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District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Form C-140
Originated 11/1/95

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District Office

APPLICATION FOR
QUALIFICATION OF WELL WORKOVER PROJECT
AND CERTIFICATION OF APPROVAL

OIL CON. DIV.
DIST. 3

THREE COPIES OF THIS APPLICATION AND ALL ATTACHMENTS MUST BE FILED WITH THE APPROPRIATE DISTRICT OFFICE OF THE OIL CONSERVATION DIVISION.

- I. Operator: Nassau Resources, Inc. OGRID #: 015515
Address: 650 S. Cherry St., Suite 1225, Denver, CO 80246-1894
Contact Party: Gary J. Johnson Phone: 303-321-2111
- II. Name of Well: Carracas Unit 23A-12 API #: 30-039-24404
Location of Well: Unit Letter L, 1650 Feet from the South line and 1190 feet from the West line,
Section 23, Township 32N, Range 05W, NMPM, Rio Arriba County
- III. Date Workover Procedures Commenced: September 29, 1998
Date Workover Procedures were Completed: October 12, 1998
- IV. Attach a description of the Workover Procedures undertaken to increase the production from the Well.
See attached workover report for details of fracturing, etc.
- V. Attach an estimate of the production rate of the Well (a production decline curve or other acceptable method, and table showing monthly oil and/or gas Project Production) based on at least twelve (12) months of established production which shows the future rate of production based on well performance prior to performing Workover.
See attached decline curve and tabulation
- VI. Pool(s) on which Production Projection is based: Basin Fruitland Coal

VII. AFFIDAVIT:

State of Colorado)
) ss.
County of Denver)

Gary J. Johnson, being first duly sworn, upon oath states:

1. I am the Operator or authorized representative of the Operator of the above referenced Well.
2. I have made, or caused to be made, a diligent search of the production records which are reasonably available and contain information relevant to the production history of this Well.
3. To the best of my knowledge, the data used to prepare the Production Projection for this Well is complete and accurate and this projection was prepared using sound petroleum engineering principles.

Gary J. Johnson
(Name)

Engineering Manager
(Title)

