



THE JICARILLA APACHE NATION

EXECUTIVE OFFICES

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Jicarilla Apache Reservation
February 11, 1887-1987

Case 13816

November 22, 2006

Mark E. Fesmire, P.E., Director
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Black Hills Corporation, through its subsidiary Black Hills Gas Resources, Inc., has been operating on the Jicarilla Apache Reservation for the last several years and proven to be prudent in its drilling program with very productive results. The Jicarilla Apache Nation does not have any reservations regarding Black Hills Corporations' request for the two horizontal Pictured Cliffs wells per 320-acre unit and supports their proposal. The proposal of the horizontal wells identify that the location in most cases in each 320 acre unit could be drilled from existing well pad using existing roads and existing gas and water gathering infrastructure, thereby having minimal impact on the surface of the reservation.

We recommend that the Black Hills Corporation be given the consideration for approval to their proposal to increase the density from one horizontal Pictured Cliffs well per 320-acre unit to two horizontal Pictured Cliffs wells per 320-acre unit. The approval of the permit will allow Black Hills Corporation to timely drill their horizontal wells that will increase production for 2007 and a greater ultimate recovery of the future gas resources from the existing leasehold.

Sincerely,

President Levi Pesata
Jicarilla Apache Nation

xc: Ms. Brenda J. Mustain, CPLTA, Black Hills Gas Resources, Inc.
Ms. Mary Enjady, Acting Director, Oil & Gas Administration
Mr. Todd Osmera, Acting Director, Oil & Gas Administration
Mr. David Wong, Executive Director, Revenue & Taxation

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