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April 12, 2004

OIL CONSERVATION  
DIVISION

Bureau of Land Management (3)  
Farmington Resource Area  
1235 La Plata Highway  
Farmington, New Mexico

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

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

RE: CARRACAS CANYON UNIT, #14-08-001-19596  
2004 PLAN OF DEVELOPMENT  
RIO ARriba COUNTY, NEW MEXICO

Gentlemen:

By letter dated July 1, 2003, the Plan of Development (POD) for the calendar year 2003 was filed by Energen Resources Corporation (Unit Operator) and provided for the drilling of the Carracas Canyon Unit #26B 7, Pictured Cliffs well in the NE<sup>4</sup> of Section 26-T32N-R4W. The well was drilled, completed and is presently producing. A Commercial Determination Application will be filed once adequate history has been developed on the well.

The following Participating Areas currently exist in the unit:

<u>Formation</u>	<u>Expansion</u>
Fruitland PA	1 <sup>st</sup>
Fruitland PA B	1 <sup>st</sup>
Fruitland PA C, D, E	2 <sup>nd</sup>
Pictured Cliffs PA	Initial
Pictured Cliffs PA B	Initial

As of this date, the total number of wells in the Carracas Canyon Unit are as follows:

Fruitland Coal, Producing	16
Fruitland Coal, T.A.	1
Pictured Cliffs, Producing	7
Dakota, T.A.	1
<b>Total Producing</b>	<b>23</b>

Pursuant to Section 10 of the Carracas Canyon Unit Agreement, Energen Resources Corporation, as operator, hereby submits a Plan of Development providing for the drilling of the following wells during the calendar year 2004.

Carracas Canyon Unit 27A 9 – SE<sup>4</sup> Section 27-T32N-R5W – Fruitland Coal Formation

Carracas Canyon Unit  
2003 Plan of Development  
Rio Arriba County, New Mexico

Further we intend to conduct the following operations:

Wells	Location	Formation	Activity
Carracas Unit FR 101	SW4 Sec. 10-T32N-R5W	Fruitland Coal	Recavitate
Carracas Unit PC 203	NW4 Sec. 26-T32N-R4W	Pictured Cliffs	Workover
Carracas Mesa 14-1	NW4 Sec. 14-T32N-R4W	Fruitland Coal	Workover
Carracas SWD	NE4 Sec. 27-T32N-R5W	n/a	Injection Pump

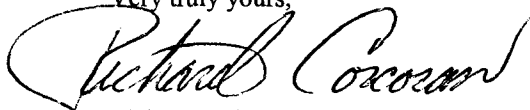
The Working Interest Owners are being contacted regarding the 2004 Plan of Development.

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 Richard P. Corcoran at (505) 325-6800 if there are any questions regarding this letter.

Very truly yours,



Richard P. Corcoran  
District Landman  
RC/ac

**CARRACAS CANYON UNIT 2004 PLAN OF DEVELOPMENT**

APPROVED: \_\_\_\_\_  
Bureau of Land Management

DATE: \_\_\_\_\_

APPROVED: \_\_\_\_\_  
Oil Conservation Division

DATE: 5/5/04

APPROVED: \_\_\_\_\_  
Commissioner of Public Lands

DATE: \_\_\_\_\_

CARRACAS CANYON UNIT

WORKING INTEREST OWNERS

Dominion Exploration & Production Inc.

Attn: Joe Hammond

14000 Quail Springs Parkway FI 600

Oklahoma City, OK 73134-2616

Seacoast Oil & Gas Incorporated

Attn: Robert Davant

9839 Whitehorn Drive Suite 3

Houston, TX 77095-5007