

BLACKWOOD & NICHOLS Co., LTD.

3130 LIBERTY TOWER

100 NORTH BROADWAY

OKLAHOMA CITY, OKLAHOMA 73102

405 235-8505

December 12, 1989

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

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

United States Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401
Attn: Mr. Gail Keller

1990 Plan of Development
Northeast Blanco Unit Agreement 1
Section 929
San Juan and Rio Arriba
Counties, New Mexico

Gentlemen:

Blackwood & Nichols Co., Ltd., as unit operator, on behalf of itself and all owners of oil and gas leases within the Northeast Blanco Unit, hereby submits a Plan of Development for the 1990 calendar year.

We propose to drill the remaining 49 wells in the anticipated order shown on the attached schedule. You will note that several redrills are proposed for the calendar year which are denoted by the letter "R" after the well number. Please note that all redrills scheduled after the 421 and 429 are proposed pending the results of these two wells.

One additional water disposal well, the 503, is scheduled to be drilled to handle water disposal west of Navajo Lake (Pump Mesa).

The 1989 year end drilling activity coupled with the 1990 drilling schedule should provide total development for the Basin Fruitland Coal in the Northeast Blanco Unit on current 320-acre spacing.

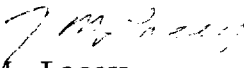
As we have previously discussed, a subsequent letter containing a summary of operations for 1989, which will include a discussion and summary of all producing horizons, current well tests and all other pertinent information involving the Northeast Blanco Unit will be forwarded under separate cover prior to March 1, 1990.

1990 Plan of Development
Northeast Blanco Unit Agreement I

December 12, 1989

Thank you for your cooperation and expediency in approving this Plan of Development.

Sincerely,


J. M. Lacey
General Manager

JML:jl

enclosures

cc: Working Interest Owners

1990 Plan of Development
Northeast Blanco Unit Agreement I

December 12, 1989

Approved _____ Date _____

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

Approved  _____ Date 12-26-89

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

Approved _____ Date _____

United States Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401
Attn: Mr. Gail Keller

Subject to like approval by the Bureau of Land Management and the
Commissioner of Public Lands.

The above approvals are for the Northeast Blanco Unit Agreement No. 1, Section
929, San Juan and Rio Arriba Counties, New Mexico, 1990 Plan of Development.

BLACKWOOD & NICHOLS 1990 DRILLING PROGRAM
SCHEDULE OF DRILLING BY AREA

		WELL	LOCATION	AREA
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WELLS TO BE DRILLED - 1990				
1	JAN	NEBU NO. 418	SW 28-T31N-R7W	MIDDLE (W)
2		NEBU NO. 472	NE 29-T31N-R7W	MIDDLE (W)
3		NEBU NO. 478	SW 21-T31N-R7W	MIDDLE (W)
4		NEBU NO. 410	SW 9 -T31N-R7W	MIDDLE (W)
5		NEBU NO. 484	NE 16-T31N-R7W	MIDDLE (W)
6		NEBU NO. 482	SW 15-T31N-R7W	MIDDLE (W)
7	FEB	NEBU NO. 476	SW 22-T31N-R7W	MIDDLE (W)
8		NEBU NO. 470	NE 27-T31N-R7W	MIDDLE (W)
9		NEBU NO. 474	SW 26-T31N-R7W	MIDDLE (E)
10		NEBU NO. 442	SW 11-T31N-R7W	MIDDLE (E)
11		NEBU NO. 490	NE 14-T31N-R7W	MIDDLE (E)
12		NEBU NO. 489	SW 12-T31N-R7W	MIDDLE (E)
13	MAR	NEBU NO. 471	NW 25-T31N-R8W	PUMP
14		NEBU NO. 469	SW 13-T30N-R8W	PUMP
15		NEBU NO. 463	NW 18-T30N-R7W	PUMP
16		NEBU NO. 421 R	SE 04-T30N-R7W	SIMS
17		NEBU NO. 429 R	NE 17-T30N-R7W	SIMS
18	APR	NEBU NO. 491	SE 25-T31N-R7W	LA JARA
19		NEBU NO. 493	NE 25-T31N-R7W	LA JARA
20		NEBU NO. 495	SW 30-T31N-R6W	LA JARA
21		NEBU NO. 497	NE 30-T31N-R6W	LA JARA
22		NEBU NO. 499	SE 20-T31N-R6W	LA JARA
23		NEBU NO. 459	NE 19-T31N-R7W	PUMP
24	MAY	NEBU NO. 426	SW 06-T31N-R6W	MIDDLE (E)
25		NEBU NO. 492	NE 12-T31N-R7W	MIDDLE (E)
26		NEBU NO. 460	NE 07-T31N-R6W	MIDDLE (E)
27		NEBU NO. 500	NW 20-T31N-R6W	MIDDLE (E)
28		NEBU NO. 438	NE 18-T31N-R6W	MIDDLE (E)
29		NEBU NO. 486	SW 19-T31N-R6W	MIDDLE (E)
30	JUN	NEBU NO. 496	SW 18-T31N-R6W	MIDDLE (E)
31		NEBU NO. 468	NE 35-T31N-R7W	MIDDLE (E)
32		NEBU NO. 434	SW 23-T31N-R7W	MIDDLE (E)
33		NEBU NO. 488	SW 24-T31N-R7W	MIDDLE (E)
34		NEBU NO. 498	SW 13-T31N-R7W	MIDDLE (E)
35		NEBU NO. 444	NE 23-T31N-R7W	MIDDLE (E)
36	JUL	NEBU NO. 487	NW 35-T31N-R7W	MIDDLE (E)
37		NEBU NO. 466	NE 34-T31N-R7W	MIDDLE (W)
38		NEBU NO. 494	SW 27-T31N-R7W	MIDDLE (W)
39		NEBU NO. 480	SW 14-T31N-R7W	MIDDLE (E)
40		NEBU NO. 424	NE 04-T30N-R7W	MIDDLE (W)
41	AUG	NEBU NO. 218-R	SE 16-T31N-R7W	MIDDLE (W)
42		NEBU NO. 425 R	SW 08-T30N-R7W	SIMS
43		NEBU NO. 403 R	NE 09-T30N-R7W	SIMS
44		NEBU NO. 427 R	SW 16-T30N-R7W	SIMS
45		NEBU NO. 413 R	NE 20-T30N-R7W	SIMS
46	SEP	NEBU NO. 423 R	NE 08-T30N-R7W	SIMS
47		NEBU NO. 441 R	NE 24-T30N-R8W	SIMS
48		NEBU NO. 475	SW 19-T30N-R7W	SIMS
49		NEBU NO. 461	SW 07-T30N-R7W	PUMP

DISPOSAL WELLS

NEBU NO.	503	SE 36-T31N-R8W
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OTHER POSSIBLE REDRILLS

NEBU NO.	400 R	SW 07-T31N-R6W
NEBU NO.	404 R	NW 34-T31N-R7W