SUBSCRIBED AND SWORN TO before me this 20th day of November, 1998

Sue Thompson

Notary Public

My Commission expires: My Commission Expires January 20, 1999

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

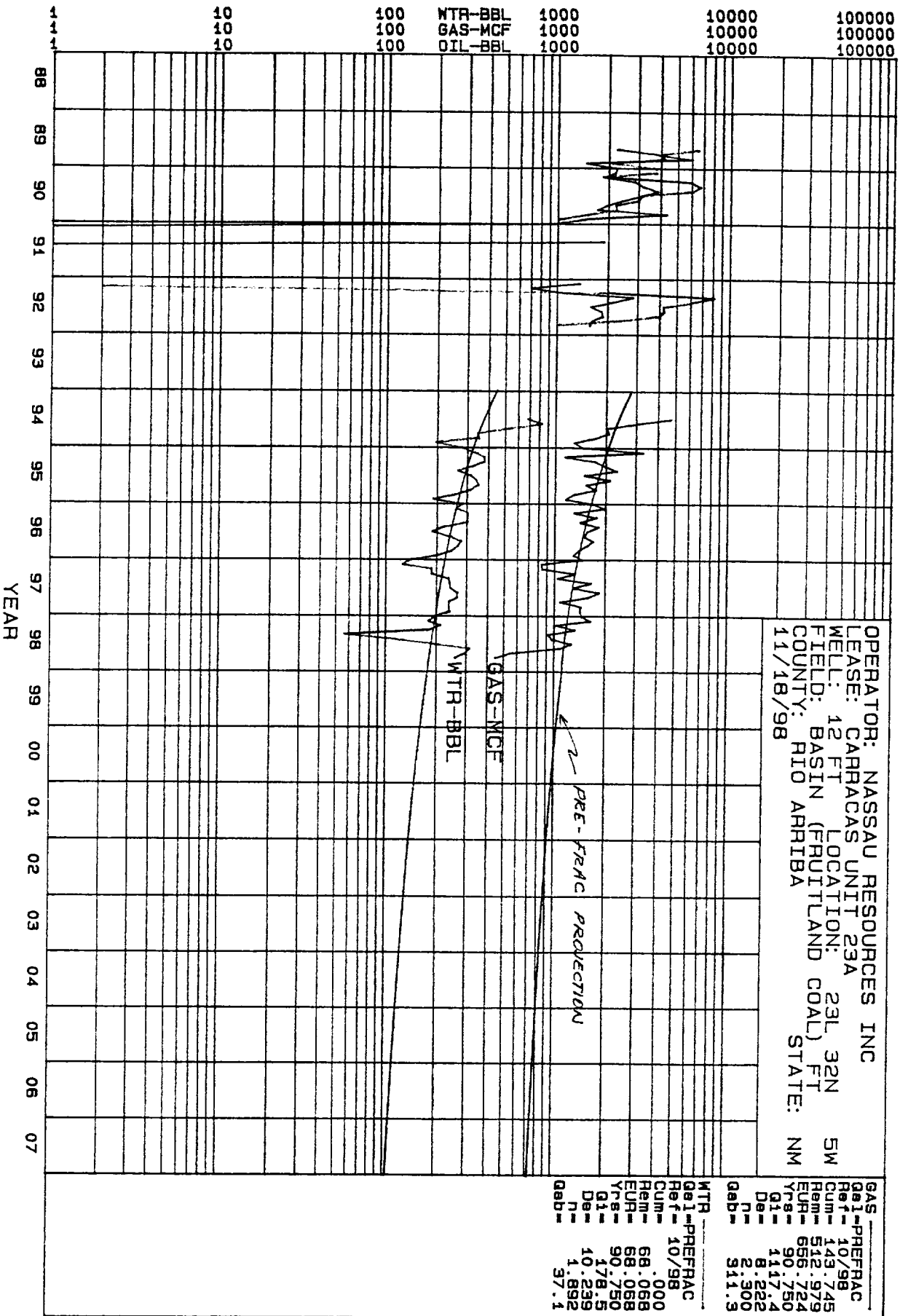
This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 12/12, 1998

358
District Supervisor, District 3
Oil Conservation Division

Date: 12/31/98

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

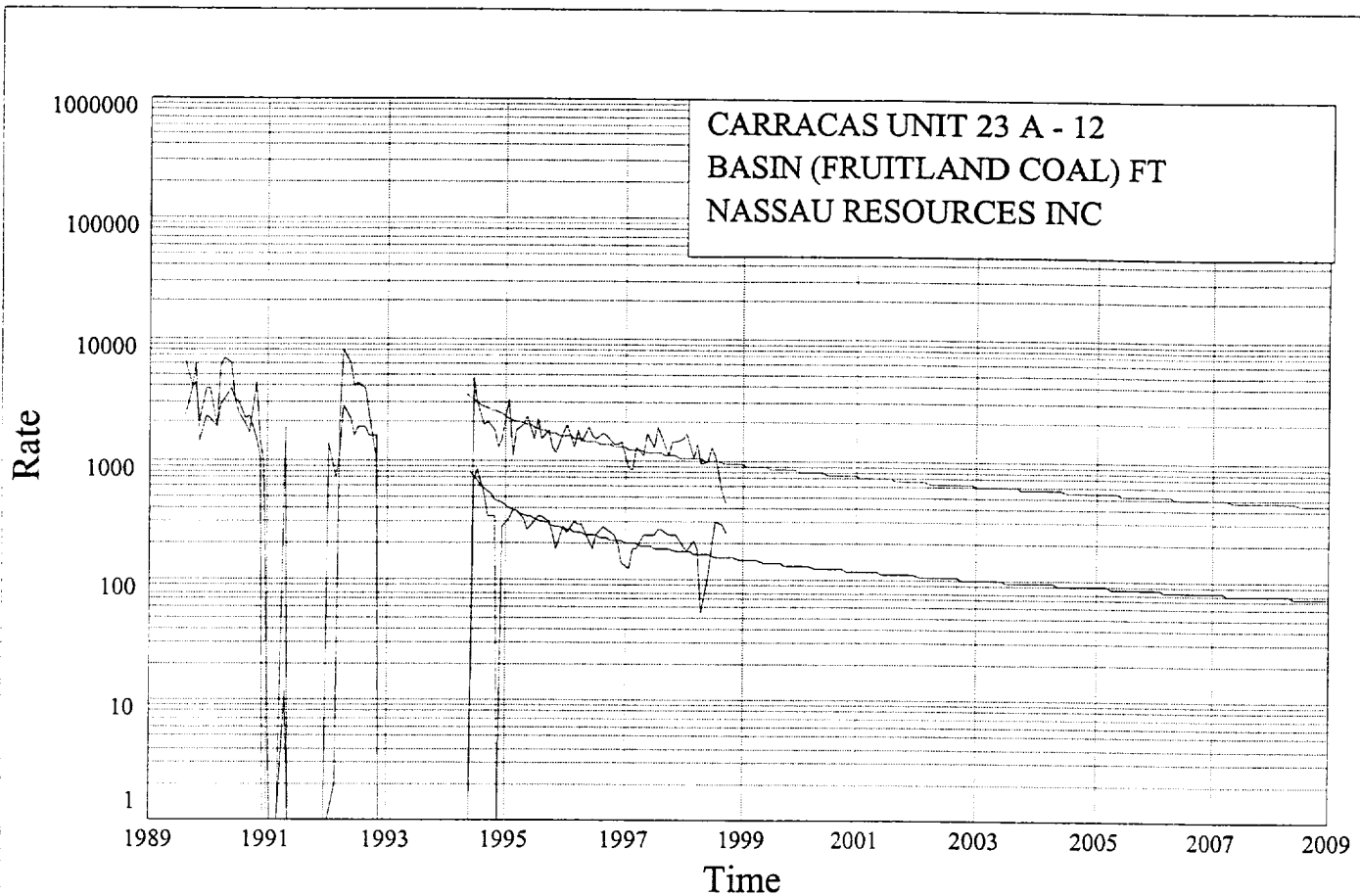


Historic Production and Well Count Detail Report

Project: C:\DWIGHTS\PTOOLS25\CARRCOAL.MDB

Lease Name: CARRACAS UNIT 23 A (12)
 County, ST: RIO ARRIBA, NM
 Location: 32N-5W-23

Field Name: BASIN (FRUITLAND COAL) FT
 Operator: NASSAU RESOURCES INC



Date	Oil (bbl)	Gas (mcf)	Water (bbl)	Well Count	OilCum (bbl)	GasCum (mcf)	WaterCum (bbl)
01/1989	0	0	0	0	0	0	0
02/1989	0	0	0	0	0	0	0
03/1989	0	0	0	0	0	0	0
04/1989	0	0	0	0	0	0	0
05/1989	0	0	0	0	0	0	0
06/1989	0	0	0	0	0	0	0
07/1989	0	0	0	0	0	0	0
08/1989	0	2,208	6,470	1	0	2,208	6,470
09/1989	0	3,734	3,970	1	0	5,942	10,440
10/1989	0	5,966	4,166	1	0	11,908	14,606
11/1989	0	1,436	2,040	1	0	13,344	16,646
12/1989	0	2,208	3,737	1	0	15,552	20,383
01/1990	0	2,151	3,760	1	0	17,703	24,143
02/1990	0	1,878	1,813	1	0	19,581	25,956
03/1990	0	2,825	5,924	1	0	22,406	31,880
04/1990	0	3,145	6,682	1	0	25,551	38,562
05/1990	0	3,812	5,991	1	0	29,363	44,553
06/1990	0	3,077	3,092	1	0	32,440	47,645
07/1990	0	2,375	2,949	1	0	34,815	50,594
08/1990	0	1,940	2,160	1	0	36,755	52,754
09/1990	0	1,683	2,215	1	0	38,438	54,969
10/1990	0	4,300	1,493	1	0	42,738	56,462
11/1990	0	1,430	1,007	1	0	44,168	57,469

Historic Production and Well Count Detail Report

Project: C:\DWIGHTS\PTOOLS25\CARRCOAL.MDB

Date	Oil (bbl)	Gas (mcf)	Water (bbl)	Well Count	OilCum (bbl)	GasCum (mcf)	WaterCum (bbl)
12/1990	0	926	0	1	0	45,094	57,469
01/1991	0	1	0	1	0	45,095	57,469
02/1991	0	0	0	0	0	45,095	57,469
03/1991	0	0	0	0	0	45,095	57,469
04/1991	0	1,872	12	1	0	46,967	57,481
05/1991	0	1	0	1	0	46,968	57,481
06/1991	0	0	0	0	0	46,968	57,481
07/1991	0	0	0	0	0	46,968	57,481
08/1991	0	0	0	0	0	46,968	57,481
09/1991	0	0	0	0	0	46,968	57,481
10/1991	0	0	0	0	0	46,968	57,481
11/1991	0	0	0	0	0	46,968	57,481
12/1991	0	0	0	0	0	46,968	57,481
01/1992	0	1,349	0	1	0	48,317	57,481
02/1992	0	693	2	1	0	49,010	57,483
03/1992	0	1,094	2,028	1	0	50,104	59,511
04/1992	0	2,785	8,111	1	0	52,889	67,622
05/1992	0	2,118	6,003	1	0	55,007	73,625
06/1992	0	1,556	4,129	1	0	56,563	77,754
07/1992	0	1,812	4,181	1	0	58,375	81,935
08/1992	0	1,852	3,917	1	0	60,227	85,852
09/1992	0	1,603	2,380	1	0	61,830	88,232
10/1992	0	1,537	984	1	0	63,367	89,216
11/1992	0	0	0	0	0	63,367	89,216
12/1992	0	0	0	0	0	63,367	89,216
01/1993	0	0	0	0	0	63,367	89,216
02/1993	0	0	0	0	0	63,367	89,216
03/1993	0	0	0	0	0	63,367	89,216
04/1993	0	0	0	0	0	63,367	89,216
05/1993	0	0	0	0	0	63,367	89,216
06/1993	0	0	0	0	0	63,367	89,216
07/1993	0	0	0	0	0	63,367	89,216
08/1993	0	0	0	0	0	63,367	89,216
09/1993	0	0	0	0	0	63,367	89,216
10/1993	0	0	0	0	0	63,367	89,216
11/1993	0	0	0	0	0	63,367	89,216
12/1993	0	0	0	0	0	63,367	89,216
01/1994	0	0	0	0	0	63,367	89,216
02/1994	0	0	0	0	0	63,367	89,216
03/1994	0	0	0	0	0	63,367	89,216
04/1994	0	0	0	0	0	63,367	89,216
05/1994	0	0	0	0	0	63,367	89,216
06/1994	0	4,655	669	1	0	68,022	89,885
07/1994	0	2,966	822	1	0	70,988	90,707
08/1994	0	1,960	529	1	0	72,948	91,236
09/1994	0	2,056	336	1	0	75,004	91,572
10/1994	0	1,696	349	1	0	76,700	91,921
11/1994	0	1,262	0	1	0	77,962	91,921
12/1994	0	1,453	277	1	0	79,415	92,198
01/1995	0	3,161	328	1	0	82,576	92,526
02/1995	0	1,108	372	1	0	83,684	92,898
03/1995	0	1,700	375	1	0	85,384	93,273
04/1995	0	1,954	320	1	0	87,338	93,593
05/1995	0	2,287	257	1	0	89,625	93,850
06/1995	0	1,470	309	1	0	91,095	94,159
07/1995	0	2,092	335	1	0	93,187	94,494
08/1995	0	1,504	347	1	0	94,691	94,841
09/1995	0	1,724	310	1	0	96,415	95,151

