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SOUTHERN UTE INDIAN TRIBE

January 6, 2006

Peter Mueller, Chair
Oil and Gas Conservation Commission
State of Colorado
1120 Lincoln Street, Suite 801
Denver, CO 80202

Dear Chair Mueller and Members of the Commission:

As you know, approximately 15 years ago the Colorado Oil and Gas Conservation Commission, the Southern Ute Indian Tribe, the Bureau of Indian Affairs and the Bureau of Land Management entered into a pair of historic agreements to govern the relationship between these entities within the exterior boundaries of the Southern Ute Indian Reservation. These agreements were arrived at amicably through mutual cooperation. The State of Colorado's willingness to cooperate with the Southern Ute Indian Tribe has made that possible.

Since 1991 the Tribe and the State of Colorado and particularly the COGCC have worked together in good faith to ensure that the interests of all of our constituents are well and fairly represented. I wish to personally thank each of the members of the Commission as well as its staff for your continued efforts to make these arrangements work.

We are in receipt of the letter dated December 12, 2005 from La Plata County, Colorado. As you know, the Southern Ute Indian Tribe has supported the 3M Project in the past and anticipates that we will continue to support it in the future. However, in contrast to the limited resources of La Plata County, the Southern Ute Indian Tribe has the responsibility and the expertise to continue to participate in and lead these investigations and evaluate impacts of gas development at the outcrop insofar as it effects lands within the exterior boundary of the Southern Ute Indian Reservation.

While we respect our working relationship with La Plata County, the Tribe has clearly shown the ability, desire and expertise to lead environmental and outcrop studies within the boundaries of the Southern Ute Indian Reservation. While we intend to continue to work with the COGCC and La Plata County, ultimately, the Tribe maintains jurisdiction over activities on tribal lands and we are concerned that La Plata County has stated in advance that it will actively resist new Fruitland Formation applications from outcrop operators apparently without respect to whether

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such operations are occurring within the exterior boundaries of the Southern Ute Indian Reservation. We maintain that such resistance is improper on activities within our Reservation.

The Tribe intends to continue to be a leader in the environmental and outcrop evaluation issues within the boundaries of the Reservation.

Sincerely,

SOUTHERN UTE INDIAN TRIBE

A handwritten signature in black ink, reading "Clement J. Frost". The signature is written in a cursive style with a prominent "C" and "F".

Clement J. Frost, Chairman