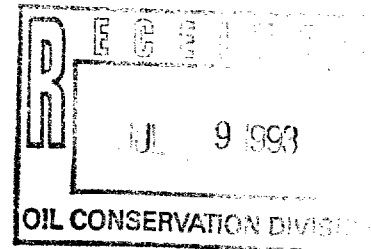


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10765

APPLICATION OF BLACKWOOD & NICHOLS
CO. A LIMITED PARTNERSHIP, FOR
DIRECTIONAL DRILLING AND AN
UNORTHODOX COAL GAS WELL LOCATION,
RIO ARriba COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Blackwood & Nichols Co. _____
a Limited Partnership _____
Post Office Box 1237 _____
Durango, Colorado 81302 _____
Attn: Al Rector

(303) 247-0728 _____
name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq. _____
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____

(505) 988-4421 _____

ATTORNEY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Blackwood & Nichols Co. a Limited Partnership, applicant in the above-captioned cause, seeks authority to directionally drill its Northeast Blanco Unit Well No. 479-R from a surface location 1170 feet from the North line and 2280 feet from the West line (Unit C) of Section 20, Township 30 North, Range 7 West, in such a manner as to bottom the well in the Basin-Fruitland Coal Gas Pool, at an unorthodox subsurface Coal Gas well location within 50 feet of a point 100 feet from the North line and 590 feet from the West (Unit D) of said Section 20. The W/2 of Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

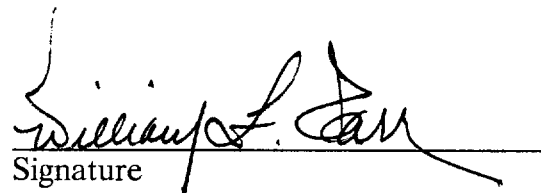
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Curt McKinney, Petroleum Geologist	15 Min.	Approximately 6
Al Rector, Operations Engineer	10 Min.	Approximately 2

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
--	------------------	-----------------

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature