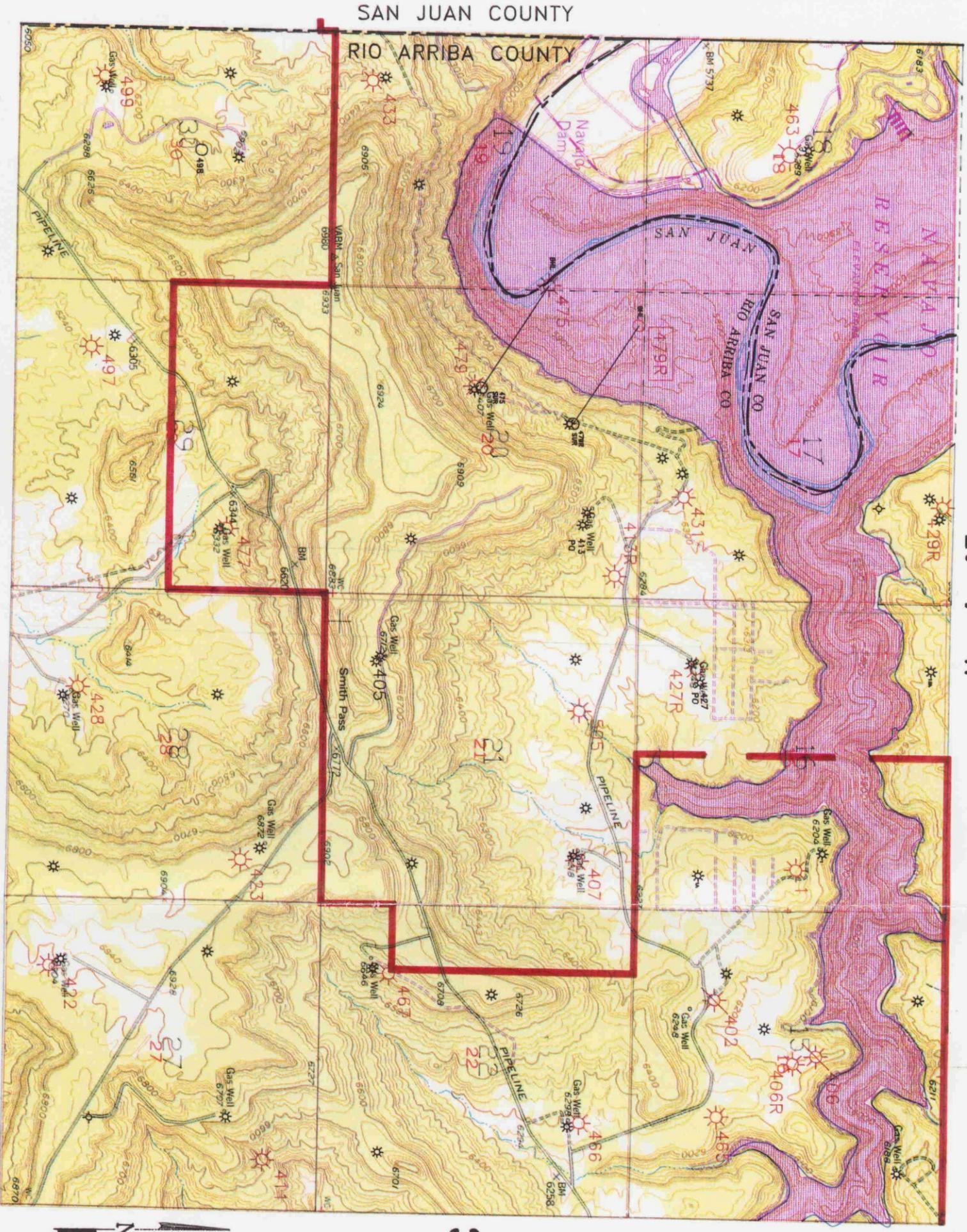


R 7 W

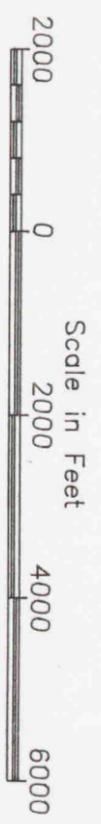
FOR APPLICATION BEFORE THE OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
CASE NUMBER: 10765
EXHIBIT NUMBER: 1



- T 30 N
- 431 Fruiland Coal Gas Well
 - 413 Fruiland Coal Pressure Observation Well
 - Mesaverde Gas Well



NORTHEAST BLANCO UNIT
RIO ARriba & SAN JUAN COUNTIES, NEW MEXICO



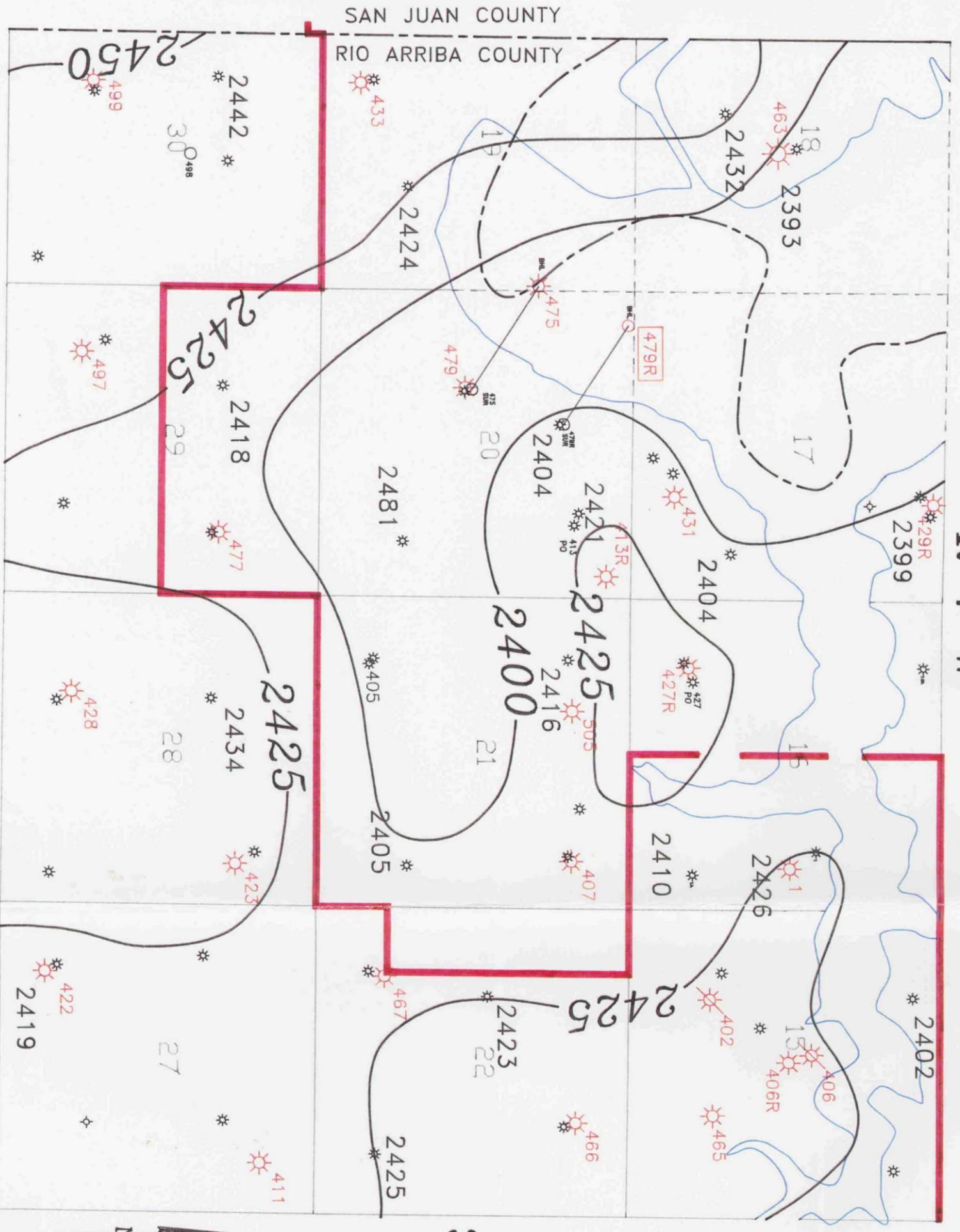
Date: 6/93

FOR APPLICATION BEFORE THE OIL CONSERVATION DIVISION
 NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
 CASE NUMBER: 10675

EXHIBIT NUMBER: 2

R 7 W

T 30 N



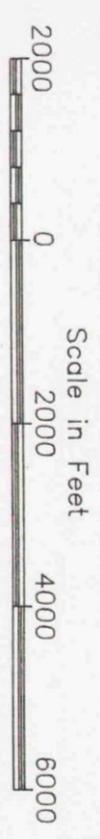
- 431 Fruitland Coal Gas Well
- 413 PO Fruitland Coal Pressure Observation Well
- Mesoverde Gas Well



NORTHEAST BLANCO UNIT
 RIO ARRIBA & SAN JUAN COUNTIES, NEW MEXICO

HUERFANITO BENTONITE
 STRUCTURE

CONTOUR INTERVAL 25 FEET

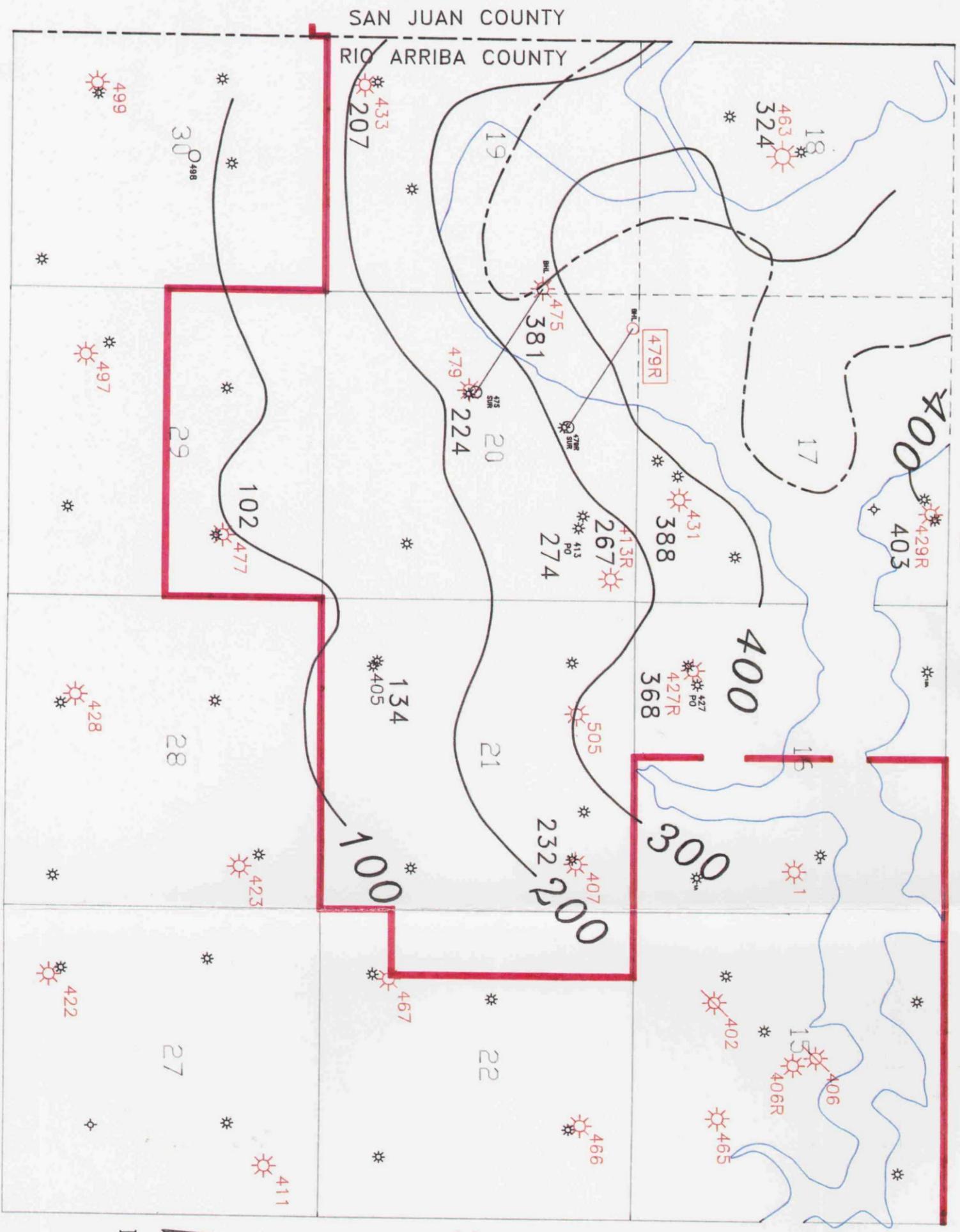


Date: 6/93

AFB-11

CASE NUMBER: 10765

EXHIBIT NUMBER: 4



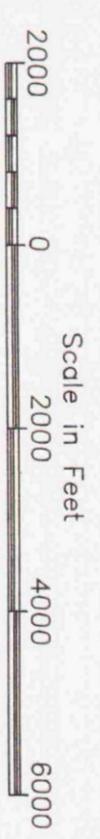
NOTE:
 Contoured values represent the arithmetic mean of total gas from oil analyzed coal seams in the adjacent Fruitland well. Total gas includes desorbed gas measured from drill cuttings via the manometric method and lost gas calculated via the U.S.B.M. method. Average gas content values provide a low end estimate for gas-in-place calculations due to the non-linear relationship between coal seam thickness and desorbed gas content as measured in drill cuttings.

- T 30 N
- ☀️ 431 Fruitland Coal Gas Well
 - ☀️ 413 Fruitland Coal Pressure Observation Well
 - ☀️ Mesaverde Gas Well



