

March 23, 2007

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

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

RE: **2007 PLAN OF DEVELOPMENT**
SAN JUAN 32-5 UNIT, #14-08-001-534
RIO ARRIBA COUNTY, NEW MEXICO

Gentlemen:

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)

By letter dated February 6, 2006, the Plan of Development (POD) for the calendar year 2006 was filed by Energen Resources Corporation as Unit Operator and provided for the following activity:

WELL NAME	FORMATION	DESCRIPTION	TYPE	STATUS
San Juan 32-5 Unit Com 114	Fruitland Coal	S/2 14-32-N-6W	New Drill – Single	Carry-over to 2007
San Juan 32-5 Unit 115	Fruitland Coal	W/2 22-32N-6W	New Drill - Single	Carry-over to 2007
San Juan 32-5 Unit 108R	Fruitland Coal	E/2 27-32N-6W	Redrill – Single	Cancelled
San Juan 32-5 Unit 116	Fruitland Coal	W/2 27-32N-6W	New Drill -Directional	Waiting on Completion

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

Mesaverde	Producing	25
Mesaverde	P&A	3
Mesaverde/Dakota		8
Dakota	Producing	1
Fruitland Coal	Producing	24
		<u>61</u>

Pursuant to Section 10 of the San Juan 32-5 Unit Agreement, Energen Resources Corporation as Unit Operator, hereby submits the Plan of Development for 2007 as follows:

WELL NAME	FORMATION	DEDICATION	TYPE
San Juan 32-5 Unit Com 114	Fruitland Coal	S/2 14-32N-6W	New Drill – Horizontal
San Juan 32-5 Unit 115	Fruitland Coal	W/2 22-32N-6W	New Drill – Horizontal
San Juan 32-5 Unit Com 115S	Fruitland Coal	W/2 22-32N-6W	New Drill – Horizontal
San Juan 32-5 Unit 116S	Fruitland Coal	W/2 27-32N6W	New Drill – Horizontal

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


Enclosures

DP/mt

SAN JUAN 32-5 UNIT 2007 PLAN OF DEVELOPMENT

APPROVED: _____ DATE: _____
Bureau of Land Management

APPROVED: _____ DATE: _____
Commissioner of Public Lands

APPROVED:  _____ DATE: 4-4-07
Oil Conservation Division