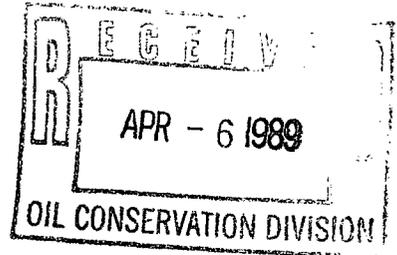


NSL-2651

BLACKWOOD & NICHOLS CO., LTD.
P.O. BOX 1237
DURANGO, COLORADO 81302-1237
(303) 247-0728

March 27, 1989



Mr. William LeMay
New Mexico Oil Conservation Division
P.O.Box 2088
Santa Fe, New Mexico 87501

Re:Unorthodox Gas Well Location
Northeast Blanco Unit No. 432
195'FNL - 790'FEL, Sec.7, T30N, R7W
San Juan Co., New Mexico

Dear Mr. LeMay;

Blackwood & Nichols Co., Ltd. requests administrative approval of an exception to the footage requirements of Rule 7 , R -8768 for the subject well, located in the Basin Fruitland Coal Pool.

This request is for exception due to topography. A Vicinity Map and C-102 are attached for your reference. The location was staked at this proposed site as an alternate to the original location at 1330'FNL- 1070'FEL. The original location had archeological sites on the North, West, and Southwest edges. It is bounded on the south by Navajo Reservoir. No alternative sites in the bottom are considered feasible due to the high density of archeological sites.

The east half of Section 7, T30N, R7W, will be dedicated to this well. All offset proration units are operated by Blackwood and Nichols Co., Ltd.

Your prompt consideration of this request is appreciated.

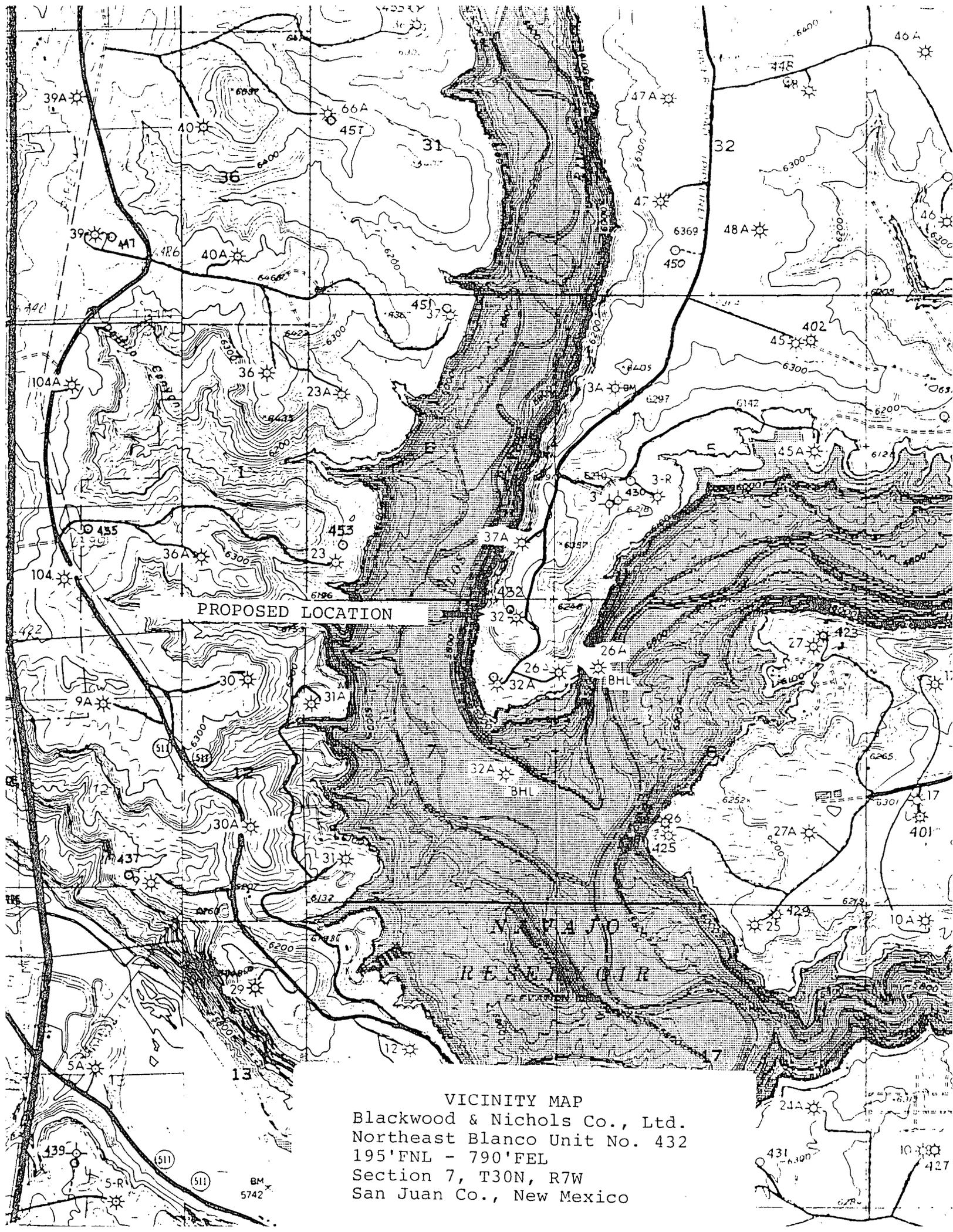
Sincerely,

William F. Clark
Operations Manager
Blackwood & Nichols
Co., Ltd.

