



February 2, 2006

Bureau of Land Management (3)
 Farmington Resource Area
 1235 LaPlata Highway
 Farmington, New Mexico 87401

N.M. Commissioner of Public Lands (2)
 P.O. Box 1148
 Santa Fe, New Mexico 87501-1148

N.M. Oil Conservation Division (2)
 Energy & Minerals Department
 1220 South Saint Francis Drive
 Santa Fe, New Mexico 87505

RE: SAN JUAN 32-5 UNIT, #14-08-001-534
 2006 PLAN OF DEVELOPMENT
 RIO ARRIBA COUNTY, NEW MEXICO

Gentlemen:

By letter dated February 4, 2005, the Plan of Development (POD) for the calendar year 2005 was filed and provided for the drilling of the following wells:

<u>WELL</u>	<u>LOCATION</u>	<u>FORMATION</u>
San Juan 32-5 Unit #114	NE/4 Sec. 23-T32N-R6W	Fruitland Coal
San Juan 32-5 Unit #115	SW/4 Sec. 23-T32N-R6W	Fruitland Coal

These wells were delayed and are proposed for 2006.

The following Participating Areas currently exist in the unit:

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

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

Mesa Verde, Commercial	25
Mesa Verde, Non-Commercial	1
Mesa Verde, Plugged and Abandoned	8
Mesa Verde/Dakota Duals, Commercial	8
Mesa Verde/Dakota Duals, Dakota Plugged and Abandoned	3
Mesa Verde/Dakota Duals, Plugged and Abandoned	2
Dakota, Commercial	1
Dakota, Plugged and Abandoned	3
Fruitland Coal, Commercial	21
TOTAL	72

Pursuant to Section 10 of the San Juan 32-5 Unit Agreement, Energen Resources Corporation (Energen), as operator, hereby submits a Plan of Development providing for the drilling of the following wells during the calendar year 2006:

Well	Spacing Dedication	Location	Formation
San Juan 32-5 Unit Com 114	E ² Section 13	NE ⁴ Sec. 23-32N-6W	Fruitland Coal
San Juan 32-5 Unit Com 115	W ² Section 22	SW ⁴ Sec. 23-32N-6W	Fruitland Coal
San Juan 32-5 Unit 108R	E ² Section 22	NE ⁴ Sec. 27-32N-6W	Fruitland Coal
San Juan 32-5 Unit 116	W ² Section 27	SE ⁴ Section 27-32N-6W	Fruitland Coal

Energen owns 100% of the working interest in all 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

DP/ga
Enclosures

SAN JUAN 32-5 UNIT 2006 PLAN OF DEVELOPMENT

APPROVED: _____ DATE: _____
Bureau of Land Management

APPROVED: _____ DATE: _____
Commissioner of Public Lands

APPROVED: *Ed Martin* DATE: 6-26-06
Oil Conservation Division

San Juan 32-5 Unit
2006 Plan of Development
Rio Arriba County, New Mexico

SAN JUAN 32-5 UNIT WORKING INTEREST OWNERS

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, New Mexico 87401

XTO Energy
Attn: Tim Welch
810 Houston Street
Fort Worth, TX 76102-6298