

EXHIBIT "A"
CASE NO. 9559
ORDER NO. R-8844

WELL LOCATION

<u>WELL NAME AND NUMBER</u>	<u>FOOTAGE</u>	<u>U-S-T-R</u>	<u>DEDICATED ACREAGE</u>
✓ Carracas Unit 17-B No. 15	650 FSL - 2070 FEL	O-17-32N-4W	E/2 (320 acres)
✓ Carracas Unit 19-B No. 4	1170 FNL - 830 FWL	D-19-32N-4W	Lots 1, 2, 3, 4 and the E/2 W/2 (300.52 acres)
✓ Carracas Unit 21-B No. 5	1655 FNL - 1185 FWL	E-21-32N-4W	N/2 (320 acres)
✓ Carracas Unit 25-B No. 15	640 FSL - 1500 FEL	O-25-32N-4W	E/2 (320 acres)
✓ Carracas Unit 26-B No. 16	790 FS & EL ^{8' x 2'}	P-26-32N-4W	E/2 (320 acres)
✓ Carracas Unit 27-B No. 5	1740 FNL - 1800 FWL	E-27-32N-4W	N/2 (320 acres)
✓ Carracas Unit 30-B No. 16	1100 FSL - 790 FEL	P-30-32N-4W	Lots 3 and 4, the E/2 SW/4, and the SE/4 (310.55 acres)
✓ Carracas Unit 31-B No. 5	1770 FNL - 830 FWL	E-31-32N-4W	Lots 1, 2, 3, 4 and the E/2 W/2 (300.96 acres)
✓ Carracas Unit 32-B No. 5	1630 FNL - 790 FWL	E-32-32N-4W	N/2 (320 acres)
✓ Carracas Unit 33-B No. 4	1160 FNL - 1060 FWL	D-33-32N-4W	W/2 (320 acres)
✓ Carracas Unit 33-B No. 16	790 FSL - 1950 FEL	P-33-32N-4W	E/2 (320 acres)
✓ Carracas Unit 35-B No. 9	1850 FSL - 790 FEL	I-35-32N-4W	E/2 (320 acres)
✓ Carracas Unit 36-B No. 15	1190 FSL - 1850 FEL	O-36-32N-4W	E/2 (320 acres)
✓ Carracas Unit 14-A No. 4	790 FN & WL	D-14-32N-5W	N/2 (320 acres)
✓ Carracas Unit 15-A No. 16	200 FSL - 500 FEL	P-15-32N-5W	S/2 (320 acres)
✓ Carracas Unit 21-A No. 15	790 FSL - 1850 FEL	O-21-32N-5W	E/2 (320 acres)
✓ Carracas Unit 22-A No. 16	790 FS & EL	P-22-32N-5W	E/2 (320 acres)
✓ Carracas Unit 25-A No. 16	640 FSL - 710 FEL	P-25-32N-5W	E/2 (320 acres)
✓ Carracas Unit 36-A No. 5	1450 FNL - 910 FWL	E-36-32N-5W	W/2 (320 acres)

1900-200000-400000

RECEIVED

JAN 20 1989

OIL CON. DIV.
(DIST. 3)

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9559
ORDER NO. R-8844

APPLICATION OF NASSAU RESOURCES, INC.
FOR NINETEEN UNORTHODOX COAL GAS
WELL LOCATIONS, RIO ARRIBA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 21, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 17th day of January, 1989, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing this case was consolidated with Division Case No. 9560 for the purpose of testimony.

(3) The applicant, Nassau Resources, Inc., seeks approval of 19 unorthodox coal gas well locations, as described in Exhibit "A" attached hereto and made a part hereof, to test the Basin-Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico.

(4) On October 17, 1988, the Division entered Order R-8768 which adopted Special Rules for the Basin-Fruitland Coal (Gas) Pool including RULE 7 which provides in part that the first well drilled in a 320-acre unit shall be located in either the NE/4 or SW/4 of a governmental section and that it be located no closer than 790 feet to the outer boundary of the spacing unit.

(5) Prior to the adoption of the rules for this pool, the applicant in this case, Nassau Resources, Inc., formed the Carracas Canyon Unit in Rio Arriba County, New Mexico, 97.7 percent of which acreage is federal leases.

(6) The preliminary drilling by the applicant in the unit area has provided sufficient information to reasonably conclude that a substantial portion of the unit can be developed for Basin-Fruitland Coal (Gas) production.

(7) The Carracas Canyon Unit in Rio Arriba County, New Mexico, lies almost entirely within the Carson National Forest with all surface use including location of these wells subject to the jurisdiction of the United States Forest Service and to the Carson National Forest Land and Resource Management Plan.

(8) Included among the surface use restrictions for well locations, roads and pipelines to access these wells within the Carracas Canyon Unit were topographical restrictions concerning soil conservation, steepness of slope, limitation on grade for roads, forest preservation, wildlife habitat management and archeological/historical artifact preservation.

