

07/06/90

EXHIBIT "B"
NORTHEAST BLANCO UNIT
INITIAL PARTICIPATING AREA - GALLUP FORMATION
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP IN OIL & GAS INTERESTS

TRACT NO.	DESCRIPTION	NO. OF ACRES	LEASE DATE, & RECORD HOLDER	TRACT PARTICIP. DECIMAL	TRACT W. I. PARTICIP. DECIMAL	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT OR ASSIGNMENT	PERCENT OF	
							ROYALTY	ORRI
05	T31N R6W SEC 20: E/2	320.00	SF 78988 7/01/48 AMOCO PRODUCTION CO., ET AL	0.25000000	0.50000000	Amoco Production Company	USA	12.5 %
				0.08269475		Blackwood & Nichols Co.		
				0.07207729		Devon Energy Corporation		
				0.03047908		EOG (New Mexico) Inc.		
				0.00142269		Hutchinson, B. E. II Trust		
				0.00235105		Laurie, Thayer H. Trust		
				0.06097514		Meridian Oil Production Company		

				0.50000000				2.5 %
20	T31N R6W SEC 30: E/2	320.00	NM 03357 2/01/49 BLACKWOOD & NICHOLS CO., LTD., ET AL	0.16538953	0.50000000	Blackwood & Nichols Co.	USA	12.5 %
				0.14415456		Devon Energy Corporation		
				0.06095815		EOG (New Mexico) Inc.		
				0.00284538		Hutchinson, B. E. II Trust		
				0.00470210		Laurie, Thayer H. Trust		
				0.12195028		Meridian Oil Production Company		

				0.50000000				5.0 %
TOTAL ACREAGE		640.00		1.00000000				

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SUMMARY OF INTERESTS

0.25000000	Amoco Production Company
0.25000000	Blackwood & Nichols Co.
0.21623185	Devon Energy Corporation
0.09143723	EOG (New Mexico) Inc.
0.21623185	Hutchinson, B. E. II Trust
0.00705315	Laurie, Thayer H. Trust
0.18292542	Meridian Oil Production Inc.

1.00000000	

BLACKWOOD & NICHOLS CO. A LIMITED PARTNERSHIP

1500 Mid-America Tower
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

405/235-3611
FAX 405/236-4258

July 6, 1990

Commissioner of Public Lands
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico 87501

State of New Mexico
Energy and Minerals Department
Oil Conservation Department
P. O. Box 2088
Santa Fe, New Mexico 87501

U. S. Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401
Attn: Mr. John L. Keller

Northeast Blanco Unit #1 Sec. 929
San Juan and Rio Arriba
Counties, New Mexico

Application For The Initial
Dakota Formation Participating Area
Effective October 22, 1984

Gentlemen:

Blackwood and Nichols Co., as Unit operator of the Northeast Blanco Unit, pursuant to Section 11 of the Unit Agreement, respectfully requests your approval of the Initial Participating Area for the Dakota Formation. The 640-acre Initial Participating Area is comprised of the lands described on Exhibit "B" and is based on the commercial capabilities of the Northeast Blanco Unit wells No. 302 in SE, Section 30, T31N, R6W, and No. 303 in SE, Section 20, T31N, R6W.

The No. 302 and 303 wells were drilled and completed in 1984 and first delivered on June 5, 1985. Cumulative production from the Dakota Formation has been 256,396 MCF and 448,690 MCF from the No. 302 and 303 wells respectively. During 1989, these wells produced an average of 666 MCFD and 818 MCFD respectively; however, they were shut in approximately 60% of the time during 1989 due to gas marketing factors.

During 1989, the No. 302 well produced 60,426 MCF and generated a gross income of approximately \$86,469. The royalties, taxes, and operating cost for this well during 1989 were \$34,389, which resulted in a net income of \$52,080.

During 1989, the No. 303 well produced 114,094 MCF and generated a gross income of approximately \$163,269. The royalties, taxes, and operating cost for this well during 1989 were \$56,561, which resulted in a net income of \$106,708.

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Dakota Participating Area

July 6, 1990

In summary, the No. 302 and 303 wells are commercial and should become the Initial Gallup Participating Area. Attached are Exhibit "A" (Plat of the Initial Participating Area) and Exhibit "B" (Ownership Schedule).

Upon your review of this information, please advise with your determination. Thank you for your cooperation in this matter.

Sincerely,

BLACKWOOD & NICHOLS CO.
A LIMITED PARTNERSHIP by
Devon Energy Corporation (Nevada),
Operating General Partner

A handwritten signature in black ink, appearing to read "J M Lacey" with a stylized flourish at the end.

J. M. Lacey
Vice-President

BAP:JML:jl

cc: NEBU Working Interest Owners