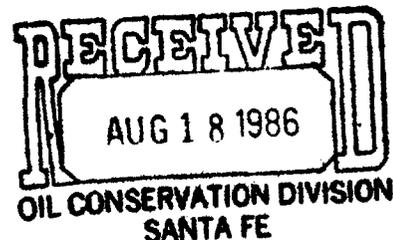


BLACKWOOD & NICHOLS Co., LTD.

1310 FIRST NATIONAL CENTER WEST
OKLAHOMA CITY, OKLAHOMA 73102

405 235.8505

August 14, 1986



Commissioner of Public Lands
P.O. Box 2308
Santa Fe, N.M. 87501

Oil Conservation Commission
P.O. Box 2088
Santa Fe, N.M. 87504-2088

Bureau of Land Management
Farmington Resource Area
Caller Service 4104
Farmington, N.M. 87499-4104

Re: Northeast Blanco Unit No. 1,
Sec. 929, San Juan and Rio Arriba
Counties, N.M.

Gentlemen:

In accordance with the terms of that certain Unit Agreement for the Development and Operation of the Northeast Blanco Unit Area No. 1, Sec. 929, we enclose copies of Exhibit "B" revised as of May 19, 1986.

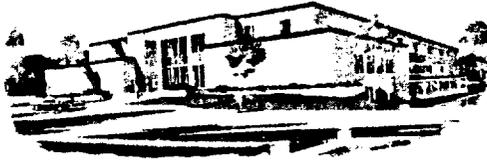
Yours very truly,

BLACKWOOD & NICHOLS CO., LTD.

Berit Haynes Sweeney
Berit Haynes Sweeney

BHS:sp
Enclosures

State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

April 9, 1986

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Users
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Blackwood & Nichols Co., Ltd.
Attn: Mr. Berit Haynes Sweeney
1310 First National Center West
Oklahoma City, Oklahoma 73102

Re: Northeast Blanco Unit
Initial Fruitland/Pictured Cliffs
Participating Area
Effective August 17, 1979

Gentlemen:

This office is in receipt of your letter dated March 6, 1986 together with certain correspondence from the Bureau of Land Management dated October 26, 1983, in reference to noncommercial well determinations and the approval of the Initial Fruitland-Pictured Cliffs Participating area for the Northeast Blanco Unit area.

This office concurs with the Bureau of Land Management that the well Nos. 201, 203, 205, 206, and 208 are noncommercial and should be produced on a lease basis.

This office also concurs with the BLM that the Unit Well Nos. 202 and 204 are commercial and has this date approved the Initial Fruitland/Pictured Cliffs participating area which was established by the BLM effective as of August 17, 1979. The Initial Fruitland/Pictured Cliffs participating area consists of the W/2 of Section 1 and the NE/4 of Section 11, Township 31 North, Range 7 West, San Juan County, New Mexico and contains 345.66 acres.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS
BY: *Floyd O. Prando*

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm

cc: OCD-Santa Fe, New Mexico
CGAD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico Attn: Fluids Branch

State of New Mexico



Commissioner of Public Lands

March 4, 1986

JIM BACA
COMMISSIONER

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Blackwood & Nichols Co., Ltd
1310 First National Center West
Oklahoma City, Oklahoma 73102

Re: 1986 Plan of Development
Northeast Blanco Unit
San Juan and Rio Arriba
Counties, New Mexico

ATTENTION: Mr. Charles F. Blackwood

Gentlemen:

The Commissioner of Public Lands has this date approved your 1986 Plan of Development for the Northeast Blanco Unit Area, San Juan and Rio Arriba Counties, New Mexico. Such Plan calls for no further drilling during the calendar year 1986. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
AC 505/827-5744

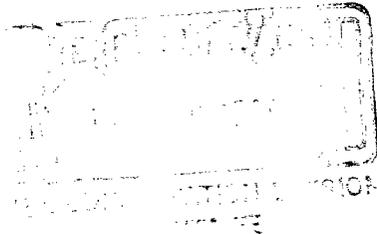
JB/FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico Attn: Mr. Armando Lopez
BLM-Roswell, New Mexico Attn: Fluids Branch

Bureau of Land Management
Albuquerque District Office
Minerals Division
P.O. Box 6770
Albuquerque, NM 87197-6770

FEB 25 1986

Northeast Blanco
Unit FOD
3100 (015)



Blackwood & Nichols Co., Ltd.
ATTN: Charles F. Blackwood
1310 First National Center West
Oklahoma City, OK 73102

Gentlemen:

One approved copy of your 1986 Plan of Development for the Northeast Blanco Unit area, San Juan and Rio Arriba Counties, New Mexico, is enclosed. Such plan, proposing the drilling of no new wells, is approved this date subject to like approval by the appropriate officials of the State of New Mexico.

The possibility of drainage by wells outside of the unit boundary may exist. You will be contacted at a later date about this possibility.

If you have any questions, please contact Gail Keller at the above address or telephone (505) 766-2841.

Sincerely,

(Orig. Signed) Gail Keller

For District Manager

Enclosure(s)

cc:

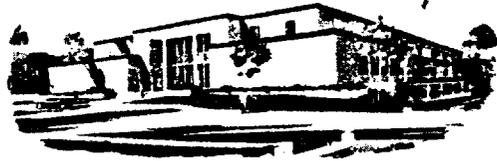
✓ NMOCD, Santa Fe
Comm. of Pub. Lands, Santa Fe
Micrographics 943B-1
Fluids Section FRAH
O&G Chron

015:GKeller:klm:2-24-86:1548M

State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands

February 7, 1986

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Blackwood & Nichols Co., Ltd.
1310 First National Center West
Oklahoma City, Oklahoma 73102

Re: Initial Fruitland-Pictured Cliffs
Participating Area
Northeast Blanco Unit
San Juan and Rio Arriba Counties New Mexico

ATTENTION: Mr. Charles F. Blackwood

Gentlemen:

This office is in receipt of your 1986 Plan of Development for the Northeast Blanco Unit Area, San Juan and Rio Arriba Counties, New Mexico. In your Plan of Development you mention that by letter dated October 26, 1983, the Bureau of Land Management established an initial Fruitland-Pictured Cliffs Participating Area which consisted of the W $\frac{1}{2}$ Sec. 1 and the NE $\frac{1}{4}$ Sec. 11, T-31N, R7W and contains 345.66 acres and will soon be recommending an expansion of this Participating Area.

Please submit a copy of the Initial Fruitland-Pictured Cliffs Participating Area covering the above mentioned lands for our approval and a copy of the BLM approval letter as our records do not indicate that we have received this information.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Assistant Director
Oil and Gas Division
AC 505/827-5744

JB/FOP/pm
cc:

OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico Attn: Fluids Branch
BLM-Roswell, New Mexico Attn: Mr. Armando Lopez

BLACKWOOD & NICHOLS Co., LTD.

1310 FIRST NATIONAL CENTER WEST
OKLAHOMA CITY, OKLAHOMA 73102

405 235.8505

January 28, 1986

#318

United States Department of the Interior
Bureau of Land Management
P. O. Box 6770
Albuquerque, New Mexico 87102

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 Division
P. O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

Re: Northeast Blanco Unit No. 1,
Sec. 929, San Juan and Rio Arriba
Counties, New Mexico

Gentlemen:

Blackwood & Nichols Co., Ltd., as Unit Operator, on behalf of itself and all owners of oil and gas leases within the Northeast Blanco Unit, hereby submits a Plan of Development for the calendar year 1986.

