

NORTHEAST BLANCO UNIT
FRUITLAND COALSEAM METHANE WELLS
PROPOSED EXPANSION OF PA
AS OF Oct. 1, 1990

WELL #	LOC	SEC	N	W	AREA	CURRENT STATUS (1)	TEST RATE (MMCFD)	TEST RATE (BWPD)	D&C CAPITAL COST	FACILITIES COST (2)	PER WELL
GATHERING SYSTEM									\$6,646,300	E	
400R	SW/4	7	31	7	E. MID MESA	WGD			\$717,531	E	\$239,295
426	W/2	6	31	6	E. MID MESA	WOPL	2.952	233	\$307,168	E	\$228,242
428	NE/4	24	31	7	E. MID MESA	WOPL	4.847	780	\$494,609	A	\$389,256
434	SW/4	23	31	7	E. MID MESA	WOCU			\$344,232	E	\$280,333
436	NE/4	19	31	6	E. MID MESA	WOPL	0.421	57	\$277,660	A	\$232,551
438	NE/4	18	31	6	E. MID MESA	WOPL	0.582	1	\$370,990	E	\$247,920
440	NE/4	11	31	7	E. MID MESA	WOPL	1.454	154	\$268,759	A	\$220,524
444	NE/4	23	31	7	E. MID MESA	WOCU			\$341,372	E	\$269,612
456	NE/4	26	31	7	E. MID MESA	WOPL	0.615	120	\$342,461	A	\$293,015
458	NE/4	13	31	7	E. MID MESA	WOCU			\$271,160	A	\$186,468
460	NE/4	7	31	6	E. MID MESA	WOPL	0.970	368	\$388,951	E	\$374,504
462	W/2	1	31	7	E. MID MESA	WOPL	1.756	384	\$378,819	A	\$295,644
468	NE/4	35	31	7	E. MID MESA	WOPL	10.362	541	\$320,846	E	\$402,001
488	SW/4	24	31	7	E. MID MESA	WOCU			\$304,827	E	\$408,360
486	SW/4	19	31	6	E. MID MESA	WOPL	2.039	177	\$209,801	E	\$434,897
489	SW/4	12	31	7	E. MID MESA	WOCU			\$190,046	E	\$256,669
490	NE/4	14	31	7	E. MID MESA	WOCU			\$347,580	E	\$452,077
492	NE/4	12	31	7	E. MID MESA	WOPL			\$176,355	E	\$297,486
496	SW/4	18	31	6	E. MID MESA	WOPL	1.374	1,456	\$207,971	E	\$837,416
498	SW/4	13	31	7	E. MID MESA	WOCU			\$308,646	E	\$430,218
500	NW/4	20	31	6	E. MID MESA	WOCU	0.404	50	\$203,356	E	\$279,034
EAST MID-MESA TOTALS							27.726	4,321	\$13,459,440		
GATHERING SYSTEM									\$2,277,400	E	
491	S/2	25	31	7	LA JARA	WOPL	0.582	140	\$424,258	E	\$376,949
493	N/2	25	31	7	LA JARA	WOPL	0.600	602	\$240,987	E	\$314,124
495	SW/4	30	31	6	LA JARA	WOPL	1.644	1	\$293,125	E	\$502,599
497	NE/4	30	31	6	LA JARA	WOPL	1.702	114	\$242,066	E	\$832,429
499	SE/4	20	31	6	LA JARA	WOPL	0.326	50	\$214,179	E	\$251,299
LA JARA TOTALS							4.854	907	\$3,692,015		
GATHERING SYSTEM									\$4,388,600	E	
PM SWD NO.1	SW/4	38	31	8	PUMP MESA				\$2,200,000	E	
435	SW/4	1	30	8	PUMP MESA	WOPL	3.500	500	\$401,369	A	\$207,222
437	SW/4	12	30	8	PUMP MESA	WOPL	1.236	30	\$388,525	A	\$167,313
445	SW/4	25	31	8	PUMP MESA	WOPL	4.200	500	\$311,921	A	\$250,192
447	SW/4	38	31	8	PUMP MESA	WOPL	3.800	480	\$311,468	A	\$264,449
449	SW/4	19	31	7	PUMP MESA	WOPL	1.464	561	\$259,982	E	\$197,806
451	NE/4	8	30	7	PUMP MESA	WOPL	4.200	514	\$234,745	A	\$225,890
453	SW/4	6	30	7	PUMP MESA	WOPL	4.200	514	\$327,035	E	\$167,423

