

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

20-527-24 163

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL [x] DEEPEN [] PLUG BACK []
b. TYPE OF WELL: OIL WELL [] GAS WELL [x] OTHER []
2. NAME OF OPERATOR: Blackwood & Nichols Co., Ltd.
3. ADDRESS OF OPERATOR: P. O. Box 1237, Durango, Colorado 81302
4. LOCATION OF WELL: At proposed prod. zone 1190' F/SL, 1050' F/WL
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 20 miles

5. LEASE DESIGNATION AND SERIAL NO.: NM 03357
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME: NEBU No. 1, Sec. 929
8. FARM OR LEASE NAME: Northeast Blanco Unit
9. WELL NO.: 304
10. FIELD AND POOL, OR WILDCAT: Basin Dakota
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: M-30-31N-6W
12. COUNTY OR PARISH: Rio Arriba
13. STATE: New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
16. NO. OF ACRES IN LEASE: 640
17. NO. OF ACRES ASSIGNED TO THIS WELL: 320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
19. PROPOSED DEPTH: 8000'
20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 6347' GL (Ungraded)
22. APPROX. DATE WORK WILL START*: September 15, 1987

Table with 4 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH. Includes rows for 12 1/4", 8 3/4", and 6 1/4" hole sizes.

23. DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED GENERAL REQUIREMENTS CEMENTING PROGRAM. This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 48 CFR 3165.4. Circulate (325 cf) Cover Ojo Alamo (1,000 cf) Fill to 7" Csg. (600 cf)

Blackwood & Nichols proposes to drill this well to further develop the Basin Dakota Formation in the Northeast Blanco Unit. Project summary:
1) Drill a 12 1/4" hole to ±300'. Run and cement 9 5/8" surface casing; circulate cement to surface, WOC - 12 hours.
2) Install the BOP; pressure test casing to 1,000 psi.
3) Drill an 8 3/4" hole to ±3,650 with a weighted gel mud; run and cement 7" casing; cover Ojo Alamo with cement; run temperature log if cement not circulated.
4) Pressure test 7" casing to 1,000 psi.
5) Drill a 6 1/4" hole with gas to ±8,000'; run 4 1/2" production casing and cement back to the base of the 7" casing; run a temperature survey.
6) Perforate and breakdown the Dakota zone, fracture stimulate.
7) Run 2 3/8" tubing.

Attached: Onshore Drilling Program Surface Use Program

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: William F. Clark, Operations Manager. DATE: August 21, 1987

PERMIT NO., APPROVAL DATE: SEP 14 1987, APPROVED BY: AS AMM, TITLE: OIL CON. DIV. DIST. 3, DATE: SEP 09 1987, NAME: /s/ Arlan S. Miner

*See Instructions On Reverse Side

FOR

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

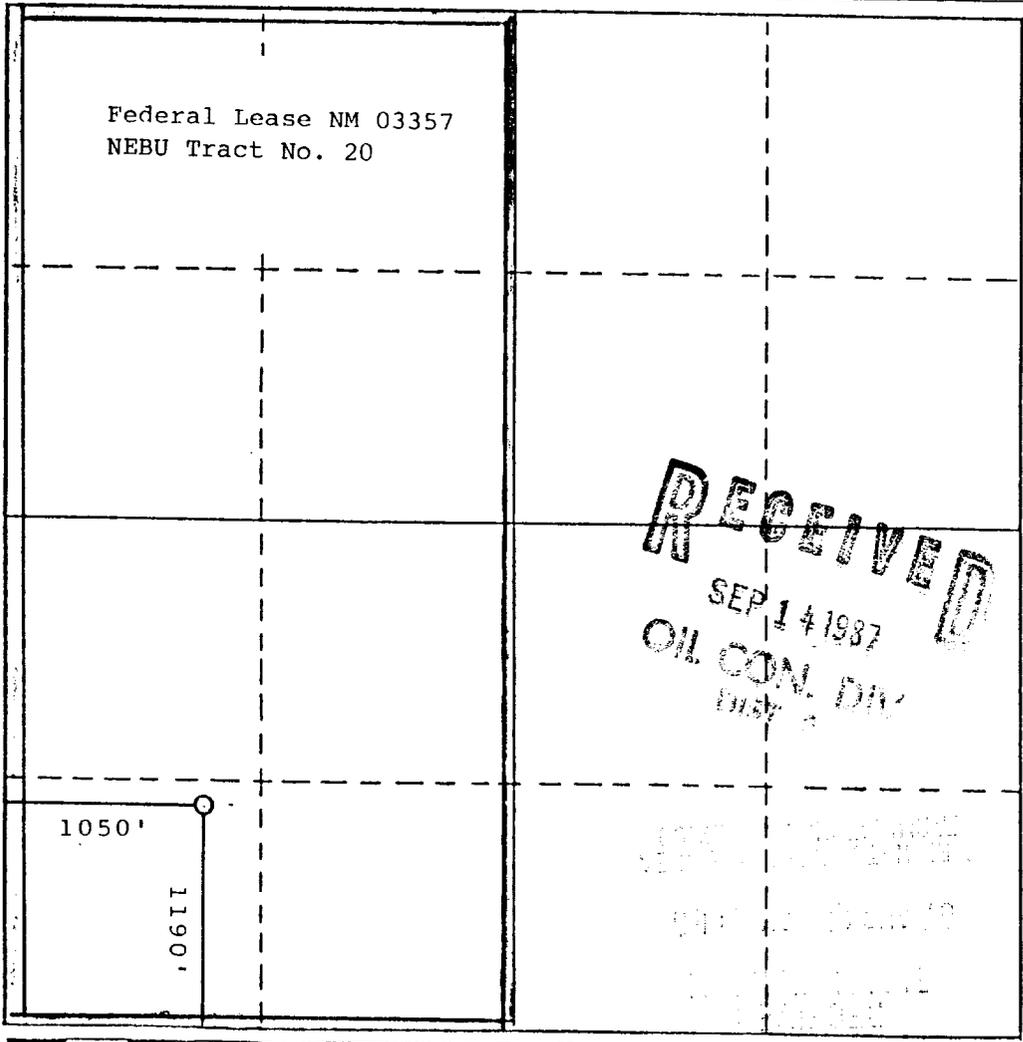
Operator BLACKWOOD & NICHOLS CO., LTD		Lease NORTHEAST BLANCO UNIT		Well No. 304
Unit Letter M	Section 30	Township 31 N.	Range 6W., N.M.P.M.	County Rio Arriba
Actual Footage Location of Well: 1190 feet from the south line and 1050 feet from the west line				
Ground Level Elev: 6347 (U.G.)	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

