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Tuesday, July 30, 2013

Bureau of Land Management  
6251 College Boulevard, Suite A  
Farmington, NM 87401  
Attention: Mr. Wayne Townsend

NM Commissioner of Public Lands  
Post Office Box 1148  
Santa Fe, NM 87501-1148  
Attention: Dr. Ray Powell, DVM

New Mexico Oil Conservation Division  
Energy & Minerals Department  
1220 South Saint Francis Drive  
Santa Fe, NM 87505  
Attention: Ms. Jamie Bailey

RE: **San Juan 32-5 Unit, # 14-08-001-534**  
**Fruitland Coal Participating Area "A"**  
**Initial Effective 12/01/2011**  
**Rio Arriba & San Juan Counties, New Mexico**

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 well listed on the attached Exhibit 1 is capable of producing unitized substances in paying quantities from the Fruitland Coal formation, with concurrence from the BLM, and should therefore be admitted to the Initial Fruitland Coal Participating Area "A" in said unit.

The Schedule for the Initial Fruitland Coal Participating Area "A" is enclosed. The Schedule describes the Participating Area "A" and shows the percentages of unitized substances to be allocated to the Tracts according to the ownership within the Tracts.

ConocoPhillips Company will be the Operator of the well and the Fruitland Coal Participating Area "A".

We would appreciate consideration of this Initial Fruitland Coal Participating Area "A" as soon as possible. Please contact the undersigned at (505) 324-4169 if there are any questions regarding this matter.

San Juan 32-5 Unit, #14-08-001-534

FTC PA "A", Initial Expansion, effective 12/01/2011

Rio Arriba & San Juan Counties, New Mexico

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Copies of this letter and attached material are being furnished to the other working interest owners on the list attached.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Lewis". The signature is fluid and cursive, with the first name "Bryan" being more prominent than the last name "Lewis".

Bryan Lewis  
District Landman

*Enclosures*

*BL/s*

cc: Dawn Howell - ConocoPhillips Company  
San Juan 32-5 Unit WIO

San Juan 32-5 Unit, #14-08-001-534

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**San Juan 32-5 Unit - Working Interest Owners:**

Benson-Montin-Greer Drilling Corporation

BP America Production Company

ConocoPhillips Company

Frank O. Elliott and Edna Ione Hall Elliott

La Plata Gathering System, Inc.

Henrietta E. Schultz, Trustee

J. Glenn Turner, Jr., LLC

Estate of William G. Webb

WPX Energy Production LLC

San Juan 32-5 Unit, #14-08-001-534

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## **EXHIBIT 1**

### **Well Information**

#### **Initial Fruitland Coal Participating Area "A"**

San Juan 32-5 Unit # 118H

API 30-045-35292

Township 32 North, Range 06 West, N.M.P.M.

Section 16: NE/4NE/4 (A) BHL 749 FNL 730 FEL  
Fruitland Coal E/2 Proration Unit 320.00 acres  
Unit Tract # 23

Section 21: SW/4NE/4 (G) SHL 2140 FNL 2305 FEL  
San Juan County, New Mexico

**San Juan 32-5 Unit**  
**Rio Arriba and San Juan Counties, New Mexico**  
**Initial Fruitland Coal Participating Area "A"**  
**Effective December 01, 2011**

Lease Name or Serial Number	Legal Description	Number Of Acres	Current Ownership	Unit Tract	GWI Percentage	NRI Percentage	Tract Particip Factor
E-504-15	T32N-R6W Section 16: E2	320.00	ORRI ROYALTY State Of New Mexico	23		3.000% 12.500%	100.000%
			WORKING INTEREST Conoco Phillips Company WPX Energy, Inc.		82.000% 18.000%	69.290% 15.210%	
			TOTAL		100.000%	100.000%	100.000%

