

October 20, 2009

RECEIVED

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Bureau of Land Management
Attn: Mr. Wayne Townsend
1235 La Plata Highway
Farmington, NM 87401

State of New Mexico
Commissioner of Public Lands
Attn: Ms. Jamie Bailey
P.O. Box 1148
Santa Fe, NM 87501-1148

9030

State of New Mexico
Oil Conservation Division
Energy & Minerals Department
Attn: Mr. Mark E. Fesmire
1220 South St. Francis Drive
Santa Fe, NM 87505-4000

RE: **Carracas Unit #14-08-0001-19596**
Pictured Cliffs Participating Area
Fifth Expansion, effective October 28, 2003
Rio Arriba County, New Mexico

Dear Sir or Madam:

Pursuant to the provisions of Section 11 (a) of the Carracas Unit Agreement, approved January 27, 1987, Energen Resources Corporation, as Unit Operator, has determined that the listed well is capable of producing unitized substances in paying quantities from the Pictured Cliffs Formation and thereby should be admitted to the Pictured Cliffs Participating Area. Pursuant to the BLM letter, attached is the well that has been deemed commercial.

FIFTH EXPANSION – EFFECTIVE OCTOBER 28, 2003

<u>Well Name & Number</u>	<u>Well Dedication</u>	<u>Dedicated Lease & Tract</u>	<u>Completion Date</u>	<u>Commerciality Determination</u>
Carracas Unit 26 B 7	NE/4,26-32N-4W	USA NMNM28812 Tract 2C	10-28-2003	Commercial

The schedule for the Fifth Expansion is enclosed. The schedule describes the Participating Area and shows the percentage of unitized substances allocated to the tracts according to the ownership within the tracts.

Energen Resources Corporation would appreciate consideration of this Expansion as soon as possible. Please contact the undersigned at 505-326-4133 if there are any questions regarding this matter. Energen owns 100% gross working interest in this Unit.

Very truly yours,



David M. Poage
District Landman

DMP/mt



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

Carracas Canyon Unit Pictured Cliffs PA
3162.7 (21110)

August 22, 2007

Mr. David M. Poage
Energen Resources Corporation
2198 Bloomfield Highway
Farmington, NM 87401

RE: Carracas Canyon Unit
Commerciality Determination
Pictured Cliffs Formation
Rio Arriba County, NM

Dear Mr. Poage:

In response to your letter dated August 2, 2007, the Farmington Field Office has reviewed the data you submitted for a commerciality determination for the following well completed in the Pictured Cliffs formation.

Well Name & Number	Dedication	Lease	Completion Date	Determination
Carracas Canyon Unit 26B #7	NE/4 Sec. 26, T32N, R4W	NMNM28812	10/28/2003	Commercial

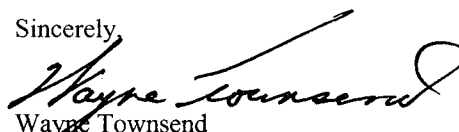
After completing our economic evaluation, we are in concurrence with the above determination.

The Pictured Cliffs formation in this well is determined to be commercial and is to be included in the Pictured Cliffs participating area. It is required that a revision be submitted to include this well in the Carracas Canyon Unit Pictured Cliffs Participating Area.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order(s) described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-92000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions concerning this matter, please contact Wayne Townsend at the above address or telephone (505) 599-6359.