(9) The applicant with due diligence has attempted in each section of the unit to locate two wells at locations which would conform to standard well locations under the current RULE 7 of Order No. R-8768. Said U.S. Forest Service Management Plan in the Carson National Forest requires that future use of the Carracas Canyon area surfaces involves maximizing the use of existing roads and minimizing construction of new roads.

(10) For each spacing unit for the proposed nineteen unorthodox coal gas well locations, the applicant has been unable to locate and obtain U.S. Forest Service approval for a standard well location within that proposed spacing unit.

(11) The District Forest Ranger for the Jicarilla Ranger District, whose area encompasses the subject unit area, testified on behalf of the applicant at the hearing that each of the proposed nineteen unorthodox gas well locations has either been approved or is acceptable. His testimony also indicated that in some instances while a surface location may be possible at a standard well location, there is no acceptable location for the necessary roads and pipeline rights of way to access the well locations.

(12) While the proposed nineteen wells are off-pattern locations under the Special Rules for the Basin-Fruitland Coal (Gas) Pool, they will provide for an orderly development of the unit on 320-acre spacing patterns.

(13) No interest owner in the unit nor any interested party adjoining the unit appeared and objected to this application.

(14) The District Ranger also provided supporting testimony which indicates that approval of this application would enable the applicant and the United States Forest Service to implement an orderly plan for exploration and development which is consistent with oil and gas conservation and will not adversely impact environmental concerns.

Case No. 9559
Order No. R-8844
Page No. 3

(15) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the coal gas in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.


IT IS THEREFORE ORDERED THAT:

(1) The application of Nassau Resources, Inc. for exceptions to RULE 7 of Division Order No. R-8768 allowing 19 unorthodox coal gas well locations, as shown on Exhibit "A" attached hereto and made a part hereof, within their Carracas Canyon Unit Area, Rio Arriba County, New Mexico, for the Basin-Fruitland Coal (Gas) Pool is hereby approved.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

for 
WILLIAM J. LEMAY
Director

S E A L

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Bridge Bulletin No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT--" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		7. UNIT AGREEMENT NAME Carracas Unit
2. NAME OF OPERATOR NASSAU RESOURCES, INC.		8. FARM OR LEASE NAME Carracas Unit 25 A
3. ADDRESS OF OPERATOR P O Box 809, Farmington, N.M. 87499		9. WELL NO. #16
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below) At surface 640' FSL - 710' FEL		10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal
14. PERMIT NO.		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 25, T32N, R5W, NMPM
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 6978' GL		12. COUNTY OR PARISH Rio Arriba
		13. STATE N.M.

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF	PULL OR ALTER CASING
FRACTURE TREAT	MULTIPLE COMPLETION
SHOOT OR ACIDIZE	ABANDON*
REPAIR WELL	CHANGE PLANS
(Other) Request extension of APD	XX

SUBSEQUENT REPORT OF:

WATER SHUT-OFF	REPAIRING WELL
FRACTURE TREATMENT	ALTERING CASING
SHOOTING OR ACIDIZING	ABANDONMENT*
(Other)	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS: (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Request extension of Application to Drill due to drilling schedule.

RECEIVED

MAY 21 1990

OIL CON. DIV.,
DIST. 3

THIS APPROVAL EXPIRES NOV 16 1990

18. I hereby certify that the foregoing is true and correct

SIGNED Fran Perrin

TITLE Admin. Asst.

(This space for Federal or State office use)

APPROVED BY
CONDITIONS OF APPROVAL, IF ANY:

TITLE

GOOD

*See Instructions on Reverse Side

APPROVED
DATE 4/24/90
MAY 07 1990
<u>[Signature]</u>
AREA MANAGER FARMINGTON RESOURCE AREA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE*
(Other instructions on reverse side)

Form 3160-5, (Rev. 11-83)
Budget Bureau No. 1001-01
Expires August 31, 1985
3. LEASE DESIGNATION AND SERIAL NO.
NH 59704
4. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT--" for such proposals.)

1. OIL WELL ☐ GAS WELL ☒ OTHER ☐
2. NAME OF OPERATOR
NASSAU RESOURCES, INC.
3. ADDRESS OF OPERATOR
P O Box 809, Farmington, N.M. 87499
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*
See also space 17 below)
At surface
640' FSL - 710' FEL.
14. PERMIT NO.
15. ELEVATIONS (Show whether DF, RT, GR, etc.)
6978' GL

7. UNIT AGREEMENT NAME
Carracas Unit
8. FARM OR LEASE NAME
Carracas Unit 25 A
9. WELL NO.
#16
10. FIELD AND POOL, OR WILDCAT
Basin Fruitland Coal
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 25, T32N, R5W, NMPM
12. COUNTY OR PARISH
Rio Arriba
13. STATE
N.M.

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF	PULL OR ALTER CASING
FRACTURE TREAT	MULTIPLE COMPLETE
SHOOT OR ACIDIZE	ABANDON*
REPAIR WELL	CHANGE LEASE
(OTHER)	

WATER SHUT-OFF	REPAIRING WELL
FRACTURE TREATMENT	ALTERING CASING
SHOOTING OR ACIDIZING	ABANDONMENT*
(Other) Updated BQP sketch	X
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)	

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS: (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting a proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Per Bureau of Land Management request, attached is an updated sketch.