Historic Production and Well Count Detail Report

Project: C:\DWIGHTS\PTOOLS25\CARRCOAL.MDB

Date	Oil (bbl)	Gas (mcf)	Water (bbl)	Well Count	OilCum (bbl)	GasCum (mcf)	WaterCum (bbl)
10/1995	0	1,264	251	1	0	97,679	95,402
11/1995	0	1,133	184	1	0	98,812	95,586
12/1995	0	1,656	278	1	0	100,468	95,864
01/1996	0	1,958	255	1	0	102,426	96,119
02/1996	0	1,272	301	1	0	103,698	96,420
03/1996	0	1,751	297	1	0	105,449	96,717
04/1996	0	1,391	298	1	0	106,840	97,015
05/1996	0	1,796	216	1	0	108,636	97,231
06/1996	0	1,543	183	1	0	110,179	97,414
07/1996	0	1,482	236	1	0	111,661	97,650
08/1996	0	1,669	274	1	0	113,330	97,924
09/1996	0	1,528	261	1	0	114,858	98,185
10/1996	0	1,364	240	1	0	116,222	98,425
11/1996	0	1,343	201	1	0	117,565	98,626
12/1996	0	1,439	136	1	0	119,004	98,762
01/1997	0	823	123	1	0	119,827	98,885
02/1997	0	831	184	1	0	120,658	99,069
03/1997	0	1,298	184	1	0	121,956	99,253
04/1997	0	1,086	232	1	0	123,042	99,485
05/1997	0	1,630	236	1	0	124,672	99,721
06/1997	0	1,261	237	1	0	125,933	99,958
07/1997	0	1,826	262	1	0	127,759	100,220
08/1997	0	1,567	262	1	0	129,326	100,482
09/1997	0	1,063	232	1	0	130,389	100,714
10/1997	0	1,421	232	1	0	131,810	100,946
11/1997	0	1,395	237	1	0	133,205	101,183
12/1997	0	1,451	194	1	0	134,656	101,377
01/1998	0	1,627	175	1	0	136,283	101,552
02/1998	0	1,014	209	1	0	137,297	101,761
03/1998	0	1,312	177	1	0	138,609	101,938
04/1998	0	903	55	1	0	139,512	101,993
05/1998	0	958	109	1	0	140,470	102,102
06/1998	0	1,253	184	1	0	141,723	102,286
07/1998	0	1,056	312	1	0	142,779	102,598
08/1998	0	536	288	1	0	143,315	102,886
09/1998	0	439	253	1	0	143,754	103,139
10/1998	0	0	0	0	0	143,754	103,139
11/1998	0	0	0	0	0	143,754	103,139
12/1998	0	0	0	0	0	143,754	103,139

Total: 0 143,754 103,139

Form C-140 Application for Qualification of Well Workover Project
and Certification of Approval

Attachment 1 Tabulation of Estimated Well Production

Nassau Resources, Inc.
OGRID # 015515

C-140 Application
Carracas Unit 23A-12
API # 30-039-24404 L-23-32N-05W Rio Arriba County, NM