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455	NE/4	31	31	7	PUMP MESA	WOPL	2.869	2,057	\$396,583	A	\$961,345
457	W/2	31	31	7	PUMP MESA	WOPL	7.337	1,200	\$335,100	A	\$533,353
459	NE/4	19	31	7	PUMP MESA	WOPL	6.133	1,480	\$251,731	E	\$641,811
461	SW/4	7	30	7	PUMP MESA	WOD			\$334,000	E	\$307,837
463	NW/4	18	30	7	PUMP MESA	WOPL	3.311	14	\$260,083	E	\$203,096
465	NE/4	1	30	8	PUMP MESA	WOPL	1.570	2,340	\$666,716	E	\$1,097,186
467	NE/4	12	30	8	PUMP MESA	WOPL	0.910	214	\$246,807	E	\$149,967
469	NE/4	13	30	8	PUMP MESA	WOPL	7.337	734	\$210,389	E	\$350,634
471	NE/4	25	31	8	PUMP MESA	WOPL	1.634	1,029	\$305,669	A	\$525,499
473	NE/4	36	31	8	PUMP MESA	WOPL	4.642	720	\$360,730	A	\$397,577
PUMP MESA TOTALS							59.352	12.975	\$12,186,353		

GATHERING SYSTEM											
MM SWF NO. 1						W. MID MESA			\$6,646,300	E	
	NE/4	32	31	7	W. MID MESA	ACTIVE			\$1,400,000	E	
504	SW/4	18	31	7	W. MID MESA				\$334,000	E	\$170,867
404E	NW/4	34	31	7	W. MID MESA				\$783,640	E	\$201,636
402	NE/4	5	30	7	W. MID MESA	WOPL	5.804	1,000	\$467,976	A	\$323,956
406	NE/4	22	31	7	W. MID MESA	WOPL	0.766	467	\$562,431	A	\$86,174
408	NE/4	20	31	7	W. MID MESA	WOPL	2.039	480	\$372,558	E	\$124,171
410	SW/4	9	31	7	W. MID MESA	WOPL	0.539	100	\$486,781	E	\$108,780
412	SW/4	29	31	7	W. MID MESA	WOPL	2.436	4,500	\$468,241	E	\$857,238
414	NE/4	30	31	7	W. MID MESA	WOPL	3.176	2,100	\$318,117	E	\$464,930
416	NE/4	21	31	7	W. MID MESA	WOPL	0.816	85	\$285,376	A	\$162,931
418	SW/4	28	31	7	W. MID MESA	WOPL	4.832	5,200	\$221,723	E	\$271,380
420	NE/4	28	31	7	W. MID MESA	WOPL	0.615	240	\$275,596	A	\$90,902
422	SW/4	20	31	7	W. MID MESA	WOPL	5.589	480	\$384,676	A	\$161,219
424	NW/4	4	30	7	W. MID MESA	WOPL	10.040	1	\$190,610	E	\$186,711
430	SW/4	5	30	7	W. MID MESA	WOPL	0.910	480	\$399,418	A	\$205,899
432	NE/4	7	30	7	W. MID MESA	WOPL	4.105	960	\$381,715	A	\$231,085
442	SW/4	11	31	7	W. MID MESA	WOCU			\$341,493	E	\$166,679
446	SW/4	33	31	7	W. MID MESA	WOPL	3.846	171	\$227,653	E	\$158,582
448	NE/4	32	31	7	W. MID MESA	WOPL	3.221	360	\$351,576	A	\$177,290
450	SW/4	32	31	7	W. MID MESA	WOPL	0.519	836	\$268,749	E	\$247,690
452	NE/4	15	31	7	W. MID MESA	WOPL	1.385	850	\$342,232	A	\$171,016
454	NE/4	33	31	7	W. MID MESA	WOPL	5.101	560	\$209,928	A	\$145,459
464	SW/4	10	31	7	W. MID MESA	WOPL	1.694	8	\$304,418	A	\$73,073
468	NE/4	34	31	7	W. MID MESA	WOPL	14.065	402	\$334,000	E	\$211,207
470	NE/4	27	31	7	W. MID MESA	WOPL	0.514	1	\$284,000	E	\$115,082
472	NE/4	29	31	7	W. MID MESA	WOCU			\$400,500	E	\$117,720
474	SW/4	26	31	7	W. MID MESA	WOPL	0.600	250	\$485,518	E	\$194,553
476	SW/4	22	31	7	W. MID MESA	WOPL	2.750	572	\$316,900	E	\$154,324
478	SW/4	21	31	7	W. MID MESA	WOPL	1.137	300	\$355,693	E	\$200,716
480	SW/4	14	31	7	W. MID MESA	WOL			\$322,791	E	\$150,670
482	SW/4	15	31	7	W. MID MESA	WOPL	4.116	348	\$297,025	E	\$80,469

