



Black Hills Exploration and Production, Inc.

A Black Hills Corporation Enterprise

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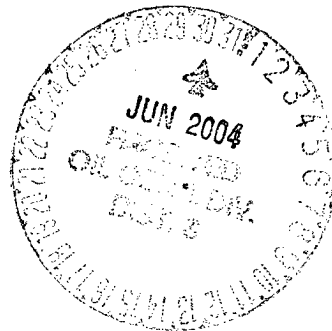
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30-039-25904

June 26, 2004

Charlie Perrin
New Mexico Oil Conservation Department
District III
1000 Rio Brazos Road
Aztec, NM 87140



Re: Agreed Compliance Order

Dear Mr. Perrin:

The compliance order you recently sent us is currently in our legal department for review prior to our Vice President, Larry Kellison signing the agreement. I have recommended approval of this Compliance Order and appreciate your assistance in putting this agreement together. The agreement should be mailed back to you by July 1 after review in our legal department.

I will be out of the office most of the week of June 28th so Mr. Kellison will assist our legal department in approving and sending the agreement back to you. The agreement should be mailed back to you by July 1 after review in our legal department. In anticipation of the agreement being completed and compliance for the first four wells due by July 1, I have enclosed approved sundries for the Jicarilla 435G #1 that was plugged and abandoned in November 2003. Also enclosed are the recompletion report, recompletion sundry, and form C-104 for the Jicarilla 459-20 #8 that was recompleted to Pictured Cliffs in June 2003. The Jicarilla 460-15 #4 was placed on production May 3, 2003 after a pipeline was constructed to the well. I have enclosed the completion report for this well and a copy of the C-104 submitted March 1, 2004. A horizontal reentry workover was performed on this well recently and sundries are being prepared for this operation. We do not have an approved copy of the C-104 in our files. Do we need to submit another C-104 or is this still in the approval process? Finally, a copy of the subsequent sundry for the plugging of the Jicarilla 464 SJ #1 submitted May 11, 2004 is enclosed. I will send a copy of the approved sundry to you when we receive it.

oper. Needs to Sent
D/O.