DATE	Projected Production MCFM	DATE	Projected Production MCFM	DATE	Projected Production MCFM	DATE	Projected Production MCFM
Jan-98		Jan-01	968	Jan-04	832	Jan-07	747
Feb-98		Feb-01	870	Feb-04	776	Feb-07	673
Mar-98		Mar-01	959	Mar-04	827	Mar-07	743
Apr-98		Apr-01	924	Apr-04	797	Apr-07	717
May-98		May-01	950	May-04	821	May-07	739
Jun-98		Jun-01	915	Jun-04	792	Jun-07	714
Jul-98		Jul-01	941	Jul-04	815	Jul-07	735
Aug-98		Aug-01	937	Aug-04	813	Aug-07	733
Sep-98		Sep-01	902	Sep-04	784	Sep-07	708
Oct-98	1135	Oct-01	928	Oct-04	807	Oct-07	730
Nov-98	1090	Nov-01	894	Nov-04	779	Nov-07	704
Dec-98	1119	Dec-01	920	Dec-04	802	Dec-07	726
Jan-99	1111	Jan-02	916	Jan-05	802	Jan-08	722
Feb-99	997	Feb-02	824	Feb-05	722	Feb-08	674
Mar-99	1097	Mar-02	908	Mar-05	797	Mar-08	718
Apr-99	1055	Apr-02	875	Apr-05	769	Apr-08	694
May-99	1083	May-02	901	May-05	792	May-08	715
Jun-99	1041	Jun-02	868	Jun-05	764	Jun-08	690
Jul-99	1069	Jul-02	893	Jul-05	787	Jul-08	711
Aug-99	1063	Aug-02	890	Aug-05	784	Aug-08	710
Sep-99	1022	Sep-02	857	Sep-05	757	Sep-08	685
Oct-99	1050	Oct-02	882	Oct-05	780	Oct-08	706
Nov-99	1010	Nov-02	851	Nov-05	752	Nov-08	682
Dec-99	1038	Dec-02	876	Dec-05	775	Dec-08	703
Jan-00	1029	Jan-03	872	Jan-06	773	Jan-09	703
Feb-00	957	Feb-03	785	Feb-06	696	Feb-09	634
Mar-00	1017	Mar-03	866	Mar-06	768	Mar-09	700
Apr-00	979	Apr-03	835	Apr-06	742	Apr-09	676
May-00	1006	May-03	859	May-06	764	May-09	697
Jun-00	969	Jun-03	828	Jun-06	737	Jun-09	673
Jul-00	996	Jul-03	853	Jul-06	760	Jul-09	693
Aug-00	990	Aug-03	850	Aug-06	758	Aug-09	692
Sep-00	953	Sep-03	819	Sep-06	731	Sep-09	668
Oct-00	980	Oct-03	843	Oct-06	753	Oct-09	689
Nov-00	944	Nov-03	813	Nov-06	727	Nov-09	665
Dec-00	970	Dec-03	837	Dec-06	749	Dec-09	686

NASSAU RESOURCES, INC.
Carracas Unit 23 A #12

2-23-90 Landed tubing.
(cont.) TIH with 151 - 3/4" rods and new pump.
#AX-28 (2-1/2" x 2" x 12' RWAC)
Hang well on. RD.

6-2-94 Moved in and rigged up Flint rig. Rigged down pumpjack.
TOOH and laid down 52 - 1" rods and 1 - 2' sub.
Shut down for the day.

6-3-94 TOOH and laid down 100 - 7/8" rods and tubing pump.
Took off wellhead. Nippled up BOP. Unseated anchor.
TOOH with 123 jts. of 2-7/8" tubing.
Found split at 3405'.
Laid down bad jt. plus one above split.
Replaced jt. at 2180' because it was crimped.
Laid down tubing anchor. Picked up 2 jts. of 2-7/8"
tested pipe.
Tallied and pressure tested every 10 jts. to 1500 psi.
TIH with 122 jts. Picked up 3 jts. and tagged to fill.
Laid down 3 jts. Set tubing at 3810.44', seating nipple
at 3778.61' and notch collar at 3810.44'.
Fished standing valve. Took off BOP.
Nippled up wellhead. Hung master valve.
Shut down for the day.

6-4-94 Rigged down and moved rig.

9-29-98 Moved in rig & pump & pit.
Blew down well. Installed BOP.
Pulled 122 jts. 2-7/8 tbg.
SI due to lightning storm.

9-30-98 Ran 123 jts. new 2-7/8" tbg. - fill at 3870' — Asking ME
TOOH with tbg. for tbg.
SI over night - too muddy for wireline & info.
to location.

10-1-98 Rigged up wireline & reperforated interval
with 4 spf. PBTD 3870'.

10-2-98 Rigged up tree saver & Halliburton for frac.
Fraced as follows:

Pumped 1000 gal. 15% Fe acid
Pumped 18,500 gal. pad
Stage 1
6750 gal. 20# Delta 140 1#/gal. 12/20 sand
6750 gal. 20# Delta 140 2#/gal. 12/20 sand (continued)