The following information indicates the development of the Northeast Blanco Unit and summarizes production.

<u>Formation</u>	<u>Number of Wells</u>	<u>Status & Remarks</u>
Fruitland	15	Total
Pictured Cliffs	8	Producing
(Commingled)	7	Completed but not connected
Mesaverde	128	Total
	125	Producing
	3	Completed but not connected
	11	Plugged & Abandoned
Dakota	7	Total
	4	Dual with Mesaverde
	2	Dual with Gallup
	1	Single completion
Gallup	2	Total
	2	Dual with Dakota
	<hr/> <hr/>	
	152	Total Wells

Production by Formation:

<u>Formation</u>	<u>Cumulative thru 10-31-85:</u>	
	<u>Gas</u>	<u>Condensate</u>
Fruitland	1,002,061 MCF	1,510 Bbls
Pictured Cliffs		
Mesaverde	293,660,702 MCF	92,728 Bbls
Gallup	26,844 MCF	0 Bbls
Dakota	<u>5,710,232 MCF</u>	<u>0 Bbls</u>
Unit Total	300,399,839 MCF	94,238 Bbls

Unit Operator does not anticipate drilling any wells within the Unit area during the calendar year 1986. This is because:

- 1) Pursuant to Section 17 of the Unit Agreement, we believe all offset obligations have been fulfilled; and
- 2) Due to the current soft gas market we have excess deliverability.

All ten wells proposed in the 1985 Plan of Development have been drilled. We anticipate seven of these wells will be first delivered in the near future and the remaining three wells will be connected in the second quarter of 1986. No workover operations were performed during 1985.

To meet offset demand obligations, two Dakota wells were drilled in 1984; both of these wells were dually completed in the Gallup formation as tests. Production from the four completions began in June 1985. Soon we will discuss the commercial status of these wells with the other Northeast Blanco Unit Working Interest Owners and then make recommendations regarding the formation of participating areas.

By letter dated October 26, 1983, the Bureau of Land Management established an initial Fruitland-Pictured Cliffs Participating Area which consisted of the W $\frac{1}{2}$ Sec. 1 and the NE $\frac{1}{4}$ Sec. 11, T-31N, R-7W and contains 345.66 acres. Blackwood & Nichols Co., Ltd. the Unit Operator will soon recommend expansions to this Participating Area with the involved Working Interest Owners. Once agreement is achieved the necessary applications will be made.

All acreage within the Northeast Blanco Unit boundaries is now participating in the Mesaverde Formation.

If this Plan is acceptable, please signify your approval as required under Section 10 of the Unit Agreement in the space provided on the attached form and return two approved copies to Blackwood & Nichols Co., Ltd.

The effective date of the Plan of Development shall be January 1, 1986.

Very truly yours,

BLACKWOOD & NICHOLS CO., Ltd.

By Charles F. Blackwood
Charles F. Blackwood, General Partner

Four copies to each addressee
CFB;sp

Approved: _____ Date: _____

United States Department of the Interior
Bureau of Land Management
P.O. Box 6770
Albuquerque, New Mexico 87102

Subject to like approval by the Commissioner of Public Lands and Oil Conservation Division.

Approved: _____ Date: _____

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

Subject of like approval by the Bureau of Land Management and Oil Conservation Division.

Approved:  _____ Date: 1-30-86

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

Subject to like approval by the Bureau of Land Management and Commissioner of Public Lands.

The above approvals are for the Northeast Blanco Unit Agreement No. 1, Section 929, San Juan and Rio Arriba Counties, New Mexico, 1986 Plan of Development.

State of New Mexico

#318



JIM BACA
COMMISSIONER

Commissioner of Public Lands

March 7, 1985

Blackwood & Nichols Co., LTD.
P. O. Box 1237
Durango, Colorado 81301-1237

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: Northeast Blanco Unit
San Juan and Rio Arriba Counties,
New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1985 Plan of Development for the Northeast Blanco Unit, San Juan and Rio Arriba Counties, New Mexico. Such plan proposes to drill two replacement and one infill Mesaverde wells, and seven Fruitland-Picuted Cliffs wells. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico
BLM-Roswell, New Mexico



United States Department of the Interior

IN REPLY REFER TO:

NE Blanco Unit
(015)

BUREAU OF LAND MANAGEMENT
ALBUQUERQUE DISTRICT OFFICE

505 Marquette, N.W.
P.O. Box 6770
Albuquerque, New Mexico 87197-6770

FEB 19 1985

Blackwood & Nichols Co., Ltd.
P.O. Box 1237
Durango, Colorado 81301

Gentlemen:

An approved copy of your 1985 Plan of Development for the NE Blanco Unit area, San Juan County, New Mexico is enclosed. Such plan, proposing to drill two replacement and one infill Mesaverde wells, and seven Fruitland-Pictured Cliffs wells, was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

The possibility might exist of drainage by wells outside of the unit boundary. You will be contacted at a later date about this possibility.

Sincerely yours,

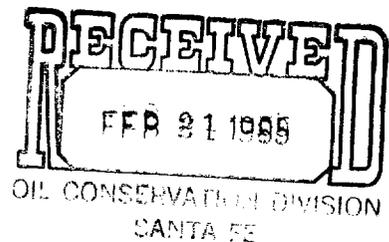
(ORIG. SGD.) GARY A. STEPHENS

For District Manager

Enclosure

~~cc~~
NMOC, Santa Fe
Comm. of Pub. Lands, Santa Fe
Micrographics 943B-4
Fluids Section FRAH
File: NE Blanco Unit POD
O&G Chron

015:RBartel:tt:2/12/85:0468M



State of New Mexico

#318



JIM BACA
COMMISSIONER

Commissioner of Public Lands

October 29, 1984

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Blackwood & Nichols Co., Ltd.
P. O. Box 1237
Durango, Colorado 81301-1237

Re: 1984 Supplemental Plan of Development
Northeast Blanco Unit
San Juan and Rio Arriba Counties New Mexico

ATTENTION: Mr. DeLasso Loos

Gentlemen:

The Commissioner of Public Lands has this date approved your amended 1984 Plan of Development for the Northeast Blanco Unit area, San Juan and Rio Arriba Counties, New Mexico. Such plan proposes to drill two Dakota Wells, the No. 302 and 303. Our approval is subject to like approval by the Bureau of Land Management and the New Mexico Oil Conservation Division.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico
BLM-Roswell, New Mexico

REGISTRATION DIVISION
SEP 10 1984

RECEIVED

Northeast Blanco Unit

#318

SEP 7 1984

Blackwood and Nichols Company, Limited
Attention: DeLasso Loos
P.O. Box 1237
Durango, CO 81301-1237

Gentlemen:

An approved copy of your amended 1984 plan of development for the Northeast Blanco unit area, San Juan and Rio Arriba Counties, New Mexico is enclosed. Such plan, proposing to drill two Dakota Wells, the No. 302 and No. 303, was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

Sincerely yours,

(ORIG. SGD.) SUE E. UMSHLER

For District Manager

Enclosure

cc:
Comm of Public Lands
NMOCD
Fluids Section (FRAH)
File: Northeast Blanco Unit-POD
O&G Chrono
Micrographics

015:RKent:sj:9/4/84:1229P

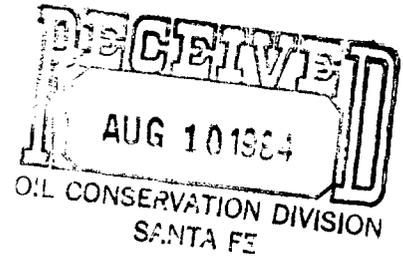
BLACKWOOD & NICHOLS Co., LTD.

P. O. BOX 1237

DURANGO, COLORADO 81301-1237

(303) 247-0728

August 6, 1984



#318

United States Department of the Interior
Bureau of Land Management
P. O. Box 6770
Albuquerque, New Mexico 87102

Commissioner of Public Lands
State of New Mexico
P. O. Box 2308
Santa Fe, New Mexico 87501

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

Re: Northeast Blanco Unit No. 1,
Sec. 929, San Juan and Rio Arriba
Counties, New Mexico

Gentlemen:

Blackwood & Nichols Co., Ltd., as Unit Operator, on behalf of itself and all owners of oil and gas leases within the Northeast Blanco Unit, hereby submits a supplement to the 1984 Plan of Development for drilling and completing two gas wells in the Dakota Formation as a partial requirement to your demand letter dated March 16, 1984.

TOWNSHIP 31 NORTH, RANGE 6 WEST, RIO ARRIBA COUNTY, NEW MEXICO

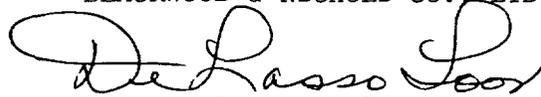
Northeast Blanco Unit No. 302, SE/4, Section 30
Northeast Blanco Unit No. 303, SE/4, Section 20

We will comply with the Bureau of Land Management's special stipulations to protect various resources and will use every effort to conclude our drilling activity prior to November 1, 1984.

If this is acceptable, please signify your approval, as required under Section 10 of the Unit Agreement, in the space provided below and return one copy to Blackwood & Nichols Co., Ltd.

Very truly yours,

BLACKWOOD & NICHOLS CO., LTD.



DeLasso Loos, Field Superintendent

DL:ew

APPROVAL



DISAPPROVAL _____

FOR

Oil Conservation Division

BY _____

DATE

8-10-84



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

#318

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

January 7, 1984

Blackwood & Nichols Co., Ltd.
P.O. Box 1237
Durango, CO 81301-1237

Attention: Charles F. Blackwood

Re: Northeast Blanco Unit No.
1, Sec. 929, San Juan
and Rio Arriba Counties,
New Mexico

Dear Mr. Blackwood:

Enclosed please find an approved copy of the material referenced above. Such approval is contingent upon like approval by the Commissioner of Public Lands and the Bureau of Land Management.

Sincerely,

ROY E. JOHNSON
Senior Petroleum Geologist

REJ/dp

cc: Commissioner of Public Lands - Santa Fe
Bureau of Land Management - Albuquerque
OCD District Office - Aztec

*OK
Refer Sent*

BLACKWOOD & NICHOLS Co., LTD.
P. O. BOX 1237
DURANGO, COLORADO 81301-1237
(303) 247-0728

December 7, 1984

DEC 31 1984
RECEIVED

United States Department of the Interior
Bureau of Land Management
P. O. Box 6770
Albuquerque, New Mexico 87102

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 Division
P. O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

Re: Northeast Blanco Unit No. 1,
Sec. 929, San Juan and Rio Arriba
Counties, New Mexico

Gentlemen:

Blackwood & Nichols Co., Ltd., as Unit Operator, on behalf of itself and all owners of oil and gas leases within the Northeast Blanco Unit, hereby submits a Plan of Development for the calendar year 1985.

The total number of wells within the Northeast Blanco Unit are as follows:

Mesaverde (Producing)	125
Mesaverde (Plugged and Abandoned)	11
Dakota-Mesaverde (Dual)	4
Dakota	1
Dakota-Gallup (Dual)	2
Fruitland-Pictured Cliffs	8

Total Mesaverde Cumulative Production through October 31, 1984 - 284,222,867 MCF.
Total Dakota Cumulative Production through October 31, 1984 - 5,392,020 MCF.
Total Fruitland-Pictured Cliffs Cumulative Production through October 31, 1984 - 825,894 MCF.
Total Mesaverde Cumulative Condensate Production through October 31, 1984 - 86,272.10 Barrels.

Total Fruitland-Pictured Cliffs Condensate Production through October 31, 1984 - 1,299.71 Barrels.

From our supplement letter to the 1984 Plan of Development dated August 6, 1984 and the Bureau of Land Management's letter of approval dated September 7, 1984, Unit Operator drilled and completed the following wells:

TOWNSHIP 31 NORTH, RANGE 6 WEST, RIO ARRIBA COUNTY, NEW MEXICO

NORTHEAST BLANCO UNIT WELL NO. 302
1850' F/SL - 1190' F/EL
SECTION 30, T31N - R6W

NORTHEAST BLANCO UNIT WELL NO. 303
990' F/SL - 990' F/EL
SECTION 20, T31N - R6W

The above two wells were each completed in the Dakota and Gallup formation as dual completions, and by authority granted the Bureau of Land Management as explained in 43 CFR, Subpart 8364.1-1, the above wells are now shut-in and may not be connected to a pipeline system until after March 31, 1985.

Unit Operator proposes to drill two replacement and one infill Mesaverde formation wells:

TOWNSHIP 30 NORTH, RANGE 7 WEST, SAN JUAN COUNTY, NEW MEXICO

NORTHEAST BLANCO UNIT NO. 3R
SW/4, SECTION 5, T30N - R7W

TOWNSHIP 30 NORTH, RANGE 7 WEST, RIO ARRIBA COUNTY, NEW MEXICO

NORTHEAST BLANCO UNIT NO. 7R
NE/4, SECTION 21, T30N - R7W

NORTHEAST BLANCO UNIT NO. 15A
NW/4, SECTION 2, T30N - R7W

Unit Operator proposes to drill seven Fruitland-Pictured Cliffs wells:

TOWNSHIP 31 NORTH, RANGE 7 WEST, SAN JUAN COUNTY, NEW MEXICO

SE/4, SECTION 1, T31N - R7W
NW/4, SECTION 12, T31N - R7W
SE/4, SECTION 22, T31N - R7W
NW/4, SECTION 26, T31N - R7W
SE/4, SECTION 27, T31N - R7W
NW/4, SECTION 27, T31N - R7W
NW/4, SECTION 16, T31N - R7W

Pursuant to Section 17 of the Northeast Blanco Unit Agreement, we believe all offset obligations have been, or will be met during 1985. Unit Operator will drill any other wells subsequently deemed necessary or desired by Unit Operator and the Working Interest Owners.

If this plan is acceptable, please signify your approval as required under Section 10 of the Unit Agreement, in the space provided on the attached form and return two approved copies to Blackwood & Nichols Co., Ltd.

The effective date of the Plan of Development shall be January 1, 1985.

Very truly yours,

BLACKWOOD & NICHOLS CO., LTD.

A handwritten signature in cursive script that reads "Charles F. Blackwood".

Charles F. Blackwood

Four copies to each addressee

Approved: _____ Date: _____

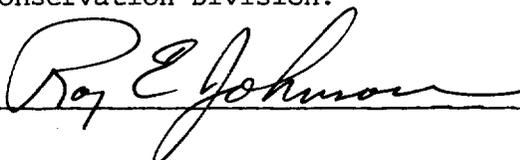
United States Department of the Interior
Bureau of Land Management
P. O. Box 6770
Albuquerque, New Mexico 87102

Subject to like approval by the Commissioner of Public Lands and
Oil Conservation Division.

Approved: _____ Date: _____

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

Subject to like approval by the Bureau of Land Management and Oil
Conservation Division.

Approved:  Date: 1-2-85

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

Subject to like approval by the Bureau of Land Management and
Commissioner of Public Lands.

The above approvals are for the Northeast Blanco Unit Agreement No. 1, Section 929,
San Juan and Rio Arriba Counties, New Mexico, 1985 Plan of Development.

#318

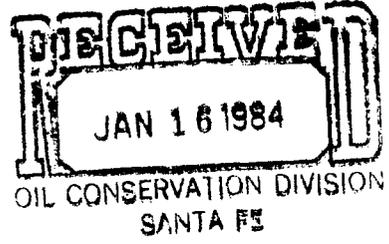
BLACKWOOD & NICHOLS Co., LTD.

1310 FIRST NATIONAL CENTER WEST
OKLAHOMA CITY, OKLAHOMA 73102

405 235-8505

December 30, 1983

United States Department of the Interior
Bureau of Land Management
P.O. Box 6770
Albuquerque, New Mexico 87102



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 Division
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

RE: Northeast Blanco Unit
No. 1, Sec. 929
San Juan and Rio Arriba Cos.
New Mexico

Gentlemen:

Blackwood & Nichols Co., Ltd., as Unit Operator, on behalf of itself and all owners of oil and gas leases within the Northeast Blanco Unit, hereby submits a Plan of Development for the calendar year 1984.

The total number of wells within the Northeast Blanco Unit is as follows:

Mesaverde (Producing)	125
Mesaverde (Plugged and Abandoned)	11
Dakota-Mesaverde (Dual)	4
Dakota	1
Fruitland/Pictured Cliffs	8

Total Mesaverde Cumulative Production thru 10/31/83:	275,837,471 MCF
Total Dakota Cumulative Production thru 10/31/83:	5,280,552 MCF
Total Fruitland/Pictured Cliffs Cumulative Production thru 10/31/83:	644,742 MCF
Total Mesaverde Cumulative Condensate Production thru 10/31/83:	83,511.14 BBLS
Total Fruitland/Pictured Cliffs Condensate Production thru 10/31/83:	917.16 BBLS

Unit Operator, on behalf of owners within Tract 7, drilled the proposed 1983 Plan of Development Fruitland/Pictured Cliffs exploratory well and it was first delivered December 7, 1983.

TOWNSHIP 31 NORTH, RANGE 7 WEST, SAN JUAN COUNTY, NEW MEXICO

NORTHEAST BLANCO UNIT NO. 217
1650' F/NL - 1650' F/EL
SECTION 27 - T31N - R7W

By letter dated October 26, 1983, the Bureau of Land Management has withdrawn for the present its demand for an offset obligation well in the NW/4 of Section 16, as proposed in the 1983 Plan of Development. However, the owners of Tracts 24, 26 and 27 may be liable for compensatory royalty assessments.

TOWNSHIP 31 NORTH, RANGE 7 WEST, SAN JUAN COUNTY, NEW MEXICO

NORTHEAST BLANCO UNIT NO. 218
NW/4, SECTION 16

An initial Fruitland/Pictured Cliffs participating area has been suggested by the Bureau of Land Management to consist of the Southwest $\frac{1}{4}$ and Lots 7 & 8 of Section 1 and NE $\frac{1}{4}$, Section 11, T 31 N, R 7 W, San Juan County, New Mexico, to be effective August 17, 1979 incorporating Northeast Blanco Unit Well Nos. 202 and 204. Unit Operator has not yet requested that such participating area be established.

Due to the present weak demand for Northeast Blanco Unit gas, Unit Operator does not anticipate drilling any wells within the Unit area in the calendar year 1984.

Pursuant to Section 17 of the Northeast Blanco Unit Agreement, we believe all offset obligations have been met to present. Unit Operator will drill any other wells subsequently deemed necessary or desired by Unit Operator and the Working Interest Owners.

All acreage within the Northeast Blanco Unit boundaries is now participating in the Mesaverde Formation.

If this Plan is acceptable, please signify your approval as required under Section 10 of the Unit Agreement in the space provided on the attached form and return two approved copies to Blackwood & Nichols Co., Ltd.

The effective date of the Plan of Development shall be January 1, 1984.

Very truly yours,

BLACKWOOD & NICHOLS CO., LTD.

By 
Charles F. Blackwood, General Partner

Approved: _____ Date: _____

United States Department of the Interior
Bureau of Land Management
P. O. Box 6770
Albuquerque, New Mexico 87102

Subject to like approval by the Commissioner of Public Lands and
Oil Conservation Division.

Approved: _____ Date: _____

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

Subject to like approval by the Bureau of Land Management and the
Oil Conservation Division.

Approved: *Koy E Johnson* Date: 2-20-84

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

Subject to like approval by the Bureau of Land Management and
Commissioner of Public Lands.

The above approvals are for the Northeast Blanco Unit Agreement No. 1,
Section 929, San Juan and Rio Arriba Counties, New Mexico,
1984 Plan of Development.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

February 20, 1984

POST OFFICE BOX 2068
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

BlackWood & Nichols Co., Ltd.
1310 First National Center West
Oklahoma City, Oklahoma 73102

Attention: Charles F. Blackwood

Re: Northeast Blanco Unit
No. 1, Sec. 929
San Juan and Rio Arriba Cos.
New Mexico

Dear Mr. Blackwood:

Enclosed please find an approved copy of the material referenced above. Such approval is contingent upon like approval by the Commissioner of Public lands and the Bureau of Land Management.

Sincerely,

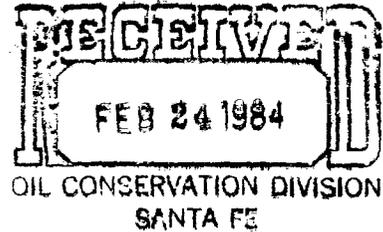
A handwritten signature in cursive script, reading "Roy E. Johnson".

ROY E. JOHNSON
Petroleum Geologist

REJ/dp

cc: Commissioner of Public Lands - Santa Fe
Bureau of Land Management - Albuquerque
OCD District Office - Aztec

FEB 22 1984



Blackhawk and Nichols Company, Ltd.
Attention: Mr. Charles F. Blackhawk
1110 First National Center West
Oklahoma City, Oklahoma 73102

Continued:

Two approved copies of your 1983 plan of development for the Northeast Blanco unit area San Juan and Rio Arriba Counties, New Mexico are enclosed. Such plan, proposing no anticipated drilling within the unit due to present weak demand for Northeast Blanco Unit gas, was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

Sincerely yours,

(ORIG. SGD.) JAMES W. SHELTON

For District Manager

Enclosure

cc:
MWDCC
Comm. of Public Land
FRAH (Fluids) (w/encl.)
File: Northeast Blanco Unit, PGB file
O&G Chrono

015:JClancy:ir:02/07/84:00436

ILLEGIBLE



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

505 Marquette Avenue N.W., Suite 815
P. O. Box 6770
Albuquerque, New Mexico 87107

NE Blanco Unit

#318

Blackwood & Nichols Co., Ltd.
Attention: Mr. Charles F. Blackwood
1310 First National Center West
Oklahoma City, Oklahoma 73102

26 OCT 1983

N.E. Blanco Unit

Gentlemen:

We have received your letters of September 22, 1983, and September 30, 1983, concerning our demand for a protective well in NW $\frac{1}{4}$ section 16, T. 31 N., R. 7 W., N.M.P.M., and our request for the submittal of a participating area for the Fruitland/Pictured Cliffs formation.

You state in your letter of September 30, 1983, "The ability to sell category 107 'tight reservoir' gas in paying quantities is doubtful in the foreseeable future." Your letter of September 22, 1983, states, "We cannot expect to sell economic quantities of gas from any well eligible to receive the tight reservoir price in the foreseeable future." and "Indeed no profit or payout appears likely under present conditions of greatly reduced or no takes of category 107 gas." Based on the current conditions, we agree with your statement. We are therefore withdrawing our demand for a protective well in the NW $\frac{1}{4}$ of section 16 because an economic well cannot be drilled under the current conditions. This does not relieve you of paying any compensatory royalty that may be assessed by the state of New Mexico for any product that is or has been drained from that lease.

When commercial determinations were done on the wells, certain assumptions were made. One of these assumptions was that the wells would receive the 107 tight gas price for any gas produced and the wells would produce gas in paying quantities. You have stated in your letters that this is not the case at this time nor does it appear likely in the foreseeable future. The commercial determinations were based on assumptions which did not come true and when the current conditions are applied to the wells they are noncommercial. We are therefore rescinding our commercial determinations on wells 201, 203, 205, 206, and 208. These wells are noncommercial and should be produced on a lease basis.

According to our records and calculations, wells 202 and 204 are commercial and qualify as unit wells. Based on the information you provided and production through June 1983, these wells have recovered the cost of drilling, paid all royalty and taxes, all operating costs, and returned a profit even at the 103 price. We have therefore established and approved the initial Fruitland/Pictured Cliffs participating area for the northeast Blanco Unit. The initial participating area consists of the W $\frac{1}{2}$ section 1 and the NE $\frac{1}{4}$ section 11, T. 31 N., R. 7 W., N.M.P.M., San Juan County, New Mexico, and contains 345.66 acres. The participating area is effective August 17, 1979. A schedule of allocations and a map showing the initial participating area are enclosed.

We are notifying all appropriate State and Federal agencies of this action. You are requested to notify all working interest owners and other interested principals of this action. You will also need to contact the Minerals Management Service in Lakewood, Colorado, about filing the appropriate forms and getting the accounting set up.

Sincerely yours,
(ORIG. SGD.) JAMES W. SHELTON

for District Manager

Enclosure

cc:

NMOCD, Santa Fe (w/cy of ltrs) ✓
Comm. of Public Lands (w/cy of ltrs)
AOD-PAB-LAC, Denver (w/cy of schedule and map)
Farmington RA (w/cy of ltrs, schedule, and map)

BLACKWOOD & NICHOLS Co., LTD.

1310 FIRST NATIONAL CENTER WEST
OKLAHOMA CITY, OKLAHOMA 73102

405 235-8505

September 22, 1983

United States Department of the Interior
Bureau of Land Management
505 Marquette NW, Suite 815
Albuquerque, New Mexico 87102

Attention: James W. Shelton
Assistant District Manager
for Minerals

Dear Mr. Shelton:

In our Plan of Development for the Northeast Blanco Unit for 1983 we included a Fruitland-Pictured Cliffs test to be drilled in the NW/4 of Sec. 16, 31N-7W, San Juan Co., New Mexico. This was done because of your demand letter of March 30, 1982.

Several factors have changed since that 1983 Plan of Development was submitted. The most significant change is the attitude of the Purchaser toward buying "Category 107 - Tight Reservoir Gas". El Paso Natural Gas Company has reduced takes from all our wells eligible to receive the Category 107 price to practically nothing. We cannot expect to sell economic quantities of gas from any well eligible to receive the tight reservoir price in the foreseeable future.

El Paso Natural Gas Company has refused to participate for their 25% Working Interest in the Fruitland-Pictured Cliffs test proposed for the NW/4 of Sec. 16, 31N-7W. Under the terms of the Operating Agreement, their interest would have to be paid for by the other Working Interest Owners with no penalty. El Paso's share would have to be carried by the other owners and when the well reached payout, if ever, El Paso would be eligible to regain their 25% Working Interest. Since very low or no sales are anticipated, this means that those other Working Interest Owners would be assuming all the risk with no possibility for an increased share of the profit. Indeed no profit or payout appears likely under the present conditions of greatly reduced or no takes of Category 107 gas.

The pressures from consumer groups and governmental agencies to reduce the average cost of natural gas to the consumer have made drilling for Category 107 gas very risky and undesirable at this time.

We are enclosing copies of our production reports for all the wells in the Northeast Blanco Unit area which are classified as producing "Category 107 - Tight Reservoir Gas". These reports show that in May 1983 the wells were produced only half the month, and then the wells were completely shut in during June and July 1983.

We request that the demand to drill a Fruitland-Pictured Cliffs

James W. Shelton
September 22, 1983
Page 2

well be recinded since no significant sales from a well located in the NW/4 of Sec. 16, 31N-7W eligible for Category 107 are likely to occur.

Another reason worth considering is the ownership of the NW/4 of Sec. 16, 31N-7W. The State of New Mexico owns the minerals of the NW/4 of Sec. 16. The Federal Government owns the minerals on the NE/4 of Sec. 17, 31N-7W.

Thank you for your consideration of this request.

Yours very truly,



Charles F. Blackwood

CFB:st

Enclosures
cc: Working Interest Owners

BLACKWOOD & NICHOLS Co., LTD.

1310 FIRST NATIONAL CENTER WEST
OKLAHOMA CITY, OKLAHOMA 73102

405 235.8505

OCT 11 9:26

September 30, 1983

United States Department of the Interior
Bureau of Land Management
505 Marquette Avenue N.W., Suite 815
Albuquerque, NM 87012

Attention: Mr. James W. Shelton
Assistant District Manager
for Minerals

Gentlemen:

Your letter of August 1, 1983 has been forwarded to the Working Interest Owners of the Northeast Blanco Unit for their perusal.

We have had one response, from Amoco. They disagree with the initial participating area you propose. Blackwood & Nichols Co., Ltd. also disagrees with the initial participating area you propose.

The sales of Category 107 "Tight Reservoir" gas for June and July 1983 for all seven (7) Fruitland/Pictured Cliffs wells in the Northeast Blanco Unit were zero Mcf. The ability to sell Category 107 "Tight Reservoir" gas in paying quantities is doubtful in the foreseeable future.

Since the two largest owners in the proposed initial participating area both disagree with the areas the BLM suggests, and since sales of 107 gas in paying quantities is in doubt, we are not re-filing for a Fruitland/Pictured Cliffs initial participating area at this time.

