

**OIL & GAS ADMINISTRATION**

JICARILLA APACHE NATION

FACSIMILE TRANSMITTAL SHEET

TO: Ms. Jami Bailey

FROM: Dixon Sandoval

COMPANY: NMOCED

DATE: 6/23/11

FAX NUMBER: 505-476-3462

TOTAL # OF PGS INCLUDED: 2

PHONE NUMBER:

SENDER'S REFERENCE #:

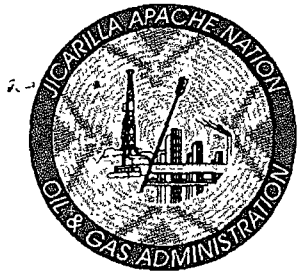
RE: Letter

YOUR REFERENCE #:

☐ URGENT☐ FOR REVIEW☐ PLEASE COMMENT☐ PLEASE REPLY☐ PLEASE RECYCLE

Case: 14642

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**OIL & GAS ADMINISTRATION****JICARILLA APACHE NATION**

June 22, 2011

Jami Bailey, Director
Oil Conservation Division
New Mexico Department of Energy
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Application of Black Hills Gas Resources, Inc.
June 23, 2011 Docket: Case No. 14642
Jicarilla Apache Nation
Rio Arriba County, New Mexico

Dear Ms. Bailey:

The Jicarilla Apache Nation Oil and Gas Administration is vested with the overall responsibility to manage the Jicarilla Nation oil and gas mineral resources and in review of Black Hills Gas Resources, Inc. proposal has determined it to be in the best interest of the Jicarilla Nation to support the application and proposal from Black Hills Corporation, through its subsidiary, Black Hills Gas Resources, Inc., for the creation of the proposed Jicarilla Mancos Development Area.

Black Hills has been operating on the Jicarilla Apache Nation Lands since 2003. Black Hills Gas Resources, Inc. through its affiliation with the Jicarilla Apache Nation as a partner in the Mineral Development Agreement (MDA) has proven to be prudent in its drilling and development program. As a joint working partner, the proposed Jicarilla (Mancos Formation) Project Area will protect the correlative rights of the Jicarilla Apache Nation lands while minimizing additional surface disturbance will result in greater ultimate recovery of the natural gas resources of the Nation.

Upon review of this matter in detail, the Jicarilla Apache Nation Oil and Gas Administration is in agreement with the proposed Black Hills Gas Resources, Inc., request for the creation of the Jicarilla Mancos Development Area and hereby submits this recommendation for Approval.

Sincerely,

Dixon Sandoval, Director- Oil and Gas Administration