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487	W/2	35	31	7	W. MID MESA	WOPL	8.548	791	\$334,000 E	\$243,680
484	NB/4	16	31	7	W. MID MESA	WOPL	1.948	57	\$255,284 E	\$96,175
494	SW/4	27	31	7	W. MID MESA	WOPL	0.514	49	\$334,000 E	\$144,818
W. MID-MESA TOTALS							91.629	21,700	\$19,680,437	

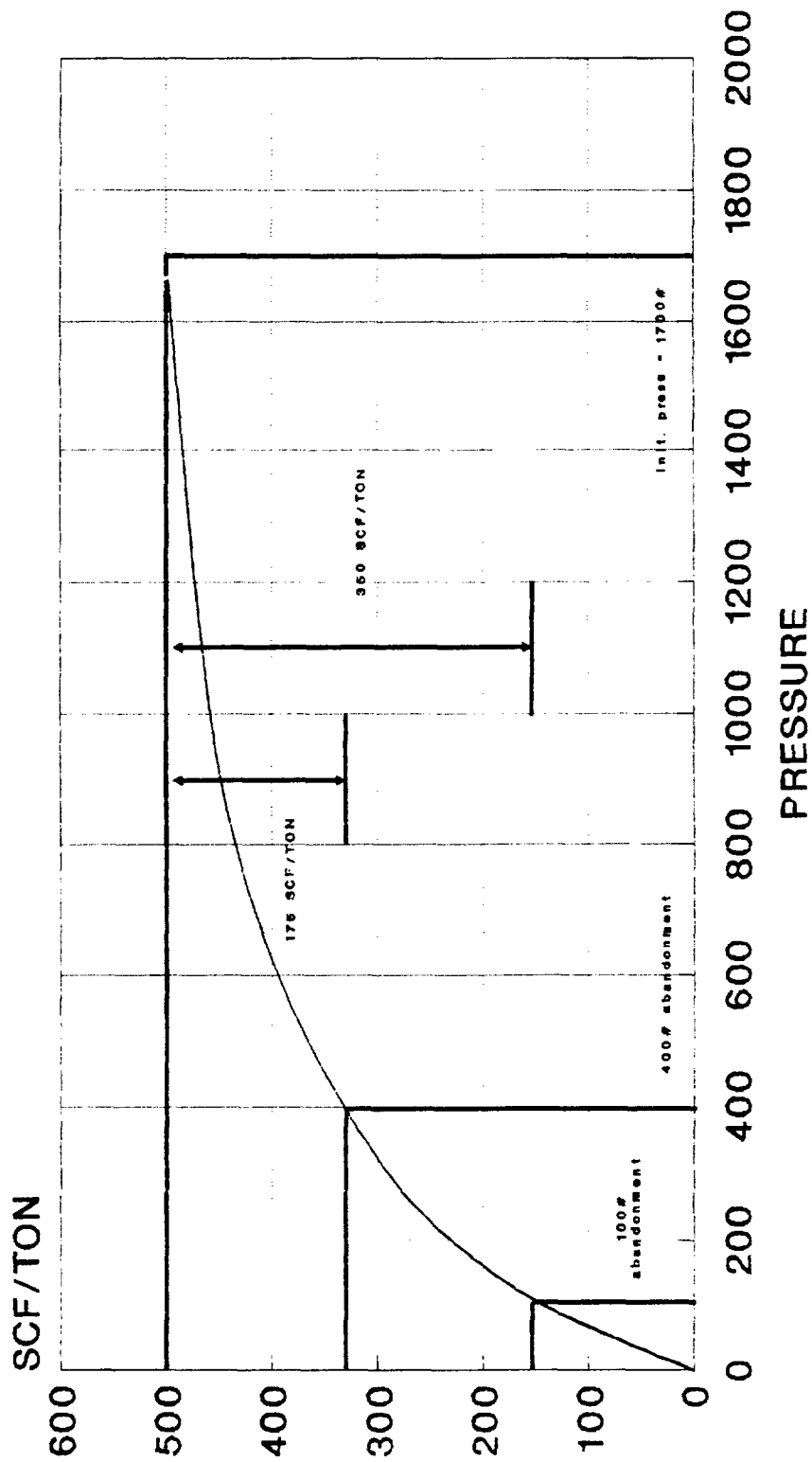
(1) WOPL = WAITING ON PIPELINE CONNECTION.
 WOCU = WAITING ON COMPLETION UNIT.
 WND = NOT DRILLED.

