



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

RCVD JAN10'07
OIL CONS. DIV.

DIST. 3

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 4, 2007

Black Hills Gas Resources, Inc.
c/o Ocean Munds-Dry
Holland & Hart LLP
P.O.Box 2208
Santa Fe, NM 87504

Administrative Order NSL-5542

30-039-29888
Jicarilla Apache 464-29 Well No. 716
C-29-30N-3W
Rio Arriba County

Dear Ms. Munds-Dry:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS06-34939173**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 14, 2006, on behalf of Black Hills Gas Resources, Inc. (Black Hills);

(b) your supplemental e-mail communication dated January 2, 2007; and

(c) the Division's records pertinent to this request.

Black Hills has requested to re-complete its Jicarilla Apache 464-29 Well No. 716 (API No. 30-039-29888) at an unorthodox Mancos gas well location, 665 feet from the North line and 2400 feet from the West line (Unit C) of Section 29, Township 30 North, Range 3 West, N.M.P.M., in Rio Arriba County, New Mexico. The NW/4 of Section 29 will be dedicated to this well in order to form a standard 160-acre gas spacing unit in the WC Basin-Mancos Gas Pool (97232). This pool is governed by statewide Rule 104.C(3), which provides for 160-acres units, with wells located at least 660 feet from a unit outer boundary. This location is approximately 240 feet from the eastern boundary of the unit.

Your application on behalf of Black Hills has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Black Hills is seeking this location for a re-completion of an existing well that was originally drilled to the Dakota formation, in order to utilize the existing wellbore.

It is also understood that working interest ownership is common as to all of Section 29, including both the NW/4 on which the well is located, and the NE/4 towards which the proposed unorthodox location encroaches. Accordingly, no notice of this application is required

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', is written over a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington