



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

GARREY CARRUTHERS
GOVERNOR

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

September 26, 1990

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

Attention: William F. Clark

RE: Administrative Order NSL-2502-A

Dear Mr. Clark:

By Administrative Order NSL-2502 the Division granted Blackwood & Nichols Co., Ltd. authority to drill the Northeast Blanco Unit Well No. 413 at an unorthodox gas well location 900 feet from the North line and 1350 feet from the East line (Unit B) of Section 20, Township 30 North, Range 7 West, NMPM, to test the Fruitland formation, Rio Arriba County, New Mexico. The NE/4 of said Section 20 was dedicated to said well to form a standard 160-acre gas spacing and proration unit for the Fruitland formation which was applicable at that time. Subsequent to the issuance of said administrative order, this well was placed in the Basin-Fruitland Coal Gas Pool in which, pursuant to the Special Rules and Regulations for said pool, as promulgated by Division Order No. R-8768, 320 acres were dedicated comprising the E/2 of said Section 20. Furthermore, the No. 413 well was considered to be at a standard gas well location thereby making the administrative order obsolete and unnecessary.

It is now our understanding, by your application of June 21, 1990 that Blackwood & Nichols Co., Ltd. is seeking to drill a replacement well for the No. 413 well due to low production resulting from undesirable completion techniques for this area. The replacement well is within the same quarter section as the original well No. 413 and is restricted on location placement because of the numerous topographic restrictions in this area.

By the authority granted me under the provision of Rule 8 of the Special Rules and Regulations of the Basin-Fruitland Coal Gas Pool, as promulgated by said Order No. R-8768, your application for an unorthodox coal gas well location for the Northeast Blanco Unit Well No. 413-R to be drilled 350 feet from the North line and 460 feet from the East line (Unit A) of said Section 20 is hereby approved. The existing standard 320-acre gas spacing and proration unit comprising the E/2 of said Section 20 shall be dedicated to the

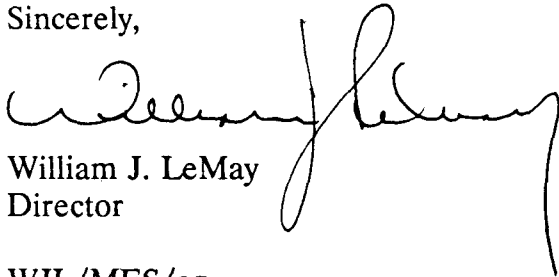
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well.

HOWEVER, should the No. 413-R well be placed on production, the Northeast Blanco Unit Well No. 413 shall cease production from the subject pool, whereby it will either be converted to a pressure observation well or plugged and abandoned.

FURTHERMORE, Division Administrative Order NSL-2502 shall be superseded by this order at this time and shall be of no effect whatsoever.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
US Bureau of Reclamation - Durango
File: NSL-2502