(2) A = ACTUAL COST, E = SOME PORTION OF COST IS ESTIMATED.

Comparison of Test Rates
(MCF/Day)

	Cased Hole Completions	Redrilled Open Holes
421	800	421R 22,900
403	1,000	403R 10,900
425	275	425R 13,200
427	855	427R 8,948
Total	2,930	Total 55,948
Avg.	732	Avg. 13,987

DESORPTION ISOTHERM NEBU NO. 403



— GAS CONTENT

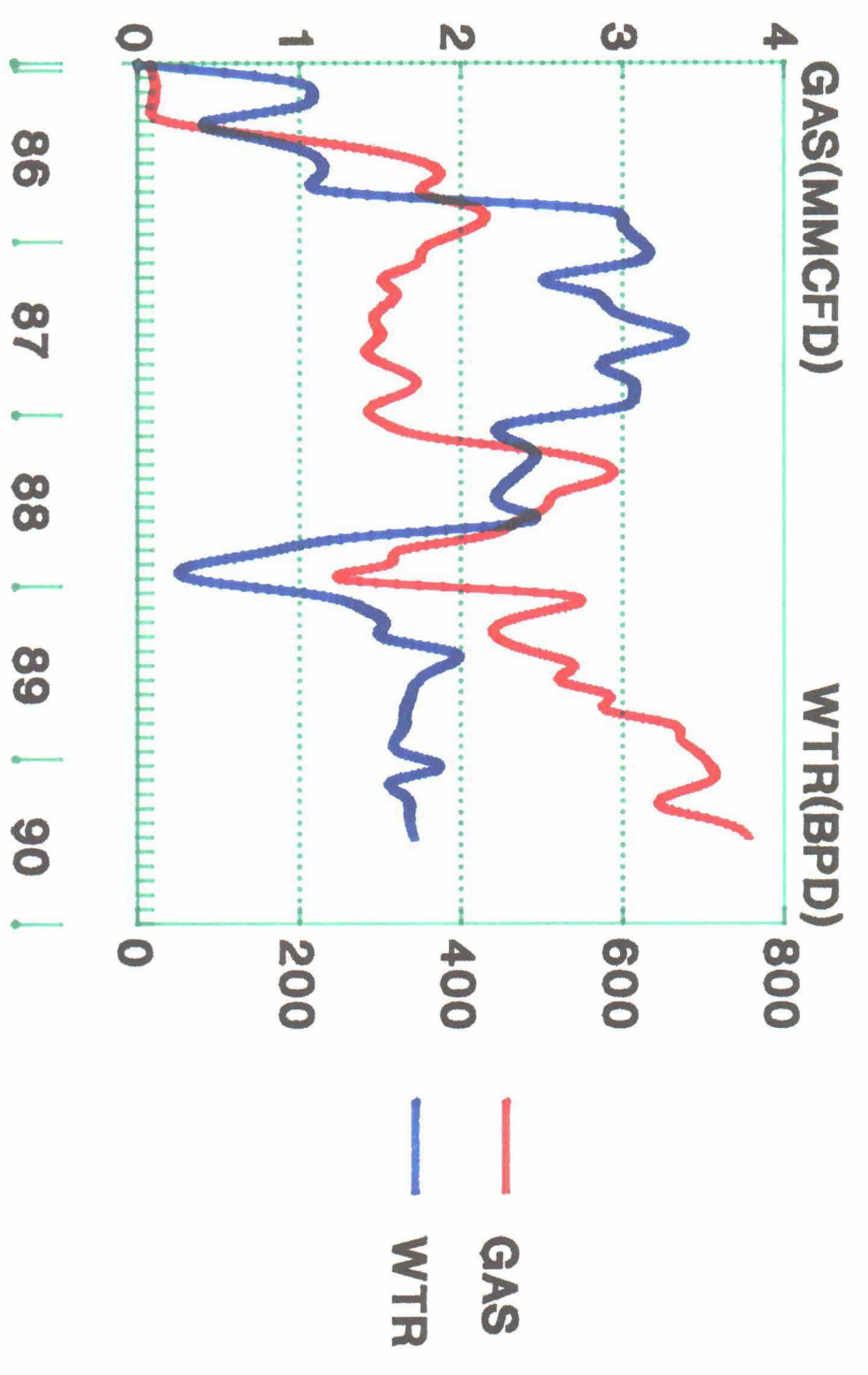
NORTHEAST BLANCO UNIT
 SAN JUAN & RIO ARRIBA CO'S., NM
 FRUITLAND COAL SEAM METHANE
 GAS PRICE CALCULATIONS

