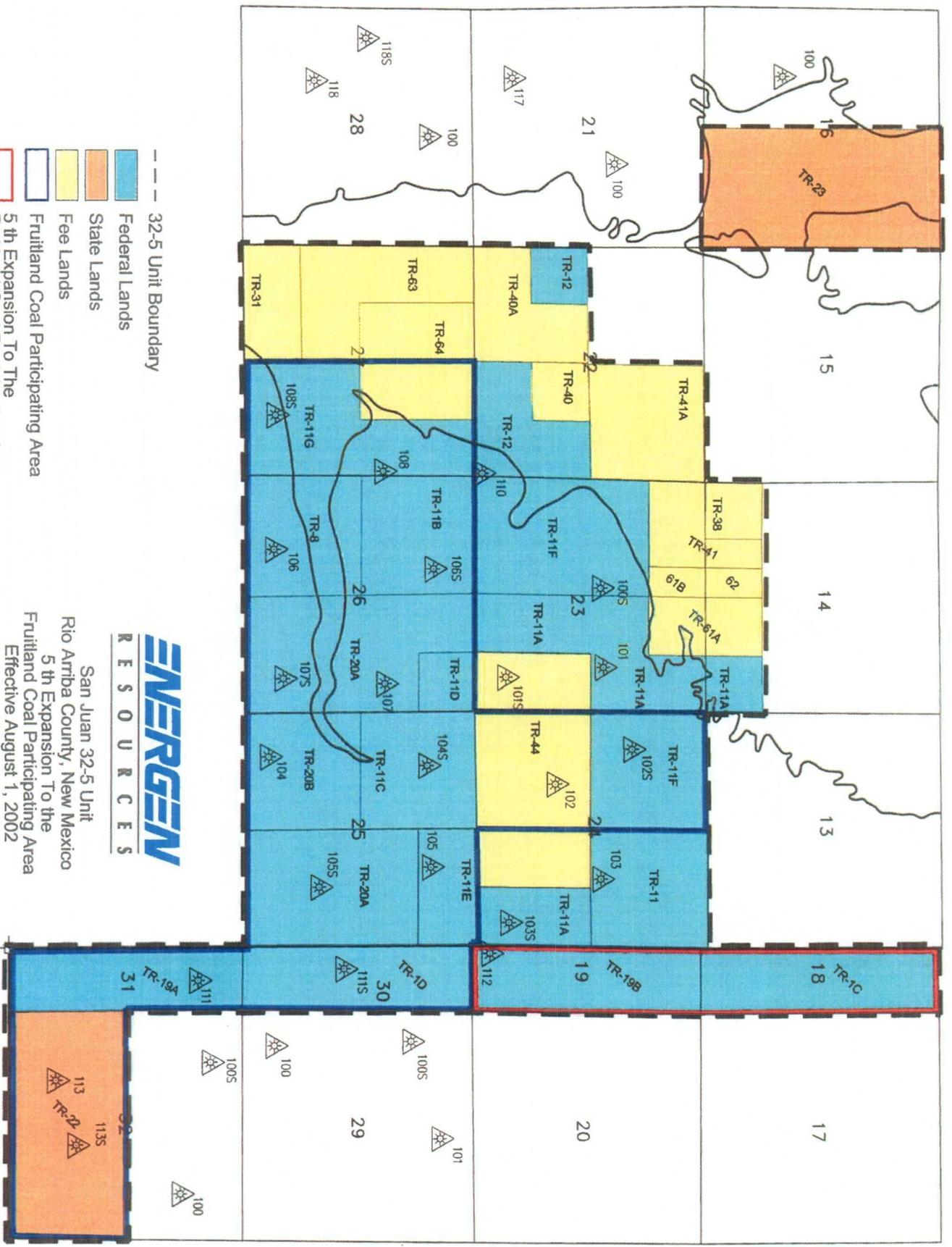
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