RECEIVED
JUL 19 1990
CON. DIV.
DIST. 3

18. I hereby certify that the foregoing is true and correct

SIGNED

Fran Perrin

TITLE Admin. Asst.

(This space for Federal or State office use)

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

NMOCD

*See Instructions on Reverse Side

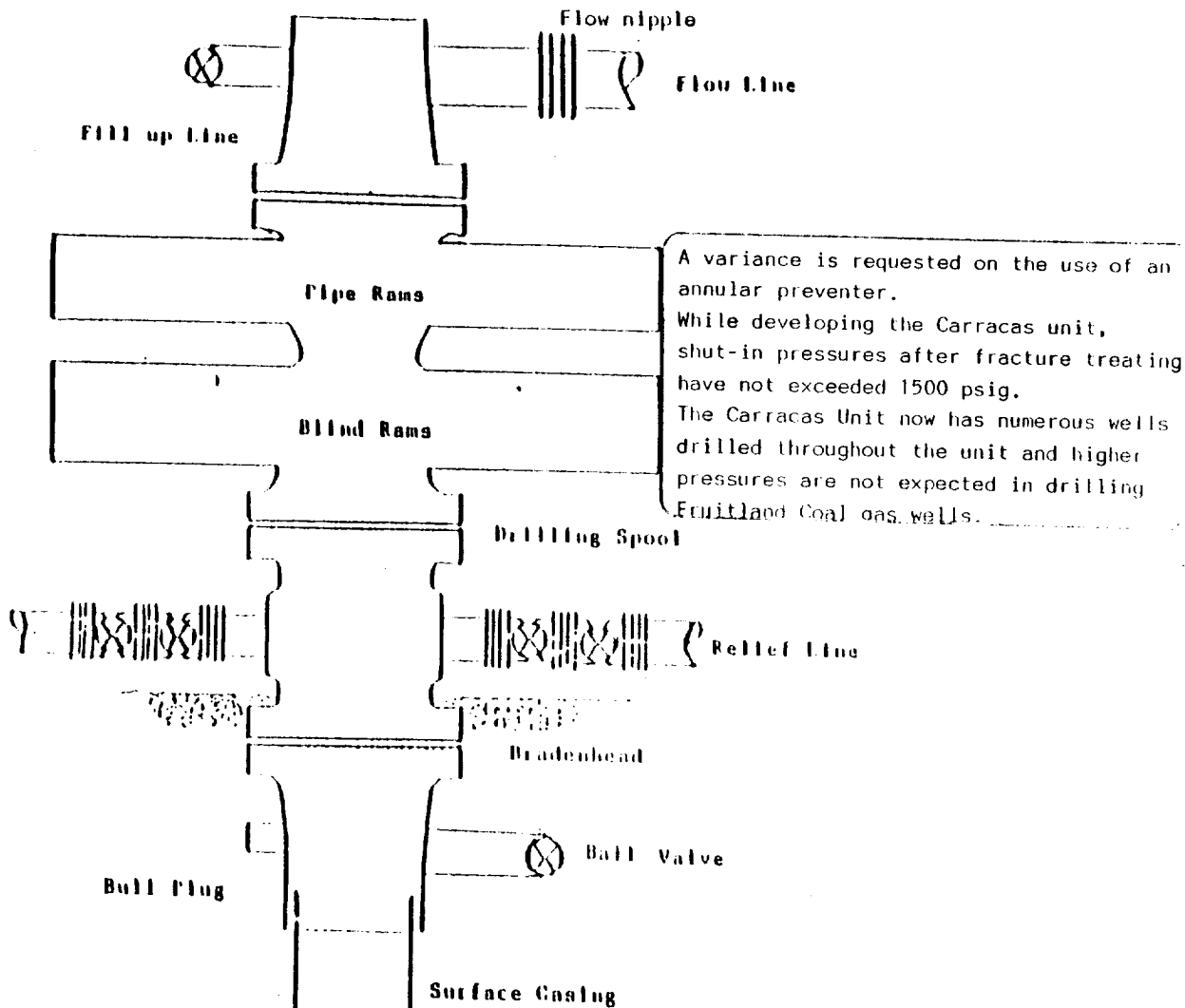
APPROVED

DATE 5-25-90

JUL 16 1990
DATE

AREA MANAGER
FARMINGTON RESOURCE AREA

BLOWOUT PREVENTER INSTALLATION



Series 900 Double gate BOP, rated at 3000 psi working pressure. When gas drilling operations begin, a Shaffer type 50 or equivalent rotating head is installed on top of the flow nipple and the flow line is converted into a blowline. Upper Kelly cock valve will be in place with handle on rig floor at all times along with Safety valve and subs for drill string in use.

The kill lines will be a minimum of 2".