		\$/MCF	COMMENTS

EL PASO MAINLINE PRICE:(1)		\$1.68	OCT. 1990 PRICE
DEDUCTIONS:			
COMPRESSOR & PLANT FUEL:	(4.5% OF 1.68)	\$0.08	AS PER CONTRACT
CO2 SHRINKAGE:(2)	(5% OF 1.60)	\$0.08	AS PER CONTRACT
GATHERING, DEHY. & TREATING FEE:		\$0.30	AS PER CONTRACT

		\$1.22	
=====			
PLUS TAX CREDIT OF	\$0.86	\$2.08	1989 TAX CREDIT

AVERAGE RATES PER WELL 30-6 UNIT



NE BLANCO UNIT - FRUITLAND COAL - OUTSIDE PARTICIPATING AREA

WELL NO.	GATHERING SYSTEM	LOCATION	PROJECTED RESERVES GAS, MMCF	CASH FLOW M\$	PW @ 10% M\$	RATE OF RETURN
NEBU #400R	MIDDLE MESA	SEC. 7-31N-6W	4,400.000	5,740.490	2,662.572	76.85%
NEBU #402	MIDDLE MESA	SEC. 5-30N-7W	15,400.000	23,301.732	14,925.926	100.00%
NEBU #404R	MIDDLE MESA	SEC. 34-31N-7W	9,600.000	13,880.055	7,056.862	100.00%
NEBU #406	MIDDLE MESA	SEC. 22-31N-7W	2,900.000	3,569.572	1,002.257	34.77%
NEBU #408	MIDDLE MESA	SEC. 20-31N-7W	5,800.000	8,475.367	5,251.014	100.00%
NEBU #410	MIDDLE MESA	SEC. 9-31N-7W	5,600.000	8,054.815	4,839.164	100.00%
NEBU #412	MIDDLE MESA	SEC. 29-31N-7W	11,800.000	16,901.972	7,957.511	100.00%
NEBU #414	MIDDLE MESA	SEC. 30-31N-7W	11,200.000	16,617.560	9,435.926	100.00%
NEBU #416	MIDDLE MESA	SEC. 21-31N-7W	6,849.122	9,993.201	3,513.142	100.00%
NEBU #418	MIDDLE MESA	SEC. 28-31N-7W	9,000.000	12,904.728	9,162.449	100.00%
NEBU #420	MIDDLE MESA	SEC. 28-31N-7W	2,700.000	3,674.676	1,836.953	100.00%
NEBU #422	MIDDLE MESA	SEC. 20-31N-7W	10,100.000	15,263.804	11,069.898	100.00%
NEBU #424	MIDDLE MESA	SEC. 4-30N-7W	11,400.000	17,388.160	14,053.756	100.00%
NEBU #426	MIDDLE MESA	SEC. 6-31N-6W	6,100.000	8,955.708	6,210.587	100.00%
NEBU #428	MIDDLE MESA	SEC. 24-31N-7W	8,400.000	12,247.524	8,898.440	100.00%
NEBU #430	MIDDLE MESA	SEC. 5-30N-7W	7,915.241	11,515.724	3,888.965	100.00%
NEBU #432	MIDDLE MESA	SEC. 7-30N-7W	9,300.000	13,896.885	9,385.489	100.00%
NEBU #434	MIDDLE MESA	SEC. 23-31N-7W	7,100.000	10,421.621	6,910.303	100.00%
NEBU #435	PUMP MESA	SEC. 1-30N-8W	4,900.000	7,027.730	5,272.036	100.00%
NEBU #436	MIDDLE MESA	SEC. 19-31N-7W	5,834.955	8,334.781	1,979.425	70.90%
NEBU #437	PUMP MESA	SEC. 12-30N-8W	2,900.000	3,893.676	2,514.448	100.00%
NEBU #438	MIDDLE MESA	SEC. 18-31N-6W	6,613.493	9,454.910	2,579.550	80.13%