Sincerely,


Wayne Townsend
Petroleum Engineer
Branch of Petroleum Management

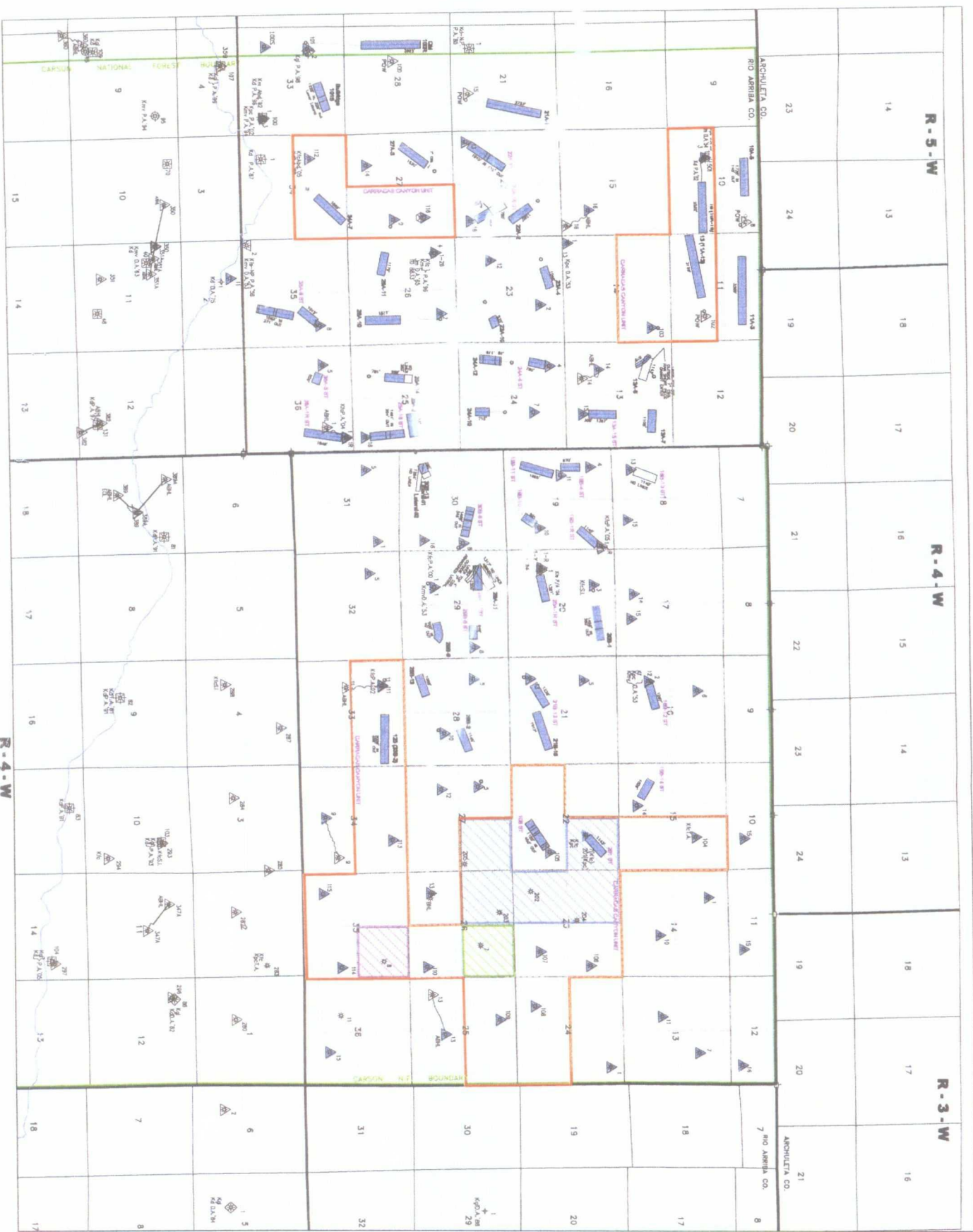
Date of Completion

Carracas Canyon Unit
Rio Arriba County, New Mexico
Fifth Expansion to the Pictured Cliffs Participating Area
Effective October 28, 2003

Lease Name or Serial Number	Description	Number of Acres	Ownership	Unit Tract	GWI Percentage	NRI Percentage	Participation Factor
NM-28812	T32N-R4W Section 26: NE/4	160.00	ORRI: Royalty: Minerals Management Service	2C			16.666667%
			Working Interest:				
			Energ Resources Corporation		100.000000%	87.500000%	
			TOTAL		100.000000%	100.000000%	
		160.00	TOTAL FIFTH EXPANSION ACRES				
Previously Established Fourth Expansion of the Pictured Cliffs Formation							
NM-28812	T32N-R4W Section 26: NW/4	160.00	ORRI: Royalty: Management Service	2A			16.666667%
			Working Interest:				
			Energ Resources Corporation		100.000000%	87.500000%	
			TOTAL		100.000000%	100.000000%	

Carracas Canyon Unit
Rio Arriba County, New Mexico
Fifth Expansion to the Pictured Cliffs Participating Area
Effective October 28, 2003

NM-28812	T32N-R4W	220	2B	ORRI:			22.916667%
	Section 23: E/2NW/4, SW/4SW/4NW/4NW/4, W/2NW/4SW/4NW/4, SE/4NW/4SW/4NW/4,			Royalty:			
				Minerals Management Service			
	SW/4SW/4NW/4, NE/4NW/4NW/4, E/2SE/2NW/4NW/4, NE/4SW/4, W/2W/2SW/4 W/2NE/4SW/4SW/4, SE/4SW/4SW/4, SW/4SE/4SW/4			Working Interest:			
				Energien Resources Corporation	100.000000%	87.500000%	
				TOTAL	100.000000%	100.000000%	
NM-59696	T32N-R4W	320	18	ORRI:			33.333333%
	Section 22: NE/4 Section 27: NE/4			Royalty:		10.000000%	
				Minerals Management Service		12.500000%	
				Working Interest:			
				Resources	100.000000%	77.500000%	
				TOTAL	100.000000%	100.000000%	
Lou Dean Montoya Fee	T32N-R4W	45	31	ORRI:			4.687500%
	Section 23: NW/4NW/4NW/4, NW/4SW/4NW/4NW/4, E/2SW/4NW/4NW/4, NE/4NW/4SW/4NW/4,			Royalty:		12.500000%	
				Minerals Management Service			
	E/2SW/4NW/4, W/2SE/4NW/4NW/4			Working Interest:			
				Energien Resources Corporation	100.000000%	87.500000%	
				TOTAL	100.000000%	100.000000%	
John W. West, Cons. (50%)	T32N-R4W	55	32	ORRI:			5.729166%
	Section 23: E/2NW/4SW/4, N/2SE/4SW/4, E/2NE/4SW/4SW/4, SE/4SE/4SW/4			Royalty:		20.000000%	
				Minerals Management Service			
				Working Interest:			
				Energien Resources Corporation	100.000000%	80.000000%	
				TOTAL	100.000000%	100.000000%	
				TOTAL FOURTH EXPANSION ACRES			
		800.00					
		960.00		TOTAL EXPANDED UNIT ACRES			100.000000%



R-5-W

R-4-W

R-3-W

FILE: C:\DATA\CARCASS CANYON UNIT\CARCASS CANYON UNIT.MXD

SCALE: 1"=3000'

DATE: OCTOBER 19, 2009

ENERGEN
RESOURCES

- VERTICAL WELL
- HORIZONTAL WELL
- WELL-EXISTING
- CARCASS CANYON UNIT BOUNDARY
- PICTURE CLIFFS PARTICIPATING AREA (4 TH EXPANSION)
- PICTURE CLIFFS PARTICIPATING AREA (8 PARTICIPATING AREA)
- PICTURE CLIFFS PARTICIPATING AREA (5 TH EXPANSION)

- PRODUCING INTERVAL
- T* SAN JOSE
- T* INCUBENT
- T* OLD ALAMO
- T* UNDEGRADED
- FANNINGTON
- KELAND
- PRUNLAND SAND
- PRUNLAND SAND
- TRINIDAD COAL
- PICTURED CLIFFS
- CHICKA
- WICHITENS
- GALLUP
- OKOTA
- ALL PRODUCTION BELOW CHICKEN
- JA EXTRA
- PA PARADOX
- PP PANTHER CREEK
- MP PANTHER CREEK
- MT LORVILLE

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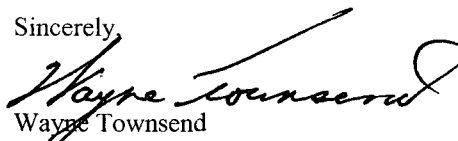
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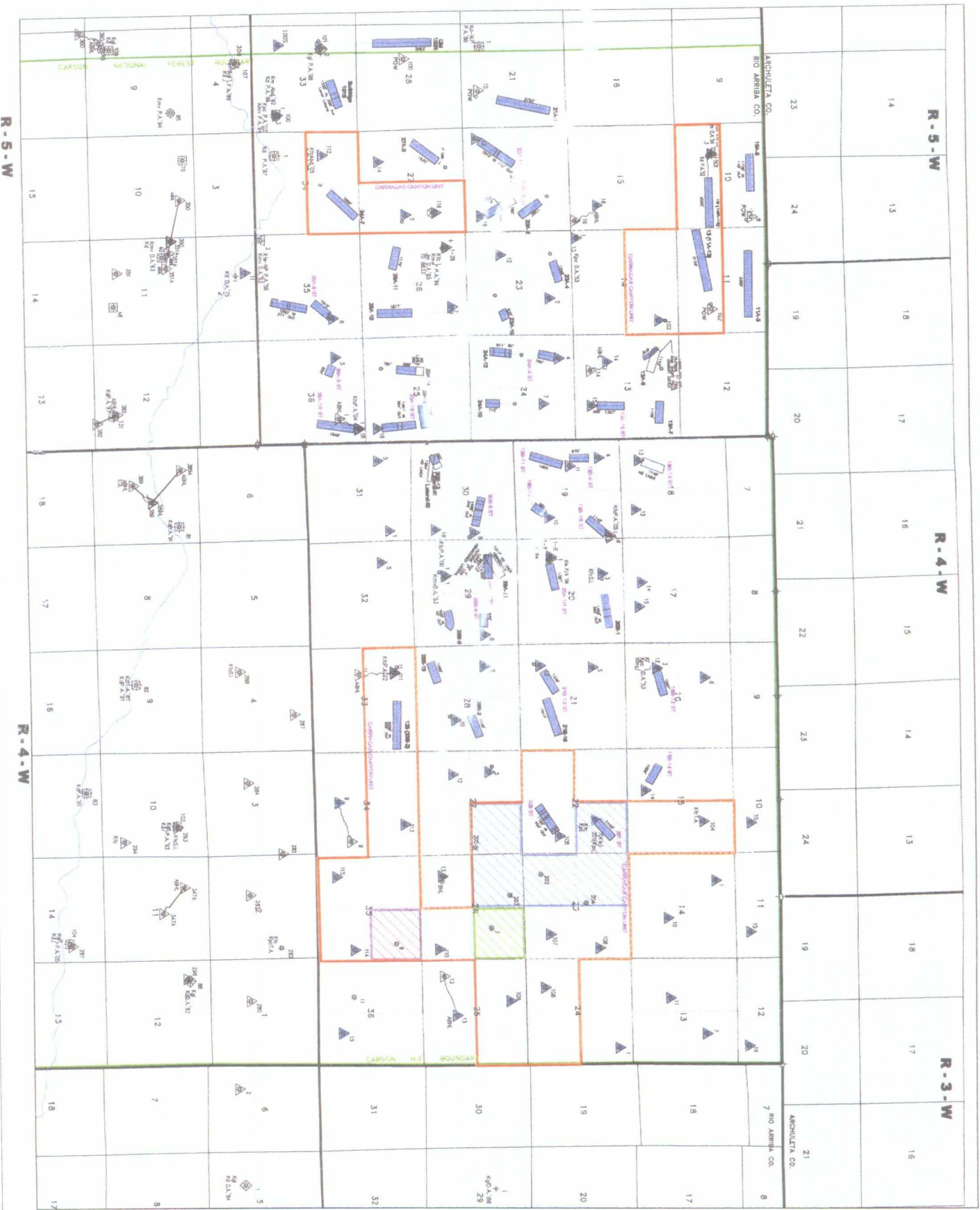
Note - 3 Completion

