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

GARREY CARRUTHERS
GOVERNOR

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

September 18, 1989

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

Attention: Fran Perrin

RECEIVED
SEP 22 1989
OIL CON. DIV.
DIST. 3

Administrative Order DD-29

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 21, 1989, for authorization to directionally drill its proposed Carracas Unit 17-B Well No. 14, Rio Arriba County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 11 (d) and (e) of the Division General Rules and Regulations;
- (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 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 17-B Well No. 14, the surface location of which shall be 790 feet from the South line and 1850 feet from the West line (Unit N) of Section 17, Township 32 North, Range 4 West, 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 1850 feet from the South line and 790 feet from the West line (Unit L) of said Section 10, being a standard coal gas well location for said formation.

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 continuous multi-shot directional survey shall be made of the wellbore from total depth to kick-off point with shot points not more than 100 feet apart; the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, 310 Old Santa Fe Trail, Room 206, Santa Fe, New Mexico 87503, and the operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

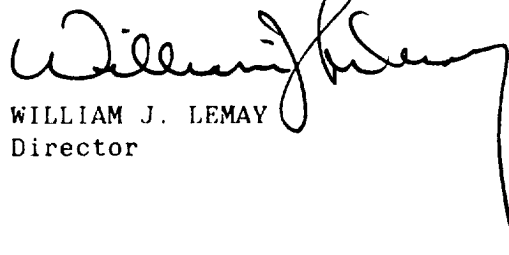
(2) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(3) The W/2 of said Section 17 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) 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



WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
US Forest Service - Blanco
NM Oil and Gas Engineering Committee - Hobbs

August 18, 1989

New Mexico Oil Conservation Division
Attn: Michael Stogner
P O Box 2088
Santa Fe, New Mexico 87504

RECEIVED
AUG 21 1989
OIL CON. DIV.
DIST. 2

RE: Application for Administrative Approval of
Directional Drilling
Nassau Resources, Inc., Carracas Unit 17 B #14
Section 17, T32N, R4W, NMPM
Rio Arriba County, New Mexico

Dear Mr. Stogner:

Nassau Resources, Inc., hereby requests administrative approval to directionally drill the subject well as follows:

| | |
|--------------------------------|---|
| Proposed Surface Location: | 790' FSL and 1850' FWL |
| Proposed Bottom Hole Location: | 1850' FSL and 790' FWL (within a 50' radius) |
| True Vertical Depth: | Approx. 4230' |
| Measured Depth: | Approx. 4628' |

The well is approved at a legal location, but is only 1800' west of the NRI Carracas Unit 17 B #15 (completed 7/15/89) and approximately 1900' north northeast of the NRI Carracas Unit 20 B #3 (completed 4/18/89). Due to Carson National Forest policy in wildlife management and limitations on unnecessary road construction, the well cannot be located more to the north and west, which will be a more desirable geological target. A copy of a letter from Phil Settles, the District Forest Ranger, is attached.

This well is in Nassau's Carracas Unit. All offsetting leases except the S/2 S/2 of Sec. 7, T32N, R4W, are owned by Kindermac Partners, an operating affiliate with Nassau Resources, Inc. A lease map is attached.

Also attached are copies of the C-102 plat, a topographic map (showing both the surface and bottom hole locations) and a schematic of the well bore.

Please contact me immediately if anything further is required to complete this application.

Thank you,

Fran Perrin
Fran Perrin

xc: Ernie Busch, NMOCD
Kindermac Partners

Attachments

Main Office
Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222
(303) 321-2111

All distances must be from the outer boundaries of the Section.

| | | | | | | |
|---|----------------------------------|----------------------|------------------------------|----------------------|--------------------------|----------------|
| Lessor Nassau Resources, Inc. | | | Lease Carracas Unit 17 B | | | Well No. 14 |
| Well Letter N | Section 17 | Township 32 North | Range 4 West | County Rio Arriba | | |
| Well Location of Well: 790 feet from the SOUTH line and 1850 feet from the WEST line | | | | | | |
| Ground Level Elev. 7735 | Producing Formation Fruitland | | Pool Basin Fruitland Coal | | Dedicated Acreage 320 | |
| Acreage | | | | | | |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Carracas Unit - Unitization

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 interests, has been approved by the Division.

| | |
|--------------------------------|---|
| NM 28277 Kindermac Partners | Application for Directional Drilling Carracas Unit 17 B #14 |
| SECTION 17 | |
| 1850' — (0) — 790' | |

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Fran Perrin

Name

Fran Perrin

Position

Admin. Asst.