NEBU #440	MIDDLE MESA	SEC. 11-31N-7W	4,600.000	6,541.384	3,848.651	100.00%
NEBU #442	MIDDLE MESA	SEC. 11-31N-7W	8,900.000	13,276.496	7,211.529	100.00%
NEBU #444	MIDDLE MESA	SEC. 23-31N-7W	4,392.869	6,017.624	1,190.219	60.49%
NEBU #445	PUMP MESA	SEC. 25-31N-8W	5,700.000	8,343.962	6,466.162	100.00%
NEBU #446	MIDDLE MESA	SEC. 33-31N-7W	9,500.000	14,432.968	9,542.185	100.00%
NEBU #447	PUMP MESA	SEC. 36-31N-8W	5,100.000	7,447.243	5,783.186	100.00%
NEBU #448	MIDDLE MESA	SEC. 32-31N-7W	9,700.000	14,569.426	8,902.220	100.00%
NEBU #449	PUMP MESA	SEC. 19-31N-7W	2,600.000	3,478.835	2,012.157	100.00%
NEBU #450	MIDDLE MESA	SEC. 32-31N-7W	7,043.634	10,223.596	2,530.434	91.15%
NEBU #451	PUMP MESA	SEC. 6-30N-7W	3,500.000	5,013.023	4,241.930	100.00%
NEBU #452	MIDDLE MESA	SEC. 15-31N-7W	4,700.000	6,695.893	3,822.856	100.00%
NEBU #453	PUMP MESA	SEC. 6-30N-7W	2,400.000	3,253.788	2,783.456	100.00%
NEBU #454	MIDDLE MESA	SEC. 33-31N-7W	8,900.000	13,567.418	9,972.472	100.00%
NEBU #455	PUMP MESA	SEC. 31-31N-7W	8,100.000	11,208.738	6,754.977	100.00%
NEBU #456	MIDDLE MESA	SEC. 20-31N-7W	7,946.137	11,540.998	2,931.190	87.78%
NEBU #457	PUMP MESA	SEC. 31-31N-7W	6,400.000	9,100.511	6,509.240	100.00%
NEBU #458	MIDDLE MESA	SEC. 13-31N-7W	3,300.000	4,521.087	2,252.660	100.00%
NEBU #459	PUMP MESA	SEC. 19-31N-7W	2,800.000	3,433.033	2,634.410	100.00%
NEBU #460	MIDDLE MESA	SEC. 7-31N-6W	5,800.000	8,050.756	3,317.770	100.00%
NEBU #461	PUMP MESA	SEC. 12-30N-8W	3,700.000	5,117.303	4,011.164	100.00%
NEBU #462	MIDDLE MESA	SEC. 1-31N-7W	6,100.000	8,734.195	4,923.312	100.00%
NEBU #463	PUMP MESA	SEC. 18-30N-7W	5,900.000	8,732.760	6,342.802	100.00%
NEBU #464	MIDDLE MESA	SEC. 10-31N-7W	4,500.000	6,565.151	4,186.607	100.00%
NEBU #465	PUMP MESA	SEC. 1-30N-8W	6,900.000	8,822.453	3,975.998	80.02%
NEBU #466	MIDDLE MESA	SEC. 34-31N-7W	11,700.000	17,850.134	14,882.234	100.00%
NEBU #467	PUMP MESA	SEC. 12-30N-8W	2,300.000	3,099.248	1,969.484	100.00%
NEBU #468	MIDDLE MESA	SEC. 35-31N-7W	14,300.000	21,742.491	16,887.394	100.00%
NEBU #469	PUMP MESA	SEC. 13-30N-8W	5,400.000	7,913.089	6,829.217	100.00%
NEBU #470	MIDDLE MESA	SEC. 27-31N-7W	5,740.905	8,346.910	2,438.543	100.00%

