



EXPLORATION & PRODUCTION

May 13, 2002
April 30, 2002

Ms. Lori Wrotenbery
Oil Conservation Division
~~2040 South Pacheco Street~~
Santa Fe, New Mexico 87505

1220 S. Saint Francis Drive
- 4000

Re: Application For Non-Standard Location
Texakoma Oil & Gas Corporation
BlackHills 16 No. 1, API No. 30-045-31077
Basin Fruitland Coal Pool (71629)
772' FSL & 701' FEL, P-16-T26N-R13W
San Juan County, New Mexico

Case 12875

Dear Ms. Wrotenbery:

Texakoma Oil & Gas Corporation hereby requests approval for an off-pattern location for its BlackHills 16 No. 1 well, API No. 30-045-31???, to be located 772 feet from the south line and 701 feet from the east line of Section 16, Township 26 North, Range 13 West, in the Basin Fruitland Coal Gas Pool (71629), San Juan County, New Mexico because of geology.

The location is near the western edge of the productive area of the Fruitland Coal formation and considered a marginal economic venture.

Exhibit A shows the wells of record in the offset sections plus most of the West Bisti L. Gallup Sandstone Production Unit wells. The seven (7) wells outside and to the west of a production trend line running from the northeast corner of Section 9 to the southwest corner of Section 21 are not producing (4 wells) or are producing less than 100 Mcf per day (3 wells), thereby defining the west edge of economic production in the Fruitland Coal in this area. This quality reduction appears to result from reduced cleating and natural fracturing in that area and thereby reduced gas permeability.

Exhibit B is a plat which shows the operators of the offset leases.

Exhibit C is a list of offset operators names and addresses notified of this application by Certified Mail on this same date.

Exhibit D is a copy of Form C-102, Well Location and Acreage Dedication Plat.

If there are questions, please contact me by phone at the number below or by fax at 972-701-9056.

Sincerely,

Tom Sprinkle
Tom Sprinkle
Drilling Manager

Cc: Oil Conservation Division, 1000 Brazos Road, Aztec, NM 87410
Offset Operators as per Exhibit C by Certified Mail

ONE LINCOLN CENTRE
5400 LBJ FREEWAY • SUITE 500 • DALLAS, TEXAS • 75240
972-701-9106

BLACK HILLS # 16 - 1
(BASIN-FRUITLAND COAL WELL)
S/2 SEC. 16-T26N-R13W
SAN JUAN COUNTY, NEW MEXICO
OPERATOR-TEXAKOMA OIL GAS CORPORATION

BASIN-FRUITLAND COAL OFFSET WELLS/OPERATORS

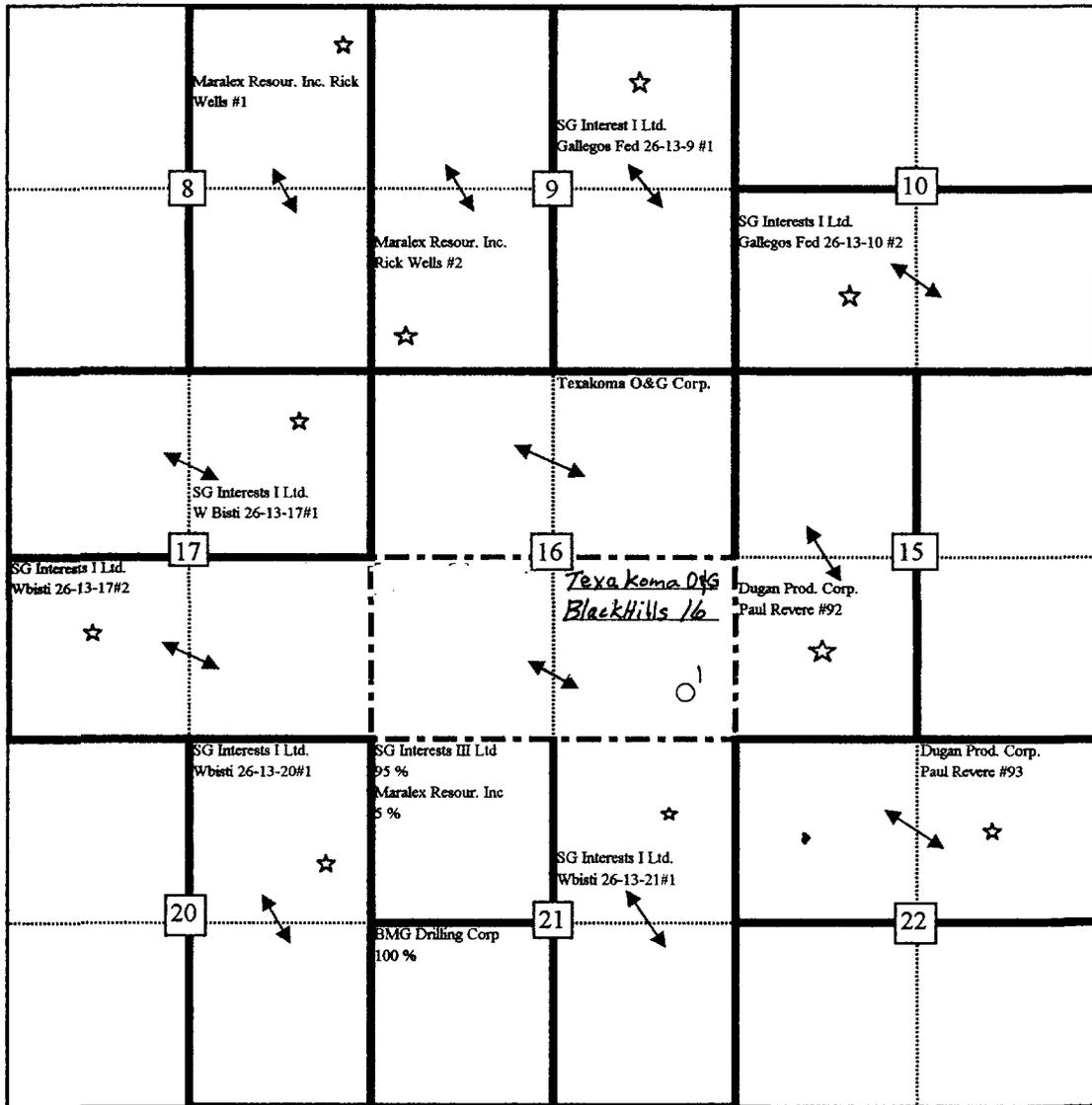


EXHIBIT B

OFFSET OPERATORS

NAME AND ADDRESS

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420
Attn: Mr. Tom Dugan

Maralex Resources, Inc.
P. O. Box 338
Ignacio, Colorado 81137
Attn: Mr. A. M. O'Hare

Phillips Petroleum Company
5525 Highway 64, NBU 3004
Farmington, New Mexico 87401
Attn: Mr. Jim Ball

SG Interest, Ltd
1331 Lamar, Suite 501
Houston, Texas 77010
Attn: Mr. Gary Weber

State of New Mexico
 Energy, Minerals & Mining Resources Department
 OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C - 102

