

February 8, 2012

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

544

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

RE: **2012 PLAN OF DEVELOPMENT**
SAN JUAN 30-4 UNIT, #14-08-001-1056
RIO ARRIBA COUNTY, NEW MEXICO

Gentlemen:

The following Participating Areas currently exist in the San Juan 30-4 Unit:

| <u>Formation</u> | <u>Expansion</u> | <u>Effective Date</u> |
|------------------|------------------|-----------------------|
| Pictured Cliffs | 12 th | 1/1/1974 |
| Mesaverde | 1 st | 8/1/1960 |
| Mesaverde "A" | 4 th | 9/1/2000 |
| Fruitland Coal | 1 st | 9/4/2003 |

By letter dated February 4, 2011, the Plan of Development (POD) for the calendar year 2011 was filed by Energen Resources Corporation as Unit Operator and provided for the following activity:

| Well Name | Formation | Dedication | Type | Status |
|---------------------------|-----------------|--|------------------------|--|
| San Juan 30-4 Unit 102H | Fruitland Coal | Sec 8 & 17-T30N-R4W Spacing Unit: E/2 of Sec. 8 Surf: Sec 17, NENE BHL: Sec. 8, NWNE | New Drill – Horizontal | Spud 4/114/2011 First Delivered 8/17/2011 |
| San Juan 30-4 Unit 106H | Fruitland Coal | N/2, Sec 17, T30N-R4W | New Drill - Horizontal | Carry over to 2012 |
| San Juan 30-4 Unit 64 | Pictured Cliffs | Sec 21 & 22, T30N, R4W Spacing Unit: SE/4 of Sec 21 & SW/4 of Sec 22 Surf: Sec 21, SESW BHL: Sec 22, SESW | New Drill – Horizontal | Spud 6/30/2010 First Delivered 11/28/2011 |
| San Juan 30-4 Unit Com 63 | Pictured Cliffs | Surf. SE Sec 16-T30N-R4W BHL: S/2 Sec 15-T30N-R4W | New Drill – Horizontal | Carry over to 2012 |

Additionally, the following activity was not shown on the 2011 Plan of Development and should be added:

| Well Name | Formation | Description | Type |
|-----------------------|-----------------|--------------------|--------------------------------|
| San Juan 30-4 Unit 17 | Pictured Cliffs | Sec. 8, T30N-4W | Plugged & Abandoned 10/25/2011 |
| San Juan 30-4 Unit 50 | Pictured Cliffs | Sec. 22, T30N, R4W | Plugged & Abandoned 11/1/2011 |

As of this date, the total number of wells in the San Juan 30-4 Unit is as follows:

| <u>Formation</u> | <u>Producing</u> | <u>Shut In</u> | <u>P&A</u> |
|------------------|------------------|----------------|----------------|
| Pictured Cliffs | 26 | 2 | 8 |
| Mesaverde | 17 | 1 | |
| Fruitland Coal | 7 | | 4 |
| | 51 | 3 | 12 |

Pursuant to Section 10 of the San Juan 30-4 Unit Agreement, Energen Resources Corporation, as Unit Operator, hereby submits the Plan of Development for 2012 as follows:

| Well Name | Formation | Dedication | Type |
|----------------------------|-----------------|--|------------------------|
| San Juan 30-4 Unit 106H | Fruitland Coal | N/2 of Section 17, T30N-R4W | New Drill - Horizontal |
| San Juan 30-4 Unit Com 63 | Pictured Cliffs | Surf. SE Sec 16-T30N-R4W BHL: S/2 Sec 15-T30N-R4W | New Drill - Horizontal |
| San Juan 30-4 Unit Com 65H | Pictured Cliffs | Section 28, T30N-R4W | New Drill - Horizontal |
| San Juan 30-4 Unit Com 66H | Pictured Cliffs | Section 26, T30N-R4W | New Drill - Horizontal |
| San Juan 30-4 Unit Com 70H | Pictured Cliffs | Section 19, T30N-R4W | New Drill - Horizontal |

The Working Interest Owners are being contacted regarding the 2012 Plan of Development.

Energen Resources Corporation, 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.

Please contact me at 505-324-4133 if there are any questions regarding this letter.

Sincerely,


David M. Poage
Land Manager

DP/mt

SAN JUAN 30-4 UNIT 2012 PLAN OF DEVELOPMENT

APPROVED: _____
Bureau of Land Management

DATE: _____

APPROVED:  _____
Oil Conservation Division

DATE: 2/14/2012

APPROVED: N/A FOR INFORMATION ONLY
COMMISSIONER OF PUBLIC LANDS

DATE: _____

SAN JUAN 30-4 UNIT WORKING INTEREST OWNERS

| | |
|---|---|
| Energen Resources Corporation 2010 Afton Place Farmington, New Mexico 87401 | Providence Minerals LLC Attn: Karen Herbst 14860 Montfort Drive, Suite 209 Dallas, TX 75254 |
| Burlington Resources Oil & Gas Company LP P.O. Box 4289 Farmington, New Mexico 87499 | Rio ArribaGas c/o Eddie Dreyer Management Co. as Agent 4925 Greenville Avenue Suite 900 Dallas, TX 75206 |
| Dugan Production Corporation P.O. Box 420 Farmington, New Mexico 87499-0420 | Trust of Ruth Zimmerman Hazel Z. Hart, Trustee 842 Muirlands Vista Way La Jolla, California 92037 |
| J & M Raymond LTD Attn: James M. Raymond P.O. Box 291445 Kerrville, Texas 78029-1445 | T. H. McElvain Oil & Gas LLLP Attn: Nancy Rife 1050 17th Street, Suite 2500 Denver, CO 80265-2080 |
| Charles W. Gay C/O James M. Raymond P.O. Box 291445 Kerrville, Texas 78029-1445 | Tinmil c/o Robert P. Tinnin, Jr. 500 Marquette, NW, Suite 1300 Albuquerque, NM 87102 |
| Lorrayn Gay Hacker C/O James M. Raymond P.O. Box 291445 Kerrville, Texas 78029-1445 | Thomas P. Tinnin Attn: Mr. Tinnin 2303 Candelaria Road, NW Albuquerque, NM 87107 |
| TAMACAM LLC C/O James M. Raymond P.O. Box 291445 Kerrville, Texas 78029-1445 | MAR Oil & Gas Corporation Inc. P. O. Box 5155 Santa Fe, NM 87502 |
| JABCO LLP Bank of America NA Agent PO Box 840738 Dallas, TX 75284-0738 | |