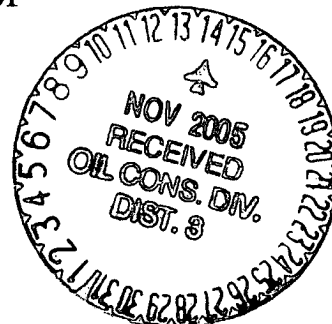




# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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



IN REPLY REFER TO:  
MDA 701-98-0013  
3162.3-1 (2110)

November 8, 2005

Mr. Allen Parrent  
Black Hills Gas Resources, Inc.  
3200 North 1<sup>st</sup>  
Bloomfield, NM 87413

30-039-29315

Dear Mr. Parrent:

Reference is made to the following well drilled on Jicarilla MDA 701-98-0013:

**Jicarilla 29-02-05 #44, located 425' FSL and 425' FEL, Section 5, T29N, RW, Rio Arriba County, New Mexico**

On October 12, 2005, this office received your Well Completion Report indicating that the well was drilled as vertical well, completed in Pictured Cliffs, Kirtland, Fruitland Coal, Cabresto Canyon Tertiary, and the La Jara Tertiary. This office has no record of prior approval, written or verbal, being given to complete multiple horizons, or any horizon, other than the Pictured Cliffs, as approved in the original Application for Permit to Drill (APD). As a result, this is considered a violation.

You are in violation of 43 CFR 3162.3-1(e), which states that the drilling plan may be modified, as circumstances may warrant, with the approval of the authorized officer (AO) and also in violation of 43 CFR 3162.3-2(a), which requires prior approval before commencing commingling production between intervals. These violations will serve as notice that if actions of this sort occur in the future, on any operations conducted by your company, you will be subject to an assessment. Enclosed you will find your processed Well Completion Reports.

Another Regulation that has been overlooked by Black Hills, is the requirement to file well completion reports in a more timely manner. The well completion reports must be filed within 30 days of completion of the well pursuant to Onshore Order No. 1, VIII. In the future, please submit these reports as required.

Under provisions of 43 CFR 3165.3, you may request and Administrative Review, before the State Director either with or without oral presentation, of the assessment described above. Such a request, including all supporting documentation, shall be filed in writing with the State Director, Bureau of Land Management, P.O. Box 27115 (NM-92000), Santa Fe, New Mexico 87502-0115 within 20 business days of the date this notice was received or considered to have been received. Such a request shall not result in a suspension of the order 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 or concerns regarding this issue, please feel free to contact me at (505) 599-6358.

Sincerely,

*/s/ Adrienne Brumley*

Adrienne Brumley  
Petroleum Engineer,  
Petroleum Management Team

Enclosures

cc: NMOCD  
BIA Jicarilla Agency  
Jicarilla Apache Nation