

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


GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
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SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 6, 1990

Nassau Resources, Inc.
c/o Jerome P. McHugh & Associates
P.O. Box 809
Farmington, NM 87499-0809

Attention: Fran Perrin

RECEIVED
SEP 12 1990
OIL CON. DIV.]
DIST. 3

Administrative Order DD-44

Dear Ms. Perrin:

Under the provisions of General Rule 111 (c), (d) and (e), Nassau Resources, Inc. made application to the New Mexico Oil Conservation Division on August 16, 1990, for authorization to directionally drill its proposed Carracas Unit 25B Well No. 13, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111(d) and (e) of the Division General Rules and Regulations and Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas pool, as promulgated by Division Order No. R-8768;
- (2) Satisfactory information has been provided that all offset operators have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 and said Order R-8768 have either been or will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Nassau Resources, Inc., is hereby authorized to directionally drill its Carracas Unit 25B Well No. 13, the surface location of which shall be 1010 feet from the South line and 580 feet from the West line (Unit M) of Section 25, Township 32 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, by kicking off from the vertical at a depth of approximately 1000 feet, and drilling in such a manner as to bottom in the Basin-Fruitland Coal Gas Pool within 50 feet of a point 1500 feet from the South line and 2400 feet from the West line (Unit K) of Section 25.

PROVIDED HOWEVER THAT: prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and

PROVIDED FURTHER THAT: subsequent to the above-described directional drilling, should said well be a producer, a directional survey shall be made of the wellbore from total depth to kick-off point; the operator shall cause the surveying company to forward a copy of the survey report directly to both the Santa Fe office and the Aztec district office of the Division,

(2) The operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

(3) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

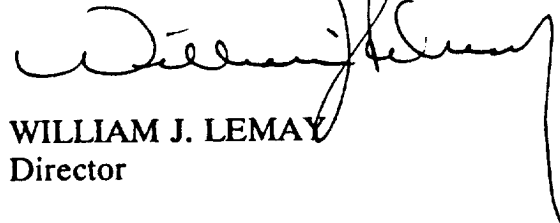
(4) The S/2 of said Section 25 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name and title.

WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Aztec