**ENERGEN RESOURCES CORPORATION  
RECAPITULATION  
FRUITLAND COAL PARTICIPATING AREA "A"  
SAN JUAN 32-5 UNIT AREA**

**DESCRIPTION OF COMMITTED LANDS IN PARTICIPATING AREA:**

**TOWNSHIP 32 NORTH, RANGE 06 WEST, NMPM**

Section 16:    E/2                      320.00 acres

**DESCRIPTION OF NON COMMITTED LANDS IN PARTICIPATING AREA:**

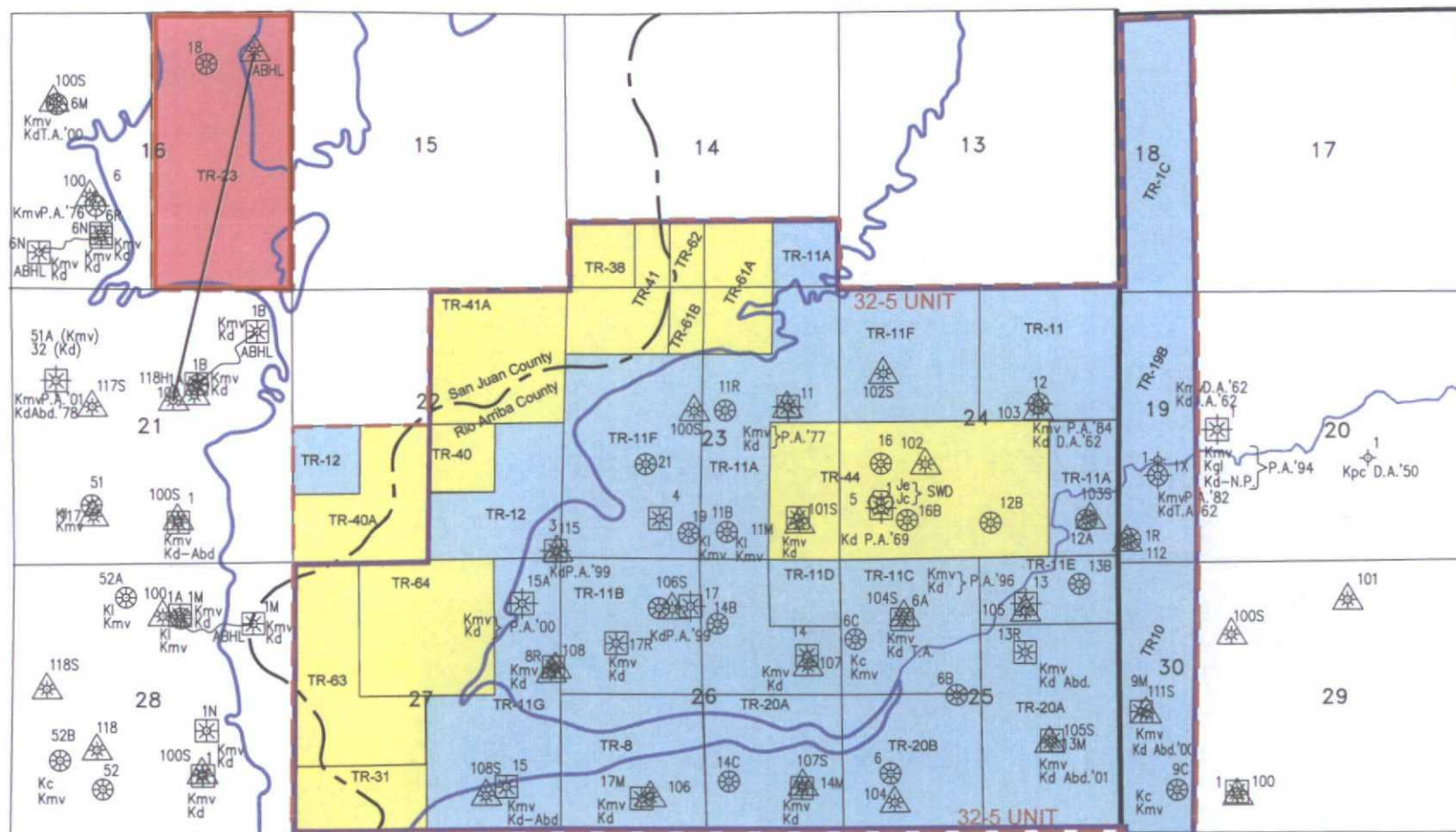
**TOWNSHIP 32 NORTH, RANGE 06 WEST, NMPM**

NONE

**TOTAL ACRES COMMITTED                      320.00**  
**TOTAL NUMBER OF ACRES IN PARTICIPATING AREA "A" :**  
**EFFECTIVE DATE:        12/01/2011**

**TOTAL ACRES NON COMMITTED                      0.00**  
**320.00**

R 6 W



T  
32  
N

- |   |   |
|---|---|
|  | 32-5 Unit Boundary                            |
|  | Federal Lands                                 |
|  | State Lands                                   |
|  | Fee Lands                                     |
|  | Fruitland Coal Participating Area             |
|  | Initial Fruitland Coal Participating Area "A" |

**ENERGEN**  
RESOURCES

Rio Arriba And San Juan Counties  
New Mexico

San Juan 32-5 Unit

Initial Fruitland Coal  
Participating Area "A"

Effective December 1, 2011

FILE: SJUAN\35-5 EXP-12111