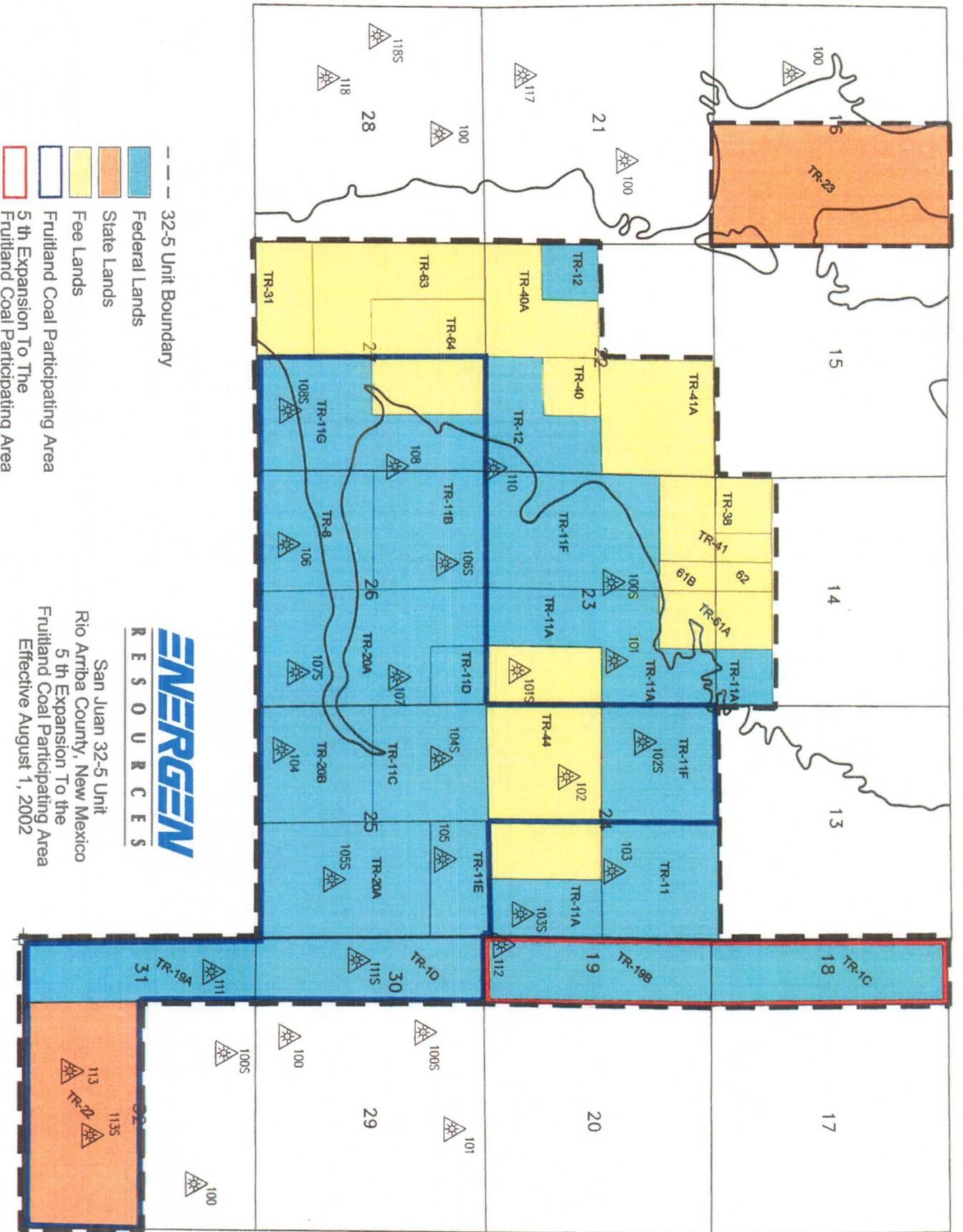
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