

CAMPBELL & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY  
PATRICIA A. MATTHEWS

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

August 2, 1990

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

RECEIVED  
AUG 2 1990  
OIL CONSERVATION DIVISION

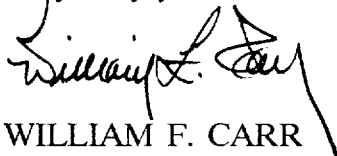
1050

Re: In the Matter of the Application of Blackwood & Nichols Co. Ltd., for  
Directional Drilling and a Non-Standard Spacing or Proration Unit, San Juan  
County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Blackwood & Nichols Co. Ltd., in the above-referenced case. Blackwood & Nichols Co. Ltd., respectfully requests that this matter be placed on the docket for the August 22, 1990 Examiner hearings.

Very truly yours,

  
WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. Bill Penhall  
Devon Energy Corporation

Al Rector  
Blackwood & Nichols Co. Ltd.

BEFORE THE  
OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF  
BLACKWOOD & NICHOLS CO. LTD., FOR  
DIRECTIONAL DRILLING, AND A NON-  
STANDARD SPACING OR PRORATION UNIT,  
SAN JUAN COUNTY, NEW MEXICO.

RECEIVED  
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OIL CONSERVATION DIVISION  
CASE NO. 10050

APPLICATION

COMES NOW BLACKWOOD & NICHOLS CO. LTD., through its undersigned attorneys, and hereby makes application pursuant to Oil Conservation Division Rule 111 to directionally drill its Northeast Blanco Unit Well No. 461, Basin-Fruitland Coal Gas Pool, and for a non-standard spacing or proration unit, and in support of this application states:

1. Applicant is the operator of the Basin-Fruitland Coal Gas Pool, underlying the following described lands:

TOWNSHIP 30 NORTH, RANGE 7 WEST, N.M.P.M.

Section 7: Lots 7, 8, 13 and 14 and E/2 W/2

Section 18: Lots 7 and 8 and E/2 NW/4

containing 298.90 acres, more or less.

2. Applicant proposes to directionally drill its Northeast Blanco Unit Well No. 461 from a surface location of 1830 feet from the South line and 830 feet from the East line of Section 12, Township 30 North, Range 8 West, N.M.P.M., to a bottomhole location of 1376 feet from the South line and 840 feet from the West line of Section 7, Township

30 North, Range 7 West, N.M.P.M., San Juan County, New Mexico, with the intent of testing the Fruitland formation, Basin-Fruitland Coal Gas Pool.

3. Applicant proposes to dedicate to the Northeast Blanco Unit Well No. 461 the non-standard spacing or proration unit described in Paragraph No. 1 of this application.

4. The subject well is located in close proximity to Navajo Lake and must be directionally drilled to enable the applicant to produce the reserves which underlie the above-described proration unit.

5. Attached hereto and incorporated herein is a copy of OCD Form C-102 showing the proposed surface and bottomhole location for the subject well and a plat showing the general topography of the proposed proration unit.

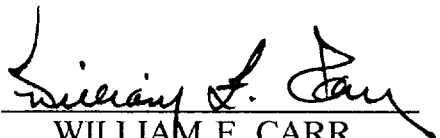
6. Approval of this Application will enable the Applicant to produce hydrocarbons that otherwise would not be produced and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

**WHEREFORE**, Applicant requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 22, 1990, that notice be given as required by law and the rules of the Division, and that the Division enter its Order granting the Applicant permission to directionally drill its Northeast Blanco Unit Well No. 461 and approving the proposed 298.90 acre non-standard spacing or proration

unit for this well.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR BLACKWOOD  
& NICHOLS CO. LTD.