Yours very truly,

Charles F. Blackwood

Charles F. Blackwood

CFB:st

cc: Working Interest Owners

#318

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

LEASE NO. FEE
COMMUNITIZATION AGREEMENT NO. 92-000929
FIELD NAME FRUITLAND - PICTURED CLIFFS FORMATION
UNIT NAME NORTHEAST BLANCO UNIT NO. 1 SEC. 929
PARTICIPATING AREA
COUNTY SAN JUAN STATE NEW MEXICO
OPERATOR BLACKWOOD & NICHOLS CO., LTD

FORM 9-329

MONTHLY REPORT
OF
OPERATIONS

DATE MAY , 1983

WELL NO	SEC & 1/4 OF 1/4	TWP-RNG	WELL STATUS	DAYS PRODUCED	BARRELS OF OIL	MCF OF GAS
201	SW/SW 09	31N-7W	PGW	15	.00	197
204	SW/SW 01	31N-7W	PGW	3	.00	860
TOTAL PRODUCED -					.00	1057

	OIL & CONDENSATE (BBLs)	GAS (MCF)
*PRODUCED	.00	1057
*SOLD	.00	1057
*API GRAVITY/BTU CONTENT		1081

AUTHORIZED SIGNATURE DeLasso Loos ew DELASSO LOOS
TITLE DISTRICT MANAGER
ADDRESS P.O. BOX 1237, DURANGO CO. 81301

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

FORM 9-329

MONTHLY REPORT
OF
OPERATIONS

LEASE NO. 29-03358
COMMUNITIZATION AGREEMENT NO. 92-000929
FIELD NAME FRUITLAND - PICTURED CLIFFS FORMATION
UNIT NAME NORTHEAST BLANCO UNIT NO. 1 SEC. 929
PARTICIPATING AREA _____
COUNTY SAN JUAN STATE NEW MEXICO
OPERATOR BLACKWOOD & NICHOLS CO., LTD

DATE MAY , 1983

WELL NO	SEC & 1/4 OF 1/4	TWP-RNG	WELL STATUS	DAYS PRODUCED	BARRELS OF OIL	MCF OF GAS
202	NW/NE 11	31N-7W	PGW	16	.00	2111
203	NE/NW 11	31N-7W	PGW	16	.00	81
205	SE/SE 10	31N-7W	PGW	17	.00	153
206	SW/SW 10	31N-7W	GSI	0	.00	0
208	SE/SW 12	31N-7W	PGW	7	.00	108
TOTAL PRODUCED -					.00	2453

	OIL & CONDENSATE (BBLs)	GAS (MCF)
*PRODUCED	.00	2453
*SOLD	.00	2453
*API GRAVITY/BTU CONTENT		1121

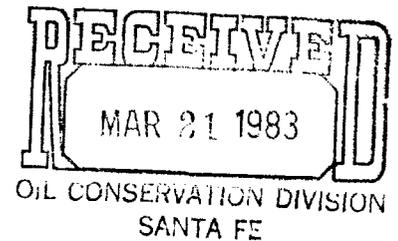
AUTHORIZED SIGNATURE . DeLasso Loos ew DELASSO LOOS
TITLE DISTRICT MANAGER
ADDRESS P.O. BOX 1237, DURANGO CO. 81301

DEVON

ENERGY CORPORATION

1500 MID-AMERICA TOWER
20 NORTH BROADWAY
OKLAHOMA CITY, OKLAHOMA 73102
405/235-3611 TWX 910-831-3277

March 14, 1983



United States Department of the Interior
Office of the Secretary
Minerals Management Service
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501
Attention: Mr. Ray D. Graham

State of New Mexico
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501
Attention: Mr. Joe Ramey

Amoco Production Company
Denver Region
Amoco Building
1670 Broadway
Denver, Colorado 80202
Attention: Mr. J. C. Burnside

Blackwood & Nichols, Co., Ltd.
1310 First National Center West
Oklahoma City, Oklahoma 73102
Attention: Mr. Charles F. Blackwood

Re: Initial Participating Area
Re-Application Fruitland and
Pictured Cliffs Formations
Northeast Blanco Unit
San Juan and Rio Arriba Counties,
New Mexico

Gentlemen:

We have received Amoco's letter dated February 24, 1983 and the response of Blackwood & Nichols dated March 3, 1983 concerning the proposed Participating Area for the Fruitland and Pictured Cliffs Formations.

I attended the meeting of the Unit Advisory Committee on December 8, 1982 as the authorized representative of Devon-Blanco, Ltd., a partnership of which

*Case
318*

Page Two
March 14, 1983

Devon Energy Corporation is the general partner. There is no basis at all for the contention advanced by Amoco that no decision was made to refile this application at the Committee Meeting. Everyone at the meeting strongly supported the proposed Participating Area with the exception of the Amoco representative who was noncommittal and stated he would have to discuss the matter with his management. It was agreed that the refiling of this application would be delayed for a reasonable period of time to allow Amoco to formulate their position. Since the refiling was delayed for approximately two months and since we are advised by Blackwood & Nichols that they made several phone calls to Amoco prior to refiling, we have clearly complied with the decision of the committee. We note that Amoco's letter of February 24, 1983 still does not indicate their position on the substance of the matter. Since the contractual procedures were followed, Blackwood & Nichols as Unit Operator is clearly required to attempt to secure the Participating Area, and we expect them to do so.

Putting these procedural technicalities aside, we would like to reiterate our strong support for the application. It seems quite clear to us that the entire area covered by the participating area proposed by the unit operator is economically productive in the Fruitland and Pictured Cliffs Formations. The proposed participating area would allow for an orderly development of this area. If a smaller participating area is formed and only expands as new wells are drilled, we believe this will have a very strong chilling effect on future drilling activities in the area. The owners of a specific location will know that if they drill a very successful well, it will be included in an expanding participating area in which they may have a smaller interest than they did in the well. Conversely, if a poorer well is drilled, then the participating area may not be expanded. The result is that they will share their successful wells but keep the wells that are not quite as good. This obviously will lessen everyone's incentive to drill in this area, resulting in less royalties and tax receipts to federal, state and local governments.

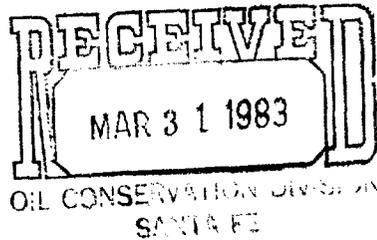
Sincerely,

DEVON ENERGY CORPORATION



J. Michael Drennen
Manager of Engineering

JMD:msb



Amoco Production Company

Denver Region
Amoco Building
1670 Broadway
Denver, Colorado 80202

Far West Division
303-830-4040

J. C. Burnside
Division Production
Manager

March 28, 1983

United States Department of the Interior
Office of the Secretary
Minerals Management Service
South Central Region
P. O. Box 26124
Albuquerque, NM 87125

State of New Mexico
Commissioner of Public Lands
Attention: Mr. Ray D. Graham
P. O. Box 1148
Santa Fe, NM 87501

State of New Mexico
Oil Conservation Commission
Attention: Mr. Joe Ramey
P. O. Box 2088
Santa Fe, NM 87501

File: DAW-264-416

Gentlemen:

Northeast Blanco Unit
San Juan and Rio Arriba Counties, New Mexico
Application for Approval of Initial Participating Area
Fruitland and Pictured Cliffs Formations

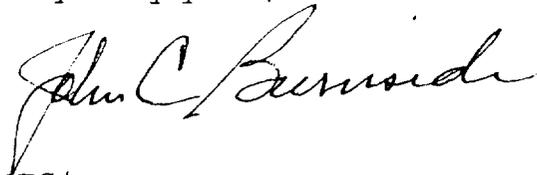
Please reference the application dated February 7, 1983, from Blackwood and Nichols Company, Ltd. for approval of the Initial Participating Area for the Fruitland and Pictured Cliffs formations in the Northeast Blanco Unit. This is virtually the same application as the one submitted by Blackwood and Nichols on February 9, 1982, and rejected by the Minerals Management Service by letter dated November 3, 1982.