*well
file*

NASSAU RESOURCES, INC.
Carracas Unit 23 A #12

- 10-2-98 7349 gal. 20# Delta 140 3#/gal. 12/20 sand
(cont.) 6725 gal. flush
Frac started screen off at end of 2#/gal. stage
& reached screen-out after 7349 gal. 3#/ gal.
so did not go to 4#/gal. Stopped sand & changed to
flush at 3950 psi pressure.
- ISIP 3950 psi 5 min. SI 1630 psi
10 min. SI 1580 15 min. SI 1410 psi
- Total sand on formation 44,800#.
Total fluid to recover 43,443 gal.
Avg. pressure 3100 psi; max. 4150 psi at end of flush.
- 10-3-98 Well head pressure 120 psi.
- 10-4-98 Well head pressure 35 psi.
- 10-5-98 Well head pressure zero.
T.I.H. with bit & sub. Tagged sand at 108 jts. in -
3402'. Circulated 3 jts. clean.
Rigged up power swivel. Cleaned 4 jts. to 3610'.
Circulated well clean. Rigged down power swivel.
Pulled 5 stands from top of sand.
SI over night.
- 10-6-98 Zero pressure on tbg. & csg.
T.I.H. with 5 stands.
Rigged up power swivel. Broke circulation.
Drill out 5 jts. sand. Tubing started torquing up.
Circulated clean. T.O.H. to change bit.
Well cleaned to 3760'.
SI over night.
- 10-7-98 Zero pressure on well head. (No tubing in hole)
Picked up new bit. T.I.H. with tubing.
Drilled out 3-3/4 jts. tbg. to 3870' (tbg. tally).
Circulated well clean 1-1/2 hrs.
T.O.H. with bit. Laid down bit.
T.I.H. with notched collar, 1 jt. 2-7/8" tbg.,
seating nipple, then 119 jts. 2-7/8" tbg. set at
3842.51'.
Nippled down BOP; nipped up well head & swabbing
lubricator.
Made 5 swab runs.
SI over night.

NASSAU RESOURCES, INC.
Carracas Unit 23 A #12

- 10-8-98 Csg. pressure 330 psi; tbq. 120 psi.
 Fluid level 2000 ft. (swab measurement).
 Ran swab to 3400'. Started out of hole. Swab stuck at
 approx. 3200' on swab run.
 Worked sandline, pumped water; could not work loose.
 Called Jimmie's Swabbing Ser. to cut line. Cut line
 immediately above rope socket. T.O.H. with swab line
 & cutting tools.
 Nippled down well head; nipped up BOP.
 T.O.H. with swab, sinker bar & swab at 55 stands in.
 Laid down joint with swab & sinker bars.
 T.I.H. with 55 stands. Total tbq. in hole 3800.01'.
 SI over night.
- 10-9-98 Csg. pressure 95 psi; tbq. 30 psi.
 Rigged up power swivel, cleaned sand to 3870'.
 Circulated clean.
 Rigged down power swivel. Laid down 4 jts. tbq..
 Landed tbq. with 119 jts. in hole (3800' tbq.).
 Rigged down BOP; rigged up well head & swab lubricator.
 Made 18 swab runs. SI over night.
 Small blow up annulus. Zero pressure.
 Water recovered 160 bbls.
- 10-10-98 Csg. pressure 390 psi; tbq. 340 psi.
 Bled off tbq. Fluid level about 2800'.
 Made 32 swab runs. Csg. 560 psi.
 SI over night.
 Water recovered 220 bbls. for a total of 380 bbls.
- 10-11-98 Csg. pressure 850 psi; tbq. 850 psi.
 Bled tbq. through 1/4" choke into frac tank.
 Well flowed 1-1/2 hrs. as csg. pressure dropped to 820
 psi. Well then logged off.
 Rigged up lubricator. Made 2 swab runs.
 Well kicked off & flowed 1 hr. to csg. pr. of 620 psi.
 Made 9 swab runs. Well flowed off & on.
 SI over night.
 Recovered 140 bbls. water for a total of 520 bbls.
- 10-12-98 Csg. pressure 900 psi; tbq. 900 psi.
 Blew down through 1/8" choke for 2 hrs.
 Made 2 swab runs. Kicked off well.
 SI with 840 on csg. & 710 on tbq. through 1/4" choke.
 Rigged down & moved rig off of location.
 Recovered 55 bbls. water for a total of 575 bbls. water.