Company

Nassau Resources, Inc.

Date

12/8/88

I hereby certify that the location shown on this plat is the true and correct location of the well as shown on the plat and that it is in accordance with my survey and that it is in accordance with the best of my knowledge and belief.

Date Surveyed

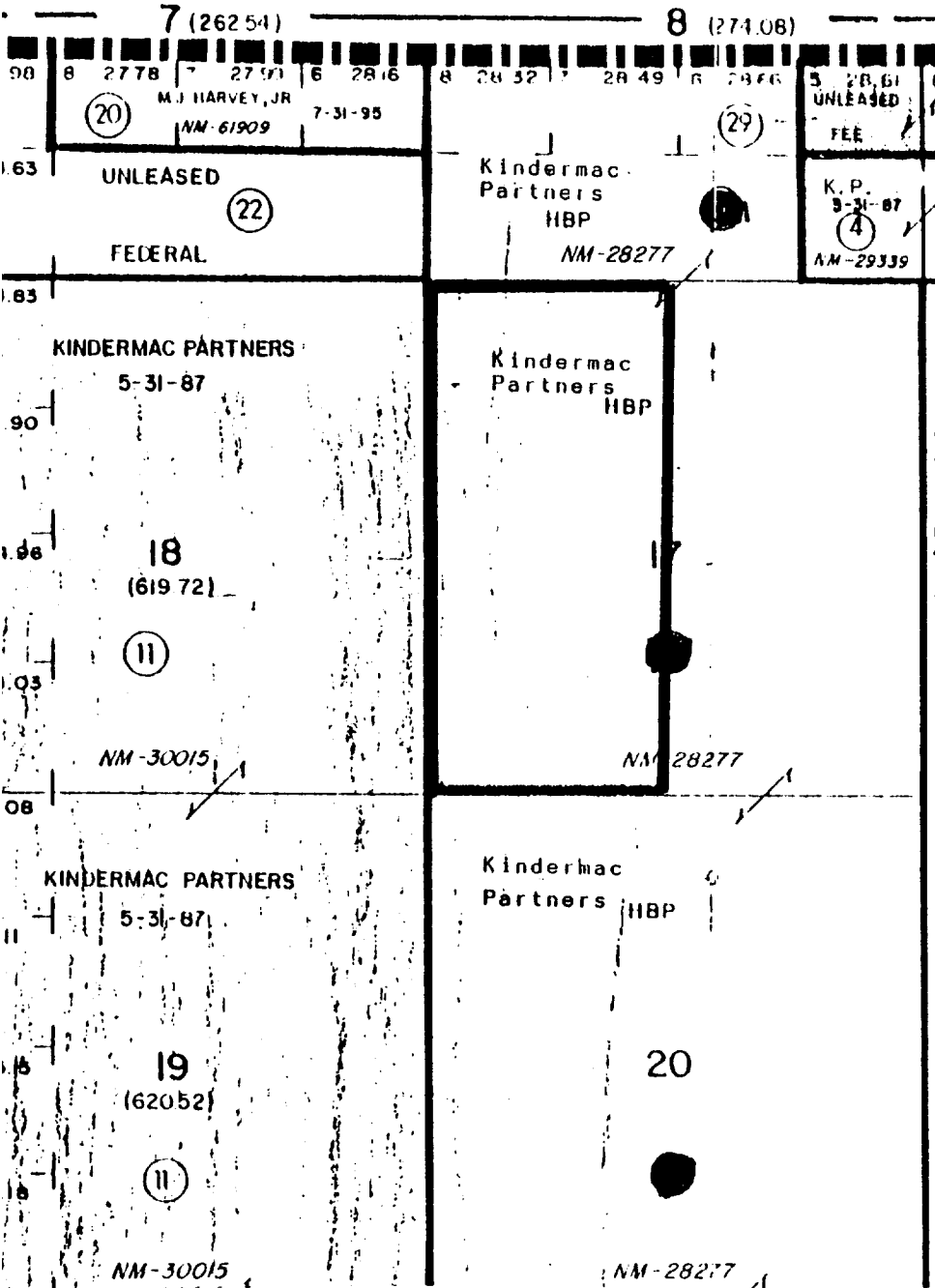
6-16-88

Registered (Professional) Engineer
and/or Land Surveyor

Edgar L. Risenhoover
Certificate No. 5070

Lease Plat

Township 32 North, Range 4 West, Rio Arriba County, New Mexico



OPERATING AFFILIATES:
Kindermac Partners

UNLEASED FEDERAL MINERALS:
S/2 S/2 of Sec. 7,
T32N, R4W, NMPM
(Parcel 22)

(PAGOS)

107°15'

6133

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Proposed
Surface
Location

Carracas
Unit
20 B #3

Chapter
Tar

Copyright

CANYON

R41.

