



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

GARREY CARRUTHERS
GOVERNOR

February 27, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Blackwood & Nichols Co.
P.O. Box 1237
Durango, CO 81302

Attention: William F. Clark

Administrative Order NSL-2599-A

Dear Mr. Clark:

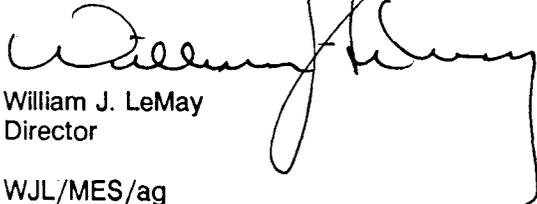
By Administrative Order NSL-2599 the Division granted Blackwood & Nichols Co., Ltd. authority to drill the Northeast Blanco Unit Well No. 421 at an unorthodox coal gas well location 215 feet from the South line and 740 feet from the East line (Unit P) of Section 4, Township 30 North, Range 7 West, NMPM, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

It is now our understanding, by your applications of January 29, 1990 and February 13, 1990 that Blackwood & Nichols Co. Ltd., is seeking to drill a replacement well for the No. 421 well due to low production resulting from undesirable completion techniques for this area. The replacement well is within the same quarter-quarter section as the original well No. 421 and is therefore restricted on location placement as the original well.

By the authority granted me under the provision of Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Order No. R-8768, your application for an unorthodox coal gas well location for the Northeast Blanco Unit Well No. 421R to be drilled 1070 feet from the South line and 465 feet from the East line (Unit P) of said Section 4, is hereby approved. The existing standard 320-acre gas spacing and proration unit comprising the E/2 of said Section 4 shall be dedicated to the well.

HOWEVER, should the No. 421R well be placed on production, the Northeast Blanco Unit Well No. 421 shall cease production from the subject pool, whereby it will either be converted to a pressure observation well or plugged and abandoned.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
US Bureau of Reclamation - Durango