NORTHEAST BLANCO UNIT
 RIO ARRIBA & SAN JUAN COUNTIES, NEW MEXICO

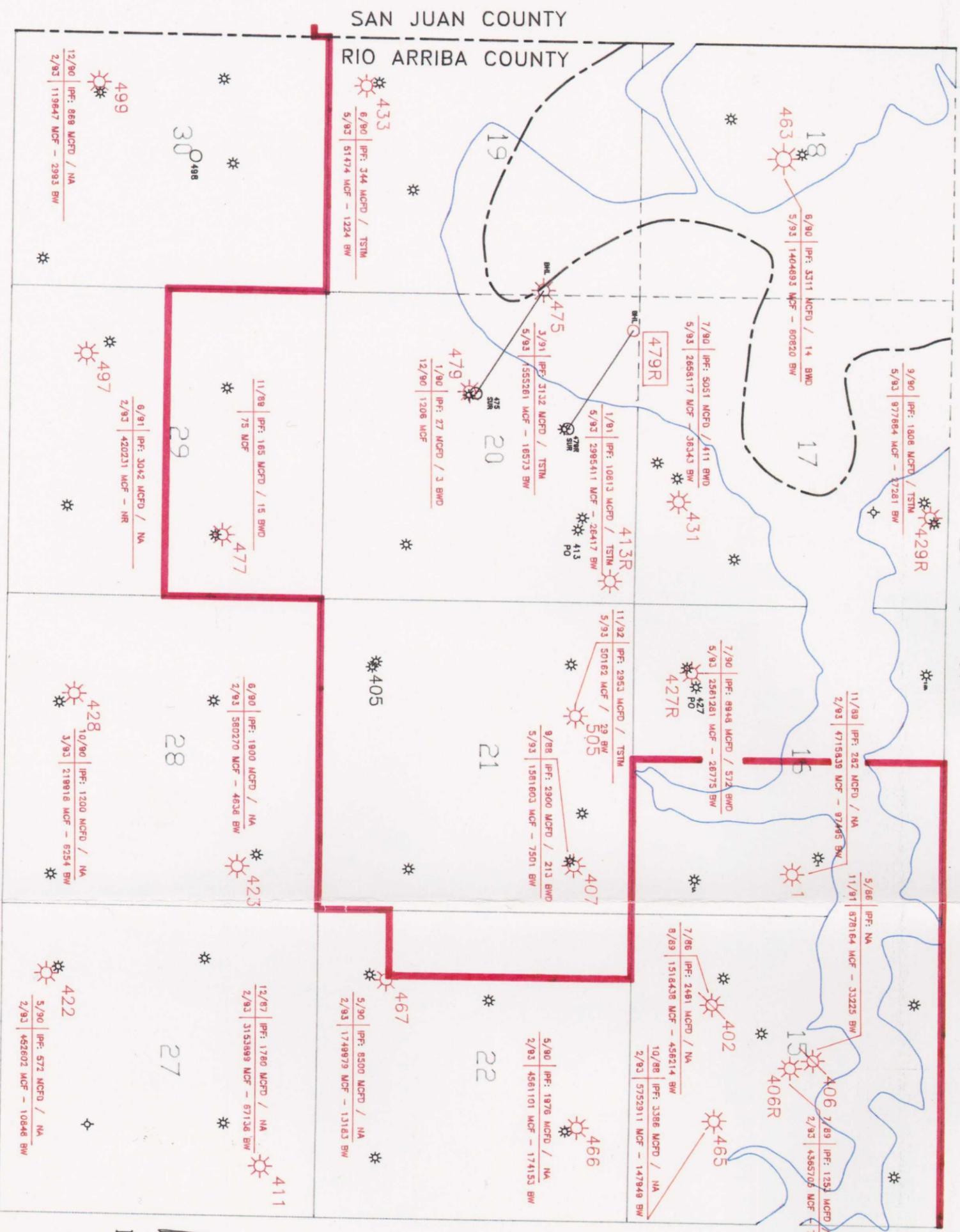
AVERAGE GAS CONTENT
Fruitland Coal



Date: 6/93

AFSA-43

R 7 W



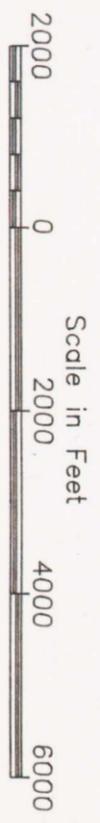
T 30 N

- 431 Fruitland Coal Gas Well
- 413 Fruitland Coal Pressure Observation Well
- Mesaverde Gas Well



NORTHEAST BLANCO UNIT
 RIO ARRIBA & SAN JUAN COUNTIES, NEW MEXICO

Production
 Fruitland Coal



Date: 6/93

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF BLACKWOOD & NICHOLS CO. A
LIMITED PARTNERSHIP FOR DIRECTIONAL
DRILLING, AND AN UNORTHODOX
WELL LOCATION,
RIO ARRIBA COUNTY, NEW MEXICO.