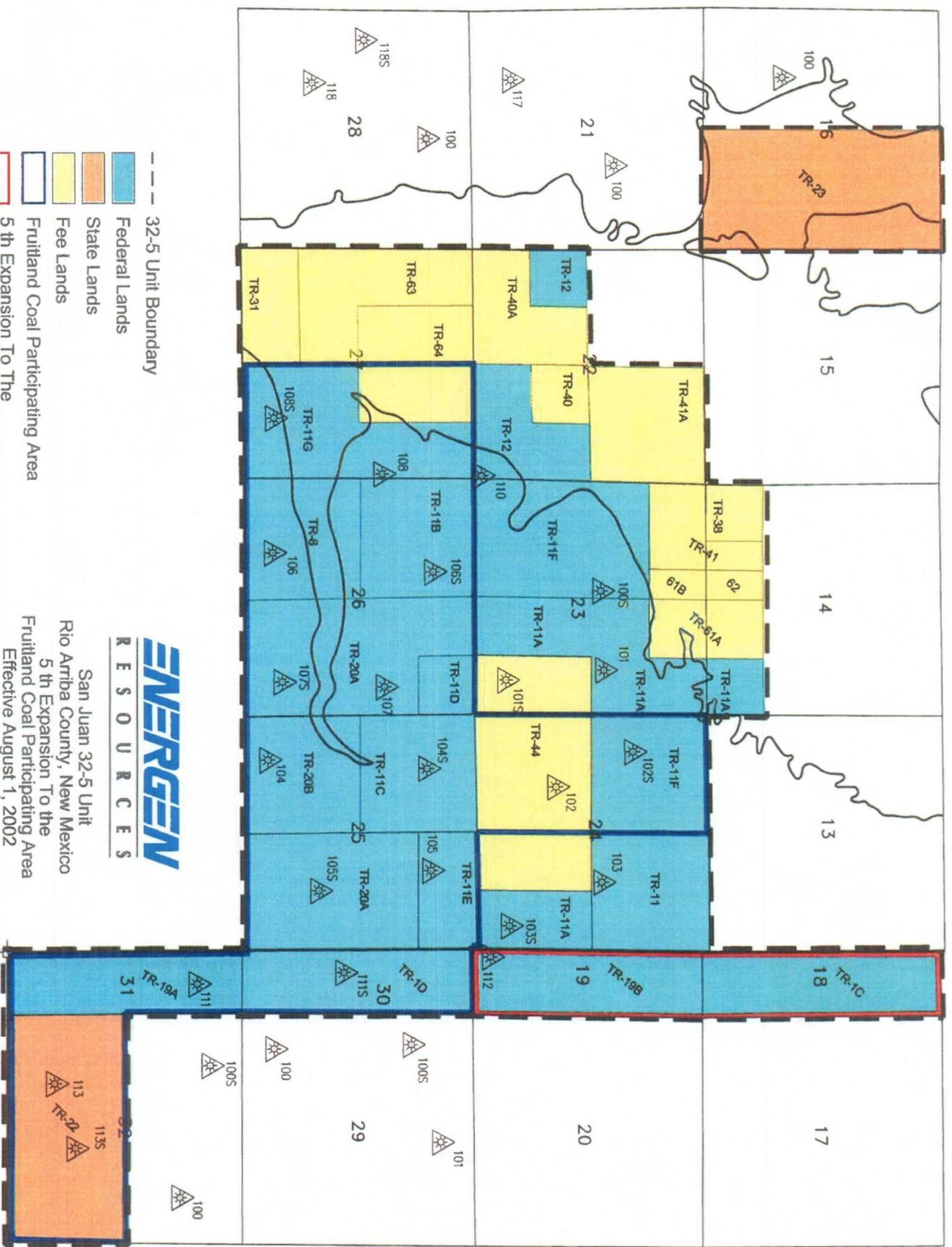


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