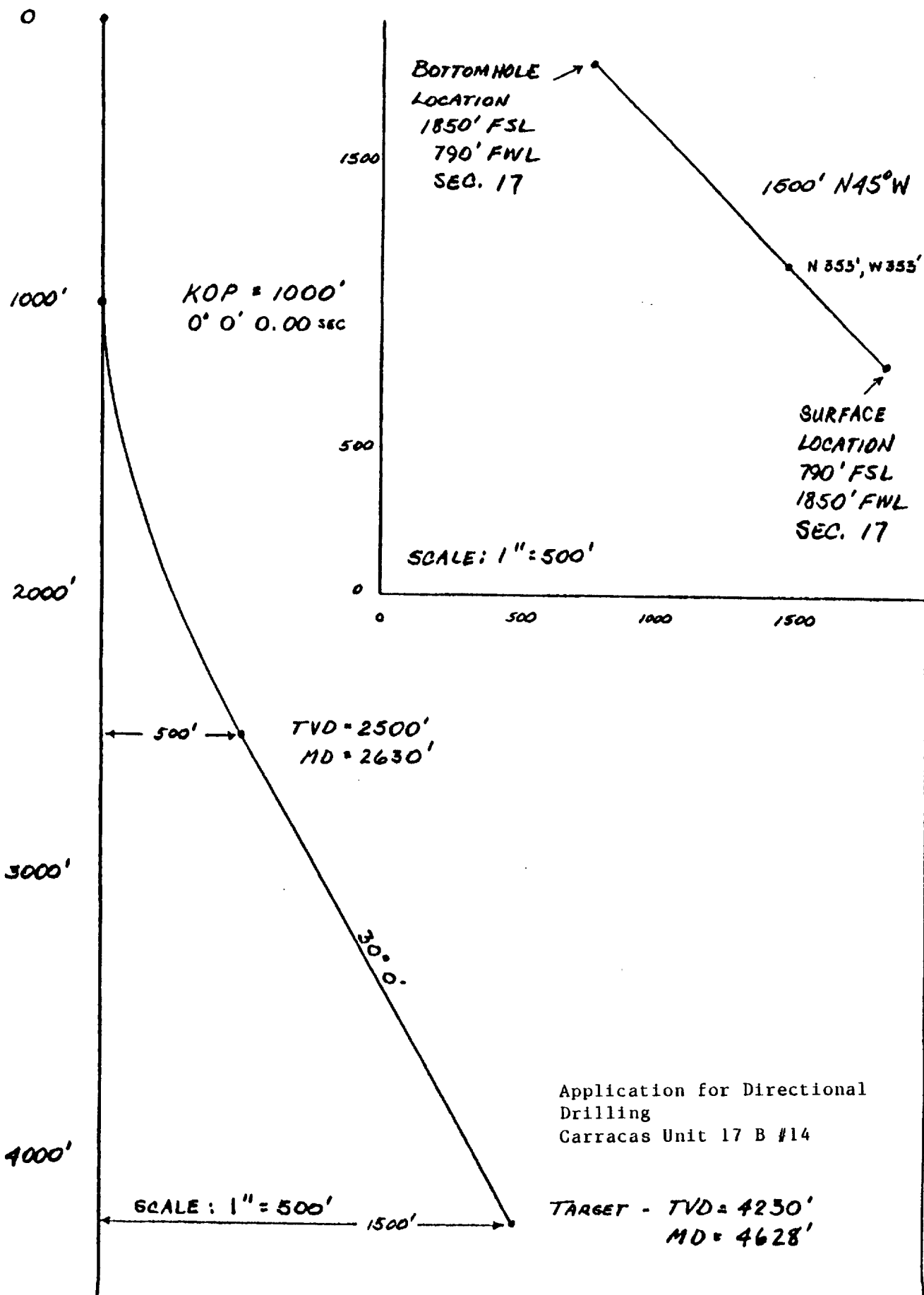
R41.

Application for Directional
Drilling
Carracas Unit 17 B #14

25 MI. TO U.S. 64

DIRECTIONAL WELL PLAN

SECTION 17, T32N, R04W
RIO ARRIBA, NM



Application for Directional
Drilling
Carracas Unit 17 B #14