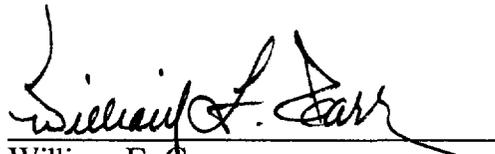
CASE NO. 10765

AFFIDAVIT OF MAILING

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

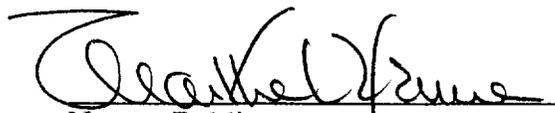
WILLIAM F. CARR, attorney in fact and authorized representative of Blackwood & Nichols Co. a Limited Partnership, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

Further Affiant sayeth naught.



William F. Carr

SUBSCRIBED AND SWORN to before me this 14th day of July, 1993.



Notary Public

My Commission Expires:

August 19, 1995

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
B+N	EXHIBIT NO. 6
CASE NO.	10765

EXHIBIT A

Meridian Oil Inc.
Post Office Box 4289
Farmington, New Mexico 87499-4289

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT
DAVID B. LAWRENZ

JACK M. CAMPBELL
OF COUNSEL

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

June 21, 1993

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Meridian Oil Company
Post Office Box 4289
Farmington, New Mexico 87499-4289

Re: Application of Blackwood & Nichols Co. a Limited Partnership for Directional
Drilling and an Unorthodox Well Location, Rio Arriba County, New Mexico

Gentlemen:

This letter is to advise you that Blackwood & Nichols Co. a Limited Partnership ("Blackwood & Nichols") has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to directionally drill its Northeast Blanco Unit Well No. 479-R from a surface location 1170 feet from the North line and 2280 feet from the West line of Section 20, Township 30 North, Range 7 West to an unorthodox bottomhole location within 50 feet of a point 100 feet from the North line and 590 feet from the West line of said Section 20.

This application has been set for hearing before a Division Examiner of the Oil Conservation Division on July 15, 1993. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR BLACKWOOD & NICHOLS CO. A LIMITED PARTNERSHIP
WFC:mlh
cc: Al Rector

P 087 492 147



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to: Meridian Oil Company	
Street and No. Post Office Box 4289	
P.O. Station and ZIP Code Farmington, NM 87499-4289	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date June 21, 1993	

PS Form 3800, June 1991

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees, the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. (Extra charge)
 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 Meridian Oil Company
 Post Office Box 4289
 Farmington, NM 87499-4289

4. Article Number
 P 087 492 147

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address
 X

6. Signature - Agent
 X *Bob*

7. Date of Delivery
 6-23-93

8. Addressee's Address (ONLY if requested and fee paid)

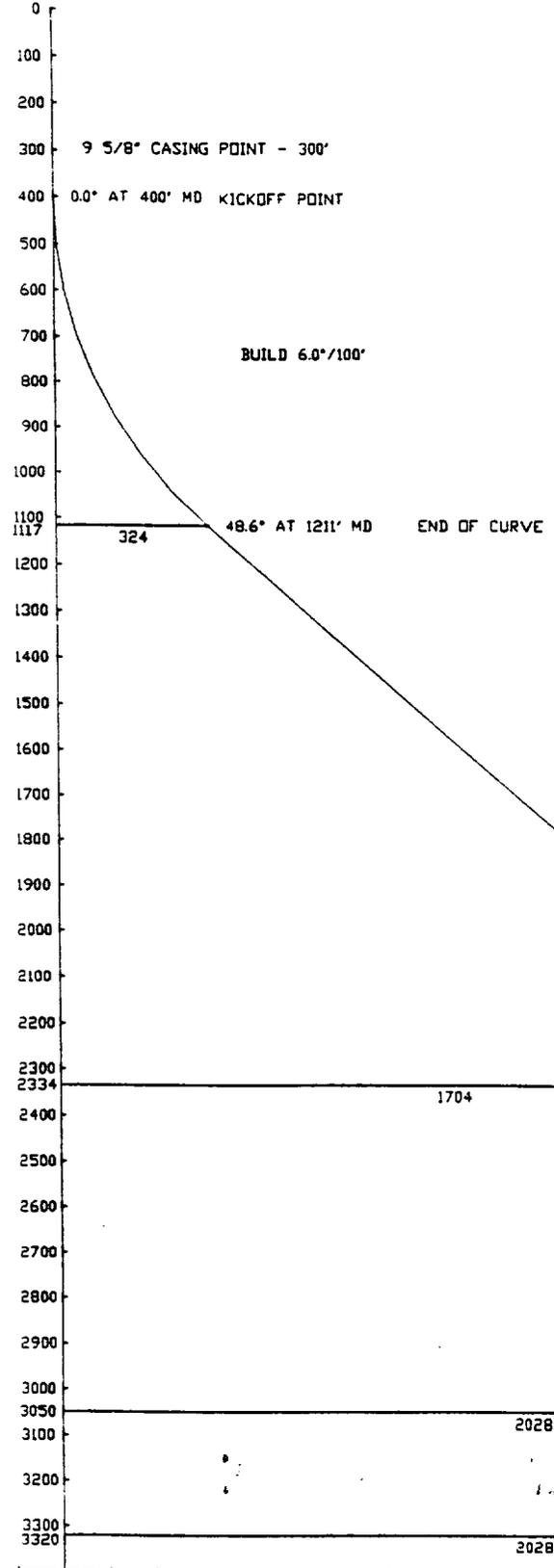
PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 * DOMESTIC RETURN RECEIPT

BLACKWOOD & NICHOLS CO., LTD.
 PAD #3 #35-5-65
 SEC 20-T30N-R07W
 ARRIBA COUNTY, NEW MEXICO



Drilling Systems

VERTICAL SECTION
 SCALE: 100 FEET/DIVISION

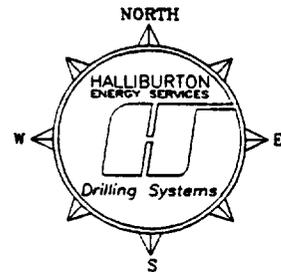
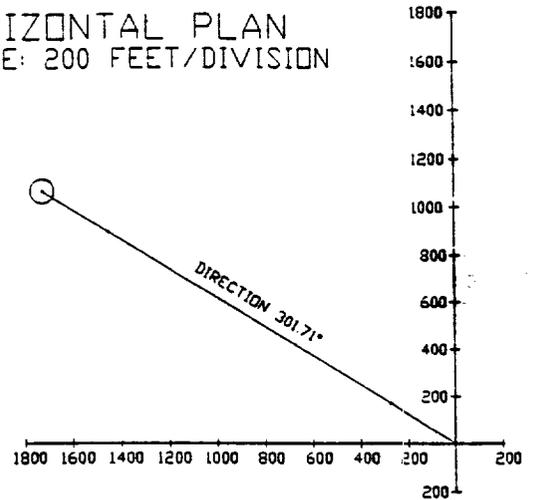


SURFACE LOCATION:
 SEC 20-T30N-R07W
 1166' FNL, 2315' FWL

BOTTOM HOLE LOCATION:
 SEC 20-T30N-R07W
 100' FNL, 590' FWL

TARGET TVD: 3050'
 50' RADIUS CIRCLE

HORIZONTAL PLAN
 SCALE: 200 FEET/DIVISION



VERTICAL SECTION PLANE: 301.71 DEG.