NE BLANCO UNIT - FRUITLAND COAL - OUTSIDE PARTICIPATING AREA

WELL NO.	GATHERING SYSTEM	LOCATION	PROJECTED RESERVES GAS, MMCF	CASH FLOW M\$	PW @ 10% M\$	RATE OF RETURN
NEBU #471	PUMP MESA	SEC. 25-31N-8W	5,800.000	8,093.653	4,455.200	100.00%
NEBU #472	MIDDLE MESA	SEC. 29-31N-7W	13,300.000	19,549.755	9,455.374	100.00%
NEBU #473	PUMP MESA	SEC. 36-31N-8W	4,900.000	6,901.054	5,595.858	100.00%
NEBU #474	MIDDLE MESA	SEC. 26-31N-7W	7,944.573	11,508.161	2,839.592	72.84%
NEBU #476	MIDDLE MESA	SEC. 22-31N-7W	8,300.000	12,496.897	8,999.720	100.00%
NEBU #478	MIDDLE MESA	SEC. 21-31N-7W	7,825.922	11,424.089	4,525.779	100.00%
NEBU #480	MIDDLE MESA	SEC. 14-31N-7W	7,600.000	11,317.994	6,877.100	100.00%
NEBU #482	MIDDLE MESA	SEC. 15-31N-7W	4,900.000	7,281.214	5,814.705	100.00%
NEBU #484	MIDDLE MESA	SEC. 16-31N-7W	5,200.000	7,689.109	4,919.152	100.00%
NEBU #486	MIDDLE MESA	SEC. 19-31N-6W	10,100.000	14,968.595	7,230.670	100.00%
NEBU #487	MIDDLE MESA	SEC. 35-31N-7W	13,500.000	20,605.236	15,513.953	100.00%
NEBU #488	MIDDLE MESA	SEC. 24-31N-7W	9,600.000	14,153.101	7,348.643	100.00%
NEBU #489	MIDDLE MESA	SEC. 12-31N-7W	5,800.000	8,328.364	4,491.889	100.00%
NEBU #490	MIDDLE MESA	SEC. 14-31N-7W	10,600.000	15,613.442	7,688.070	100.00%
NEBU #491	LA JARA	SEC. 25-31N-7W	2,400.000	2,778.771	1,236.560	52.34%
NEBU #492	MIDDLE MESA	SEC. 12-31N-7W	3,340.013	4,428.545	1,023.293	46.54%
NEBU #493	LA JARA	SEC. 25-31N-7W	2,000.000	2,429.082	1,299.765	97.00%
NEBU #494	MIDDLE MESA	SEC. 27-31N-7W	6,121.254	8,814.883	2,383.119	88.07%
NEBU #495	LA JARA	SEC. 30-31N-6W	3,200.000	4,139.343	2,821.257	100.00%
NEBU #496	MIDDLE MESA	SEC. 18-31N-6W	8,300.000	11,667.002	4,791.706	100.00%
NEBU #497	LA JARA	SEC. 30-31N-6W	5,300.000	7,093.694	4,057.218	100.00%
NEBU #498	MIDDLE MESA	SEC. 13-31N-7W	10,100.000	14,900.828	7,541.041	100.00%
NEBU #499	LA JARA	SEC. 20-31N-6W	1,600.000	1,848.682	769.857	52.45%
NEBU #500	MIDDLE MESA	SEC. 20-31N-6W	4,424.742	6,133.730	1,688.716	77.26%
NEBU #504	MIDDLE MESA	SEC. 16-31N-7W	9,000.000	13,678.706	8,379.666	100.00%

BLACKWOOD & NICHOLS CO. A LIMITED PARTNERSHIP

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August 20, 1990

Commissioner of Public Lands
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State of New Mexico
Energy and Minerals Department
Oil Conservation Department
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Santa Fe, New Mexico 87501

U. S. Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401
Attn: Mr. John L. Keller

Re: Northeast Blanco Unit #1 Sec. 929
San Juan & Rio Arriba Cos., NM

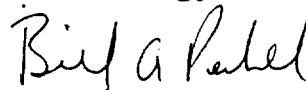
Application for the Initial Gallup
Formation Participating Area
Effective October 22, 1984

Gentlemen:

Reference is made to our letter dated July 6, 1990, transmitting the above application. Please replace Page 2 of Exhibit "B" (the schedule showing the summary of ownership) with the revised Page 2 enclosed herewith.

Very truly yours,

BLACKWOOD & NICHOLS CO.
A LIMITED PARTNERSHIP by
Devon Energy Corporation (Nevada)



Bill A. Penhall
District Landman

BAP:gcn

Attachment

cc: NEBU Working Interest Owners

NORTHEAST BLANCO
GALLUP WORKING INTEREST OWNERS

Michael Cuba
Southern Division Production Manager
AMOCO PRODUCTION COMPANY
Amoco Building, 1670 Broadway
Denver, Colorado 80201

EOG (New Mexico) Inc.
Attn: Mary Beach
First Interstate Tower South
621 - 17th Street, Suite 1800
Denver, CO 80293

Thayer H. Laurie Trust
c/o National Bank of Detroit
Financial Tower, Trust Department
Attn: Lary Horton
900 Tower Drive, 12th Floor
Detroit, Michigan 48098

B. E. Hutchinson Trust II
c/o National Bank of Detroit
Financial Tower, Trust Department
900 Tower Drive, 12th Floor
Attn: Lary Horton
Detroit, Michigan 48098

Meridian Oil Production, Inc.
Attn: Alan Alexander
P. O. Box 4289
Farmington, NM 87499-4289

EXHIBIT "B"
NORTHEAST BLANCO UNIT
INITIAL PARTICIPATING AREA - GALLUP FORMATION
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP IN OIL & GAS INTERESTS

SUMMARY OF INTERESTS

0.25000000	Amoco Production Company
0.24808428	Blackwood & Nichols Co.
0.21623185	Devon Energy Corporation
0.09143723	EOG (New Mexico) Inc.
0.00426807	Hutchinson, B. E. II Trust
0.00705315	Laurie, Thayer H. Trust
0.18292542	Meridian Oil Production Inc.

1.00000000	

BLACKWOOD & NICHOLS CO. A LIMITED PARTNERSHIP

1500 Mid-America Tower
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

405/235-3611
FAX 405/236-4258

July 6, 1990

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

Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

Attn: Mr. Gail Keller

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

Northeast Blanco Unit #1
Section No. 929
San Juan and Rio Arriba
Counties, New Mexico

Gentlemen:

Blackwood & Nichols Co., as Unit Operator, on behalf of itself and all owners of oil and gas leases within the Northeast Blanco Unit, submits for approval an application for the first expansion of the Initial Participating Area for the Basin Fruitland Coal Pool (the "First Expansion Area"). The Initial Participating Area consists of 8179.82 acres and this application proposes to include the remaining 24,328.16 acres of the Northeast Blanco Unit expanding the Participating Area to 32,507.98 acres. The lands proposed to be included in the Participating Area are more accurately described in Exhibit B hereto.

The First Expansion Area, when fully developed, will include eighty wells made up of 76 Basin Fruitland Coal Pool producers, two pressure observation wells and two water disposal wells. Currently, 56 wells have been drilled and completed (one of which will be converted to pressure observation), 20 wells are waiting on completion and one proposed Basin Fruitland Coal well will be drilled after the summer recreation season is closed. One water disposal well is in operation and one is drilling. One well previously completed in the Basin Fruitland Coal Pool is being utilized as a pressure observation well.

Construction of gas and water gathering systems is currently underway.

July 6, 1990

First Expansion of
Initial Participating Area for
the Basin Fruitland Coal Pool

In support of this application, the following exhibits are enclosed:

- 1) Exhibit A: a map showing the Unit boundary, the Initial Participating Area and the First Expansion Area.
- 2) Exhibit B: a schedule showing lands entitled to participation in the unitized substances produced from the Basin Fruitland Coal with the percentage of participation of each lease or tract.
- 3) Exhibit C: a geologic and engineering discussion.
- 4) Exhibit D-1 through D-8: coal isopach map, structure map, production map including offset production and four cross-sections.
- 5) Exhibit E: test and production rates for all Basin Fruitland Coal Pool wells in Northeast Blanco Unit.
- 6) Exhibit F: individual well production data for the eighteen producing wells including date of first delivery, initial and current production rates and cumulative production.

Blackwood & Nichols Co. requests that this application for the first expansion to the Initial Participating Area be approved as set forth in Exhibit B effective with the date of first production.

Copies of this letter and exhibits are being sent to the working interest owners shown on Exhibit B.

Thank you for your prompt review of this application and your cooperation.

Yours very truly,
BLACKWOOD & NICHOLS CO.
A LIMITED PARTNERSHIP by
Devon Energy Corporation (Nevada)
Operating General Partner



J. M. Lacey
Vice-President

BAP:JML:jl

enclosures