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

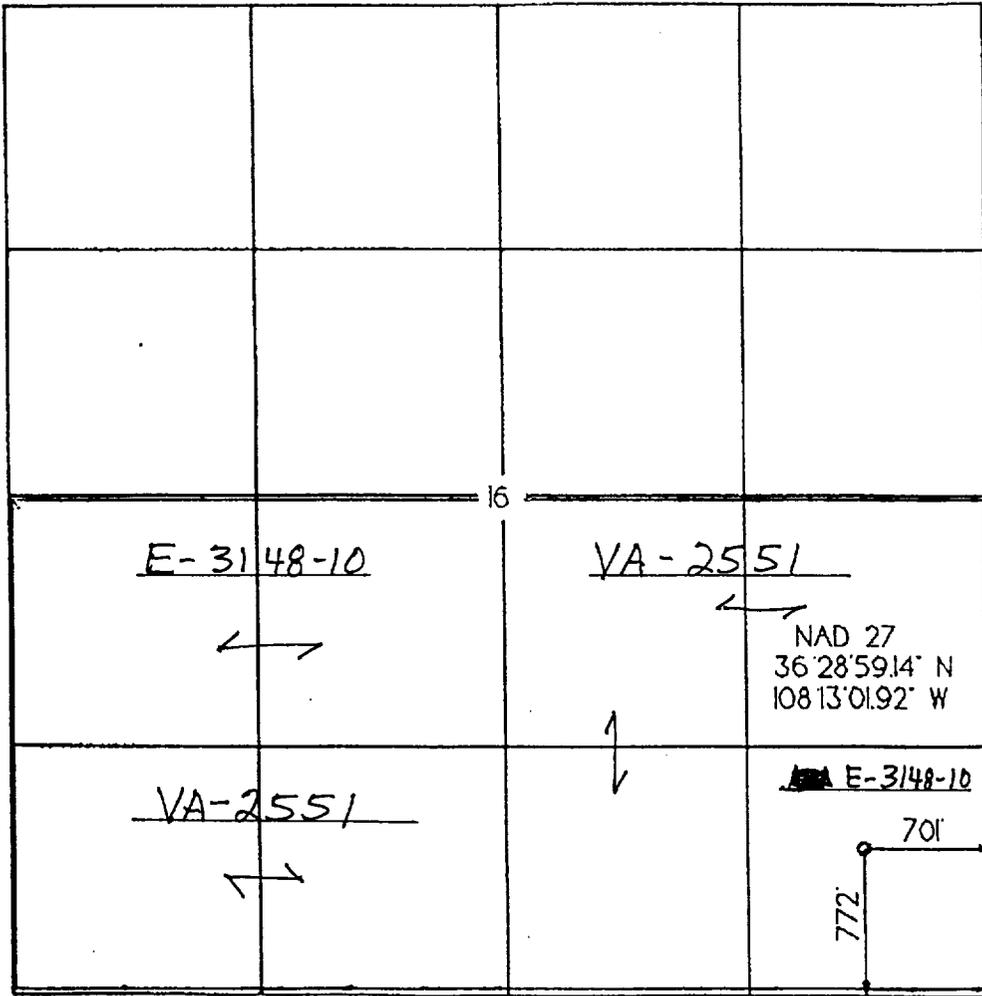
APA Number	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code	Property Name TEXAKOMA BLACKHILLS 16	Well Number 1
OGRD No. 022521	Operator Name TEXAKOMA OIL & GAS CORPORATION	Elevation 6180'

Surface Location									
UL or Lot	Sec.	Top.	Rgn.	Lat. Lth.	Feet From >	North/South	Feet From >	East/West	County
P	16	26 N	13 W.		772'	SOUTH	70'	EAST	SAN JUAN

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Top.	Rgn.	Lat. Lth.	Feet From >	North/South	Feet From >	East/West	County

Dedication S/320	Joint? N	Consolidation	Order No.
---------------------	-------------	---------------	-----------

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Tom Sprinkle*
 Printed Name: TOM SPRINKLE
 Title: DRILLING MANAGER
 Date: 4-26-2002

SURVEYOR CERTIFICATION
 I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: APR 26 2002

Signature: *Tom Sprinkle*
 Professional Surveyor

REGISTERED LAND SURVEYOR
 6844

Exhibit D



EXPLORATION AND PRODUCTION

ONE LINCOLN CENTRE
5400 LBJ Freeway, Suite 500
Dallas, Texas 75240



*Ms. Lori Wrotenberg, Director
Oil Conservation Division*

*2071
Sent*

OIL-040 875052004 1101 11 05/06/02
FORWARD TIME EXP RTN TO SEND
: OIL CONSERVATION DIVISION
1220 S SAINT FRANCIS DR
SANTA FE NM 87505-4000

87505+5472 57
75240/6206
|||||