DROP 6.0"/100'

0.0" AT 3861' MD TARGET

0.0" AT 4131' MD TOTAL DEPTH
 3320' TVD
 2028' DISP

Blackwood & Nichols Co., Ltd.
Northeast Blanco Unit No. 479R
Location, Surface: 1166' FNL - 2315' FWL
Section 20, T30N, R7W
Location, Bottomhole: 100' FNL - 590' FWL
Section 20, T30N, R7W
Rio Arriba Co., New Mexico

Field: Basin Fruitland Coal

Elevation: 6315' GL

Geology:

	MD	TVD
Formation Tops: San Jose	Surface	Surface
Ojo Alamo	2893'	2130'
Kirtland	3035'	2250'
Fruitland	3827'	2990'
Intermediate TD	3861'	3050'
Total Depth	4131'	3320'

Logging Program: No logs will be run at Intermediate TD. A one man mud logging unit will be run from Intermediate TD to total depth.

Drilling:

Contractor: Big A Well Service - Rig 23 Toolpusher:

Operator's Representative: Al Rector

Mud Program:

MD	
0'- 300'	:Spud mud of lime and gel.
300'-2850'	:Fresh water, gel, PHPA polymer, & Drispac with prehydrated 20 bbl. gel sweeps every 200' or as hole conditions dictate. MW: 8.6-9.0 ppg. Visc: 32-35 sec./qt. Water Loss: 6-8 cc/30 mins. PH: 9.0-9.5
2850'-3652'	:Reduce water loss to 4-6 cc/30 mins. HPHT < 20cc. Increase viscosity with prehydrated gel slurry to 40-45 sec./qt.
3652'-3861'	:Increase mud weight to 9.0-9.5 ppg as necessary to control well.
3861'-4131'	:Water and air.

Materials:

Casing Program:

<u>Hole Size</u>	<u>Depth (TVD)</u>	<u>Depth (MD)</u>	<u>Casing Size</u>	<u>Wt. & Grade</u>
12 1/4"	300'	300'	9 5/8"	36#,K-55
8 3/4"	3050'	3861'	7 "	23#,N-80
6 1/4"	2950-3320'	3761'-4131'	5 1/2"	17#,N-80

Float Equipment:

- 9 5/8" surface casing - Texas Pattern Guide Shoe. Threadlock guide shoe and first collar.
- 7" Intermediate casing - Cement Nose Guide Shoe. Self fill insert float valve run one joint above the shoe. Fifty centralizers: 37 run in tangent section of hole, one on each joint, 3 run in drop angle section of hole to top of Ojo Alamo, one on every other joint, 10 run from top of Kirtland to Intermediate TD, one every other joint. Five turbolizers, run one on each joint from top of Ojo Alamo to top of Kirtland. Threadlock shoe, insert float valve, and first collar.
- 5 1/2" liner- Geyser guide shoe. Threadlock shoe. Right hand rotating, Left hand set liner hanger with lead seal ring packoff.

Wellhead Equipment:

- 9 5/8" X 10" 3000# casing head with 7" automatic slips.
- 10" 3000# X 6" 3000# tubing head with a 2 7/8" EUE Tubing hanger.

Cement Program:

- 9 5/8" surface casing - 570 sacks (673 cuft) of Class B w/2% CaCl and 1/4# flocele per sack. 300% excess to circulate to surface. WOC 12 hours. Pressure test to 600 psi/30 minutes prior to drilling surface casing shoe.
- 7" Intermediate casing- 895 sacks (1360 cuft) of Howco Lite with, 1/4# flocele per sack, and 1.2% HA22, and 2% CaCl, followed by 125 sacks (148 cuft) of Class B with 1/4# flocele per sack, 0.4% HA 344. 50% excess to circulate to surface. WOC 12 hours. Run temperature survey after 8 hours if cement does not circulate. Pressure test to 1500 psi for 30 mins. prior to drilling shoe.
- 5 1/2" liner - Liner will be uncemented unless natural flow capacity indicates need for fracture stimulation.

Miscellaneous:

Operate pipe rams daily and record in tour reports.

Operate blind rams on each trip and record in tour reports.

7" casing rams are to be installed prior to running the intermediate casing.

5 1/2" casing rams are to be installed prior to running the liner.