The Minerals Management Service, within the above-mentioned November 3, 1982 letter and a letter dated December 17, 1982, has recommended an Initial Participating Area that would be in accordance with the terms

March 28, 1983
File: DAW-264-416
Page Two

of the Northeast Blanco Unit Agreement. Amoco Production Company is in agreement with the Minerals Management Service determination of the Initial Participating Area for the Fruitland and Pictured Cliffs formation within the Northeast Blanco Unit.

Very truly yours,

A handwritten signature in cursive script, appearing to read "John C. Burnside". The signature is written in dark ink and is positioned above the typed name "MDG/mar".

MDG/mar

cc: Blackwood and Nichols Company
All Other Working Interest Owners
(See Attached List)

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

Working Interest Owners:

Blackwood & Nichols Co., Ltd.
1310 First National Center, West
Oklahoma City, Oklahoma 73102

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978
Attention: Harold Lines

Amoco Production Company
Amoco Building
Denver, Colorado 80202
Attention: J. C. Burnside

Texaco, Inc.
P. O. Box 2100
Denver, Colorado 80201
Attention: Dan Brock

Winnie A. Phillips
314 Milam Building
San Antonio, Texas 78205

H. H. Phillips, Jr.
E-102 Petroleum Center
San Antonio, Texas 78209

Wintergreen Energy Corporation
8515 Greenville Ave., Suite N-205A
Dallas, Texas 75243

Tenneco Oil Company
P. O. Box 2511
Houston, Texas 77001
Attention: R. L. Wynne

Northwest Pipeline Corporation
P. O. Box 1526
Salt Lake, Utah 84110
Attention: Glenna Bittan

Thayer H. Laurie & David Mills
Trustees,
C/O National Bank of Detroit,
Trust Department
P. O. Box 222-A
Detroit, Michigan 48232

Devon-Blanco, Ltd.
1500 Mid-America Tower
Oklahoma City, Oklahoma 73102
Attention: Marvin Lunde

The Wiser Oil Company
P. O. Box 192
Sisterville, West Virginia 26175

Jacquelyn M. Williams
1100 South Pickard
Norman, Oklahoma 73609

H. H. Phillips
314 Milam Building
San Antonio, Texas 78205

Jane Phillips Ladouceur
314 Milam Building
San Antonio, Texas 78205

Castle, Inc.
205 North Main Street
Butler, Pennsylvania 16001

Susanna P. Kelly
Bar K Ranch, P.O. Box 585
Cameron, Montana 59720

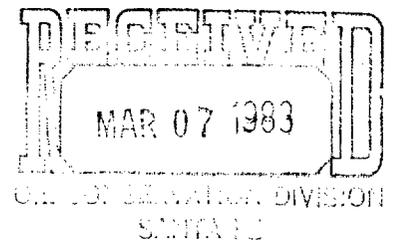
Continental Oil Company
P. O. Box 2197
Suite 2810, NGPA Dept.
Houston, Texas 77001

Westland Oil Development Corp.
P. O. Box 36389
Houston, Texas 77036
Attention: Rowland Laxson

Thayer H. Laurie
C/O National Bank of Detroit,
Trust Department
P. O. Box 222-A
Detroit, Michigan 48232

J. M. Williams

1100 S. Pickard Norman, Oklahoma 73069 (405) 321-5035



March 1, 1983

*Case
318*

Mr. J. C. Burnside
Amoco Production Company
1670 Broadway
Denver, Colorado 80202

File: DAW-7-416

Dear Mr. Burnside:

I received a copy of your letter to Blackwood and Nichols, attention: Charles F. Blackwood, dated February 24, 1983, informing him you did not consider contractual procedures had been followed in Blackwood and Nichols' re-application for the 4847.08 acre Initial Participating Area for the Fruitland-Pictured Cliffs Formation.

I attended the December 8, 1982 Northeast Blanco Unit Advisory Committee meeting. It was my impression of the meeting that there was approval of all at the meeting, except for Amoco's representative, that the re-application be made covering the same area as was applied for initially.

I remember there being a vote taken to this effect, even though this was not included in the minutes.

Unless the subject was discussed at a time after adjournment, I have no recollection of Mr. Blackwood being asked to submit the re-application to you or the other working interest owners prior to being filed.

I expected nothing more than to receive a copy of the application when it was filed, which I did receive.

Mr. Burnside, my interest in the new area is so minute as to be almost non-existent. My attendance at the advisory meetings for the last two years has been mainly to observe and learn how "big business" conducts itself. It certainly has been enlightening!

(continued)

Mr. J. C. Burnside
March 1, 1983
Page 2

I have had an association with Blackwood and Nichols for about twenty (20) years. I've always found them to be competent, honorable and honest in their dealings with me. It puzzles me that your company deals with such an unco-operative attitude.

I am writing this letter, with copies to the listed agencies, because I felt the scolding manner in which you notified Blackwood and Nichols was inappropriate and uncalled for as well as your facts being inaccurate.

Sincerely, ,



J. M. Williams,
Working Interest Owner

JMW:dgh
CC: All other Working Interest Owners
(See attached mailing list)

United States Department of the Interior
Office of the Secretary
Minerals Management Service
South Central Region
P. O. Box 26124
Albuquerque, NM 87125

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, NM 87501
Attention: Mr. Ray D. Graham

State of New Mexico
Oil Conservation Commission
P. O. Box 2088
Santa Fe, NM 87501
Attention: Mr. Joe Ramey

NORTHEAST BLANCO UNIT
SAN JUAN AND PIO ARRILLAGA COUNTIES NEW MEXICO

Working Interest Owners:

Blackwood & Nichols Co., Ltd.
2013 First National Center, West
Oklahoma City, Oklahoma 73102

Devon-Blanco, Ltd.
1500 Mid-America Tower
Oklahoma City, Oklahoma 73102
Attention: Marvin Lunde

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978
Attention: Harold Lines

The Wiser Oil Company
P. O. Box 192
Sisterville, West Virginia 26175

Amoco Production Company
Amoco Building
Denver, Colorado 80202
Attention: L.L. Hurst

Jacquelyn M. Williams
1100 South Pickard
Norman, Oklahoma 73609

Texaco, Inc.
P. O. Box 2100
Denver, Colorado 80201
Attention: Dan Brock

H. H. Phillips
314 Milam Building
San Antonio, Texas 78205

Winnie A. Phillips
314 Milam Building
San Antonio, Texas 78205

Jane Phillips Ladouceur
314 Milam Building
San Antonio, Texas 78205

H. H. Phillips, Jr.
E-102 Petroleum Center
San Antonio, Texas 78209

Castle, Inc.
205 North Main Street
Butler, Pennsylvania 16001

Wintergreen Energy Corporation
8515 Greenville Ave., Suite N-205A
Dallas, Texas 75243

Susanna P. Kelly
Bar K Ranch, P.O. Box 585
Cameron, Montana 59720

Tenneco Oil Company
P. O. Box 2511
Houston, Texas 77001
Attention: R. L. Wynne

Continental Oil Company
P. O. Box 2197
Suite 2810, NGPA Dept.
Houston, Texas 77001

Northwest Pipeline Corporation
P. O. Box 1526
Salt Lake, Utah 84110
Attention: Glenna Bittan

Westland Oil Development Corp.
P. O. Box 36389
Houston, Texas 77036
Attention: Rowland Laxson

Thayer H. Laurie & David Mills
Trustees,
C/O National Bank of Detroit,
Trust Department
P. O. Box 222-A
Detroit, Michigan 48232

Thayer H. Laurie
C/O National Bank of Detroit,
Trust Department
P. O. Box 222-A
Detroit, Michigan 48232

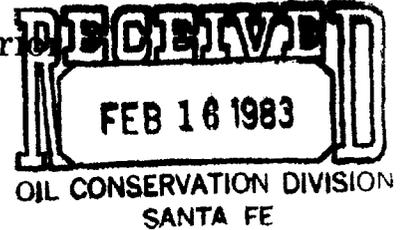
MDG/dfs
040582
RPT646



IN REPLY
REFER TO:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
505 MARQUETTE AVENUE, N.W., SUITE 815
ALBUQUERQUE, NEW MEXICO 87102



Case # 318

Blackwood & Nichols Company, Ltd.
Attention: Charles F. Blackwood
1310 First National Center West
Oklahoma City, Oklahoma 73102

Gentlemen:

Two approved copies of your 1983 plan of development for the Northeast Blanco unit area, San Juan and Rio Arriba Counties, New Mexico, are enclosed. Such plan, proposing to drill one exploratory and one offset well in the Fruitland-Pictured Cliffs formation, was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

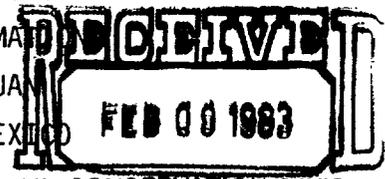
Sincerely yours,

Gene F. Daniel
Deputy Minerals Manager
Oil and Gas

Enclosures

cc:
Comm. of Public Lands
NMOCD

GEOLOGICAL AND ENGINEERING REPORT
 FRUITLAND AND PICTURED CLIFF FORMATION
 NORTHEAST BLANCO UNIT - SAN JUAN
 AND RIO ARRIBA COUNTIES, NEW MEXICO



OIL CONSERVATION DIVISION

SANTA FE

The formation of a participating area for the Fruitland and Pictured Cliffs producing zone in the Northeast Blanco Unit, San Juan and Rio Arriba Counties, New Mexico.

The Northeast Blanco Unit was formed in 1952 to explore and develop hydro-carbon reserves in the San Juan Basin. Test wells drilled from 1952 to 1960 established production from the Mesaverde reservoir under the entire 33,500 acre area. A few Dakota wells were drilled and completed, however, they were considered to be non-commercial at the time and no Dakota participating area has been formed.

In 1979 five shallow tests were drilled inside the north boundary of the Northeast Blanco Unit. These test wells were drilled by the individual tract owners. All five tests were completed as gas producers. Two additional shallow wells were drilled and completed in 1981. A summary of the drilling and completion information is shown on the attached Table No. 1 (Northeast Blanco Unit Fruitland-Pictured Cliffs Drilling and Completion Data)

Geological and Engineering Data has been compiled for the Northeast Blanco Unit Area pertaining to the Fruitland and Pictured Cliffs Reservoirs. Cross Sections have been prepared which show that the Fruitland and Pictured Cliffs Formations contain several sandstones throughout the entire Northeast Blanco Unit Area which have produced natural gas wherever they have been tested. See Cross Sections A-A', B-B' & C-C'. At this time Fruitland and Pictured Cliffs Producing Wells have only been completed in the northern part of the Northeast Blanco Unit. This area where Fruitland-Pictured Cliffs Wells are located is that recommended to be the initial participating area. An isopochous map of the Fruitland-Pictured Cliff interval is enclosed.

One well completed in 1952 by Phillips Petroleum located just outside the Northeast Blanco Unit area in the NE/4 of Sec. 17, T31N, R7W has produced over 1,000,000,000 cubic feet of gas. This well, now designated the Northwest Pipeline #6-17 Well San Juan Unit 32-7, produced small quantities of natural gas

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during the early years of its production. In 1953 the 6-17 Well averaged 27 Mcfpd. The 1974 production for the 6-17 Well averaged 55Mcfpd. or twice the 1953 volume. In 1979 the 6-17 Well averaged 125 Mcfpd. The fact that this well has produced over 1,000,000 Mcf of gas, has lost less than 100 psig of shut-in pressure and is still producing over 100 Mcfpd., was the main reason we started testing the Fruitland-Pictured Cliffs Formations in the northern part of the Northeast Blanco Unit.

The Tenneco State #3 in the SE/4 of Sec. 2-T31N-R7W is completed in and producing from the Fruitland -Pictured Cliffs Formations. The Tenneco State #2 Well located in the SW/4 of Sec. 2-T31N-R7W also produces from both the Fruitland and Pictured Cliffs Formations.

The Tenneco #3 Well located in the NE/4 of Sec. 10-T31N-R7W is producing from the Fruitland and Pictured Cliffs Formations commingled. The Tenneco Yeager #4 Well located in the NW of Sec. 10-T31N-R7W is producing from the Fruitland and Pictured Cliffs Formations commingled.

The Fruitland and Pictured Cliffs Formations contain gas bearing sandstones, shales and coal seams throughout the proposed initial participating area. All the test wells drilled to date in the area have been completed in one or both of the formations.

The productive capacity varies greatly from well to well. Some wells produce less than 20 Mcfpd while the best produces over 200 Mcfpd. The reasons for this wide difference in productive capacities are several. The coal seams and sandstones both contain producible gas. The thickness, porosity, permeability and water saturations vary from location to location. The permeability is extremely low even in the best developed reservoir rocks. (Both zones have been designated tight reservoirs with average permeabilities of less than 0.1 md. per ft.) The water saturations are high and it is difficult, if not impossible to interpret the logs accurately enough to determine which zones will produce only gas (no water). Coal seams which may contain fresh water have evidently caused several completion problems. Some wells have been completed flowing dry gas and have later produced low gas volumes with fresh water. We believe that in some of the wells fractures induced during stimulation may have reached a fresh water bearing coal seam at the base of the Fruitland Formation.

The average productive capacity of all the Fruitland Pictured Cliffs Wells in the proposed initial participating area is enough to make the recommended initial participating area a commercial success. We expect to improve our logging, evaluation and completion techniques to the point where each well would produce over 100 Mcfpd.

The State of New Mexico has by Case No. 6250 Order #R5772 and subsequent extensions defined the South Los Pinos Fruitland Pictured Cliffs Pool to cover much of the area contained in the requested new initial participating area of the Fruitland Pictured Cliffs Formations. Order #R5772 allows production to be commingled within the well bore from the Fruitland and Pictured Cliffs Formations in this area. Several of the Northeast Blanco Unit Wells are completed in both the Fruitland and Pictured Cliffs Formations and commingled. (See Table #1). Tenneco wells north of the proposed initial participating area are producing commingled downhole from the Fruitland and Pictured Cliffs Formations.

In summary it can be stated that natural gas bearing sandstones, coal seams and shales of the Fruitland and Pictured Cliffs Formations underly the entire proposed initial participating area. All Fruitland and or Pictured Cliffs tests drilled to date on this proposed initial participating area have been completed and are producing natural gas from one or both of the formations. The average production from the 7 wells in the proposed initial participating area is at a commercial rate.

We expect to improve the average quality of future wells in the area by employing drilling, logging, and completion techniques which will help in reducing the quantity of water produced and increase the gas volumes.

Charles F. Blackwood