

May 16, 2011

New Mexico Oil Conservation Division Manager  
1220 South Saint Francis Drive  
Santa Fe, New Mexico

RECEIVED OOD

2011 MAY 18 A 7:39  
2011 NM OOD Case No. 14653

Dear Sir:

We are submitting this letter as a notice of our concern, and request to have our issues addressed in regards to the drilling of the proposed Carracas 8B Well No. 16-H by Energen Resources Corporation in the hearing of NM OOD Case No. 14653.

Our major concern is that the amount of land claimed by Energen to be in our ownership and to be included in the drilling pool is different than what we own. We (my wife Stephanie and I) purchased 25.84 acres of land in 2007, have a recorded title and warranty deed and have paid taxes on this amount of acreage for all these years. Energen has submitted a title opinion referencing our property as containing only 14.305 acres. Also submitted was a plat that was indecipherable that Energen states contains these acres which is contrary to records contained in the Rio Arriba County Assessor's office. When we were contacted by Mr. David Poage, District Landman for Energen, we stated our concern and stated we needed a second opinion. Our inability to afford a professional attorney, landman, surveyor, realtor to research this issue in a timely manner coinciding with Energen's planned drilling timelines was the impetus of this compulsory hearing. When Energen was approached during our conversations about assistance with professional fees to obtain a second opinion, assistance was denied. Therefore we feel that our warranty deed and taxed acreage are a basis that requires prudent review and due process in resolving these differing opinions. We ask that accommodations be made for this resolution during your hearing process.

Our second concern with this application to permit drilling is that we do not have the financial capability to afford a New Mexico licensed (non-industry) oil and gas attorney to review lease agreements for our fair compensation and just arrangements. When Energen was approached for financial assistance with this matter this was rebuked contrary to an earlier promise made by Mr. Poage that conditions held in a related lease would be included in the current arrangements, that included paid attorney fees.

Our third concern with this application is that Energen wants to access their mineral interests through our property while crossing it subsurface at a horizontal direction. As an adjacent landowner we requested access to our property across their land in case of an exigent circumstance and access was somewhat afforded with conditions. Our parcel of land is currently only accessible via our family ranch and by fording the river. Our request for this intermittent and/or urgent access via a newly constructed bridge and road was misinterpreted yet Energen wants to access their minerals through our property with formalities of this hearing. The inability to reciprocate and negotiate in good faith is very apparent here. Please provide a condition for this arrangement in your consideration of this permit.

Our fourth concern is that Energen's risk recovery rate they are requesting, coupled with the rejection of some financial assistance in dealing with issues mandated by their pursuit, and the diminished land ownership, further erodes our financial status. We believe that a business should be able to make a profit, but such a high return of capital investment is in excess especially when it is partially borne by an entity that is confined to their developmental process with little say. In this case us. Please consider our request for a rate that is just and justifiable.

Bought for  
\$40K  
Got

300%  
Risk  
Factor

1/8 of 5%

consider

if larger  
interest

1st of  
July

Shut  
down  
Nov 1st

In order to mitigate the above sited impacts and conditions, we request that this hearing place conditions on this pooling with respect to our mineral rights.

1. Energen provide financial assistance with already incurred professional fees and future fees associated with research, examination and reporting of fair compensation with our share of mineral rights.
2. Energen provide financial assistance with current and future expenses associated with the establishment of accurate legal description and status of our property parameters.
3. Assignment of a lower risk factor with a not to exceed amount in this development to help offset the associated impacts borne by us.
4. Because the land and environment surrounding the proposed oil and gas extraction area is of a pristine and delicate nature, we ask that we be held harmless of any responsibility in the drilling, extraction, production and transportation impacts to the surrounding sustained plant and animal life, - including endangered species, impacts to old growth forest, impacts to water sources, impacts to historical and archeological entities and impacts to visual, noise and air quality. This indemnification shall be recognized by Energen and/or its assignees in any legal process, mandates, regulations, and spiritual appeals associated with the production of oil and gas on this location.
5. We ask that the NMOCD afford us the method to ensure that financial information associated with this development is readily available to us.

Other important information:

1. In a previous contact by a previous landman hired by Energen, dated March 25, 2009 they cited our acreage as 25.84 acres. We did not hear from them until late February 2011. The title opinion cites an Abstracts of Title dated for the effected property as November 19, 2008 yet we were not made aware of this situation until 2 years later. Why?
2. The Rio Arriba County is unaware of this discrepancy in land ownership in this local associated with drilled wells, and is unaware of this title opinion.
3. During our verbal contact with Mr. Poage, we were not advised of opportunities to voluntarily participate as a partner in this endeavor. The first time we knew of this option was from reading the letter dated April 20, 2011 which was quickly absolved when we received notice that an application for pooling (stamped April 21, 2011), had been submitted to NMOCD.

My wife and I appreciate you taking the time to consider our concerns and hope you understand how overwhelming this process has been on our lifestyle, while still trying to conduct daily activities of ranch work, our regular employment responsibilities, my voluntary school board and BOCES commitments and while raising and caring for 4 teenage children. We ask that your consideration of our matters be viewed as those impacting a couple who have worked hard for our life and children and provide us with a just application of admissible guidelines in our manner. Please feel to call me at (970) 749-9501 is you have any questions or require additional information.

Thank You



Chris A. Ribera