Copy Sent to E. Busch 4/7/89

4/18/89

*Verbal approval by E. Busch
M.S.*



PROPOSED LOCATION

VICINITY MAP

Blackwood & Nichols Co., Ltd.
Northeast Blanco Unit No. 432
195'FNL - 790'FEL
Section 7, T30N, R7W
San Juan Co., New Mexico

BM
5742

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

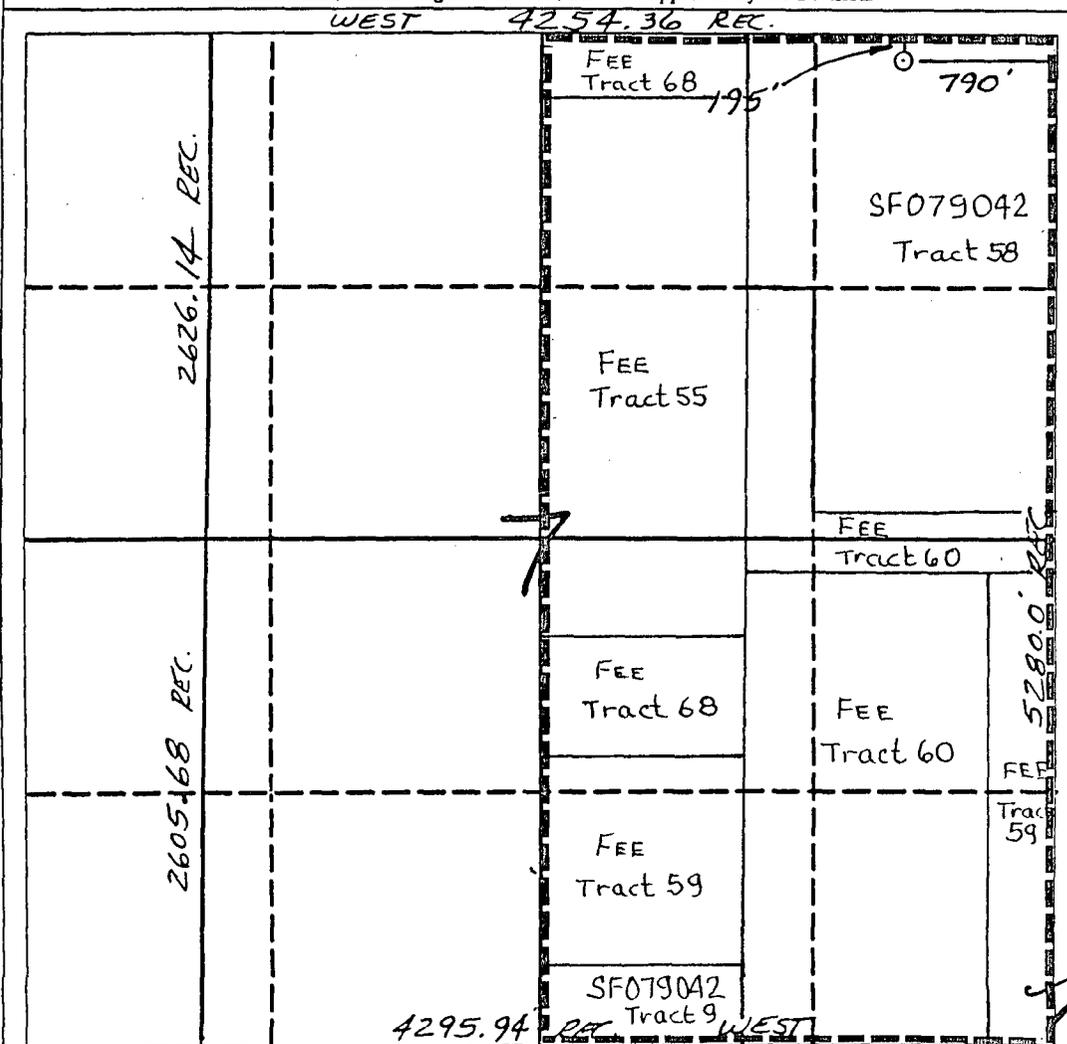
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Blackwood & Nichols Co. LTD.		Lease Northeast Blanco Unit		Well No. 432
Unit Letter A	Section 7	Township 30 North	Range 7 West	County San Juan
Actual Footage Location of Well: 195 feet from the North line and 790 feet from the East line				
Ground level Elev. 6301'	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 - Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary). _____
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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: *William F. Clark*
 Printed Name: William F. Clark
 Position: Operations Manager
 Company: Blackwood & Nichols Co.
 Date: March 31, 1989

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown 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 knowledge and belief.

Date Surveyed: 3-22-89
 Signature & Seal of Professional Surveyor: *Neale C. Edwards*
 Certificate No. 6857



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

10110 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 4-20-89

RE: Proposed MC _____
Proposed DIIC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

NSL-2651
M.S.

RECEIVED

APR 24 1989

OIL CONSERVATION DIV.
SANTA FE

Gentlemen:

I have examined the application dated 4-10-89

for the Blackwood & Nichols Co., Ltd. N.E.B.U. #432 A-7-30N-7W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

NSL-2651

Yours truly,

E. Bush