Carracas Canyon Unit
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			Working Interest:				
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			TOTAL		100.0000000%	100.0000000%	
		160.00	TOTAL FIFTH EXPANSION ACRES				
Previously Established Fourth Expansion of the Pictured Cliffs Formation							
NM-28812	T32N-R4W Section 26: NW/4	160.00	ORRI: Royalty: Management Service	2A			16.666667%
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	Section 23: E/2NW/4,			Royalty:			
	SW/4SW/4NW/4NW/4,			Minerals Management Service			
	W/2NW/4SW/4NW/4,			Working			
	SE/4NW/4SW/4NW/4,			Interest:			
	SW/4SW/4NW/4,						
	NE/4NW/4NW/4,						
	E/2SE/2NW/4NW/4,			Energien Resources Corporation	100.000000%	87.500000%	
	NE/4SW/4, W/2W/2SW/4			TOTAL	100.000000%	100.000000%	
	W/2NE/4SW/4SW/4,						
	SE/4SW/4SW/4,						
	SW/4SE/4SW/4						
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	E/2SW/4NW/4NW/4,			Working			
	NE/4NW/4SW/4NW/4,			Interest:			
	E/2SW/4NW/4,			Energien Resources Corporation	100.000000%	87.500000%	
	W/2SE/4NW/4NW/4			TOTAL	100.000000%	100.000000%	
John W. West, Cons.	T32N-R4W	55	32	ORRI:			5.729166%
(50%)	Section 23: E/2NW/4SW/4,			Royalty:		20.000000%	
Kenneth J. West, Ex.	N/2SE/4SW/4,			Minerals Management Service			
(50%)	E/2NE/4SW/4SW/4,			Working			
	SE/4SE/4SW/4			Interest:			
				Energien Resources Corporation	100.000000%	80.000000%	
				TOTAL	100.000000%	100.000000%	
		800.00		TOTAL FOURTH EXPANSION ACRES			
		960.00		TOTAL EXPANDED UNIT ACRES			100.000000%



VERTICAL WELL

HORIZONTAL WELL

WELL-EXISTING

CARRIZOZO CANYON UNIT BOUNDARY

PICTURE CLIFFS PARTICIPATING AREA (4 TH EXPANSION)

PICTURE CLIFFS PARTICIPATING AREA (B PARTICIPATING AREA)

PICTURE CLIFFS PARTICIPATING AREA (5 TH EXPANSION)

PRODUCING INTERVAL

TERMINAL

FARMINGTON

KENTLAND

FRUITLAND SAND

FRUITLAND COAL

PICTURED CLIFFS

CHICKA

WEAVER

DALLAS

DAKOTA

ALL PRODUCTION BELOW CEMENTED

EXTRA

PARADOX

PENNSYLVANIA

LEWIS

SCALE 1"=4000'

DATE OCTOBER 19, 2009

ENERGEN RESOURCES

FILE C:\DATA\STATION\AMERICAN CANYON PART MAP