William F. Clark

Name
William F. Clark

Position
Operations Manager

Company
Blackwood & Nichols Co., Ltd.

Date
August 14, 1987

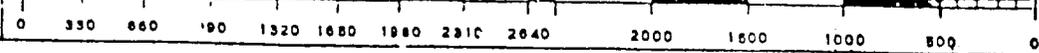
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
August 14, 1987

Registered Professional Engineer and/or Land Surveyor

Allison L. Kroeger
Allison L. Kroeger, PLS

Certificate No.
7922



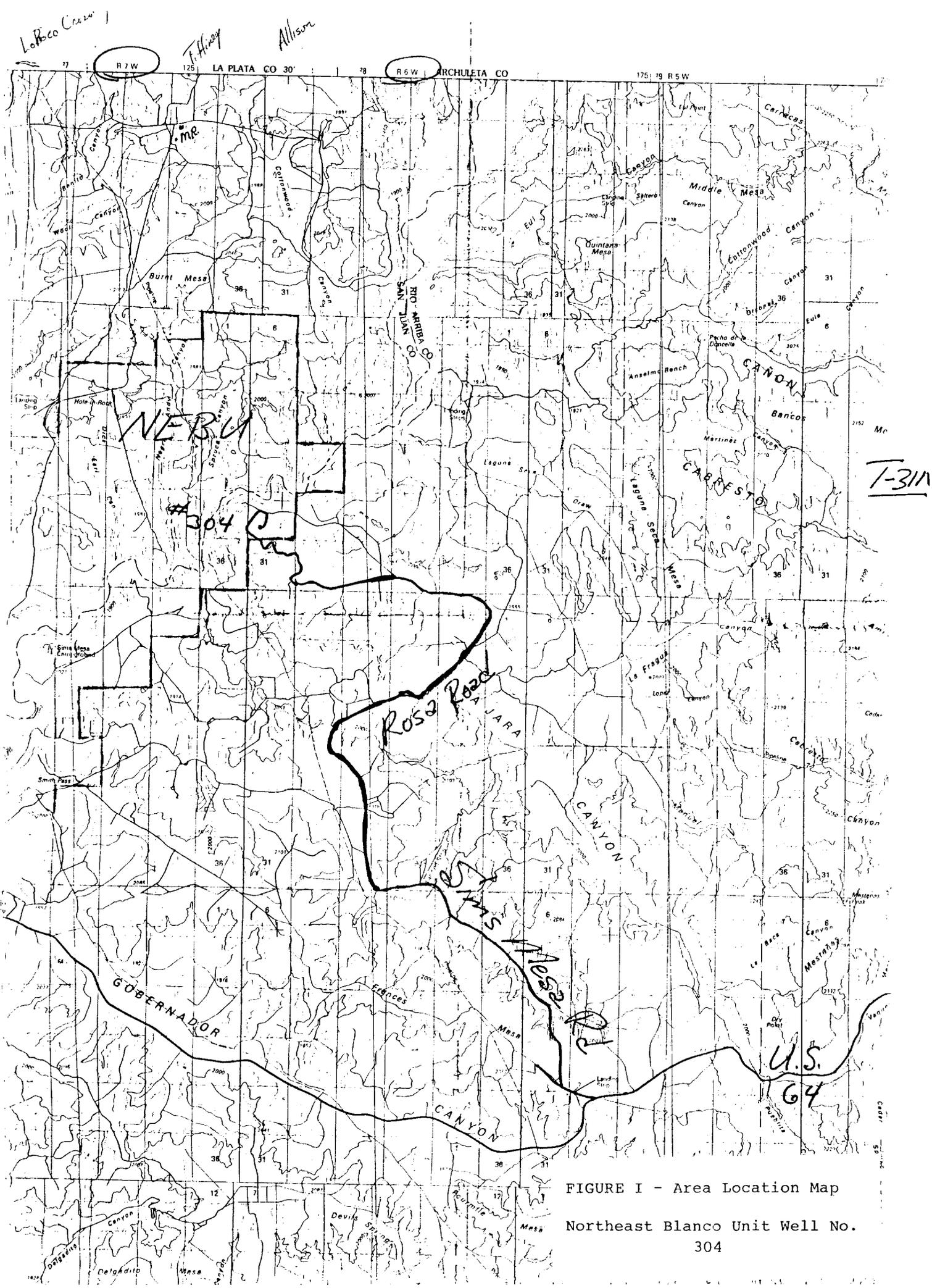


FIGURE I - Area Location Map
 Northeast Blanco Unit Well No.
 304