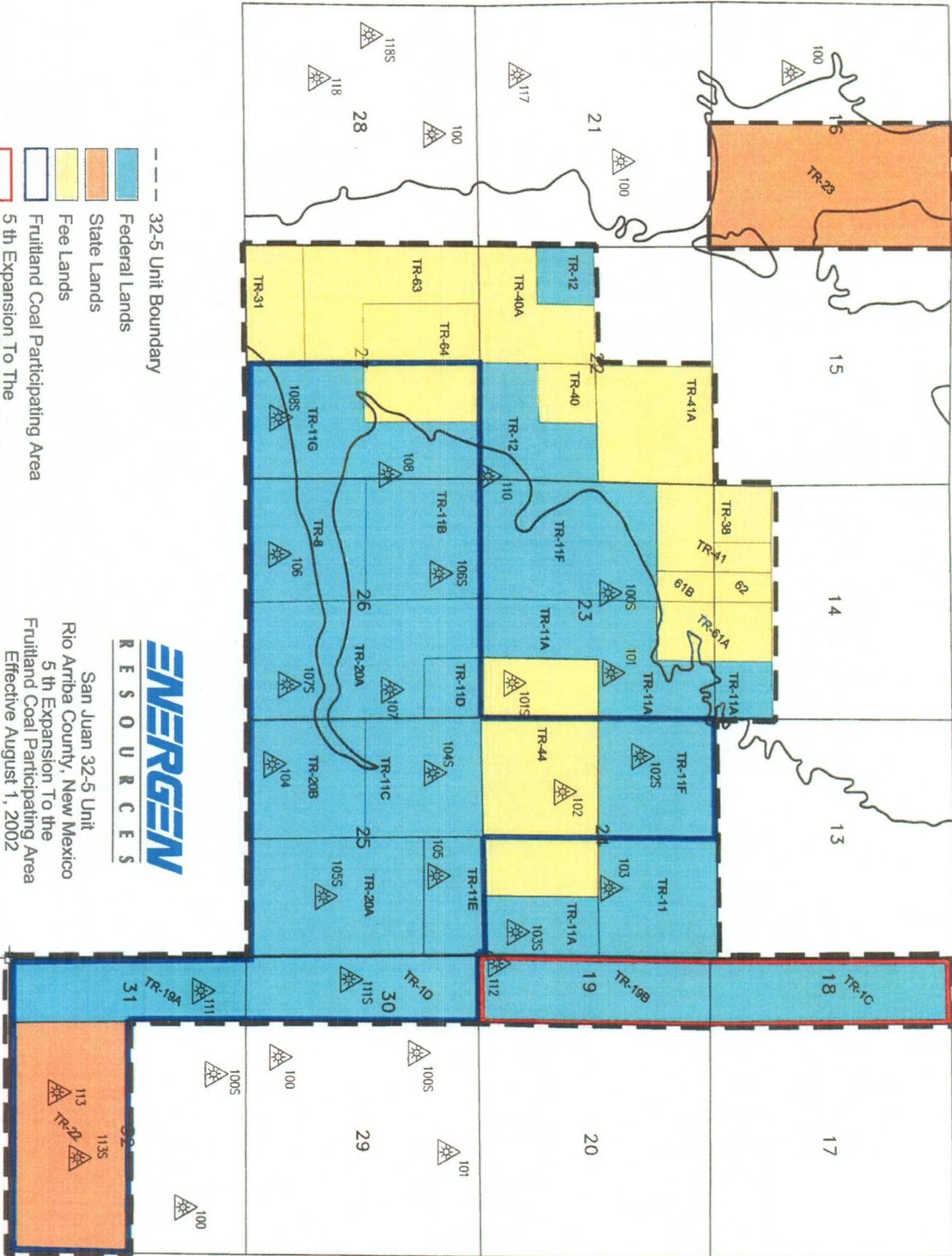


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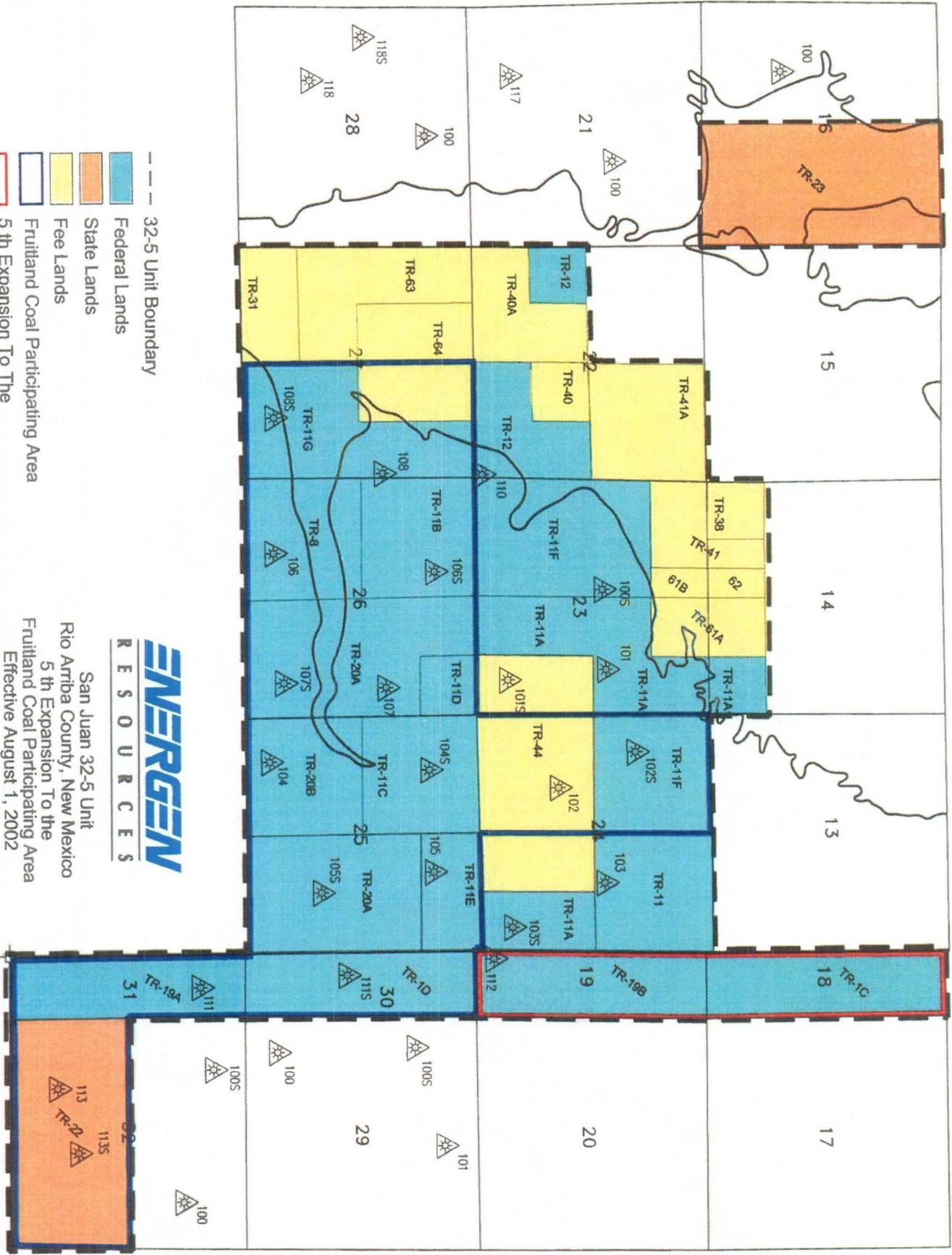
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