



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 10, 1997

RECEIVED
JUL 21 1997

OIL CON. DIV.
DIST. 3

Nassau Resources, Inc.
650 South Cherry - Suite 1225
Denver, Colorado 80222-1894
Attention: Gary J. Johnson

AMENDED
Administrative Order NSL-3257

Dear Mr. Johnson:

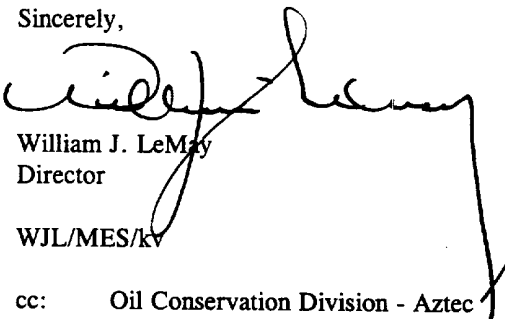
Reference is made to your application dated June 12, 1997 to amend Division Administrative Order NSL-3257, dated June 9, 1993, which authorized, in part, Nassau Resources, Inc. ("Nassau") to drill the Carracas Canyon Unit "PC-22-B" Well No. 14 at an unorthodox gas well location in the Pictured Cliffs formation 620 feet from the South line and 2055 feet from the West line (Unit N) of Section 22, Township 32 North, Range 4 West, NMPM, Undesignated Carracas-Pictured Cliffs Pool, Rio Arriba County, New Mexico. The standard 160-acre gas spacing and proration unit comprising the SW/4 of said Section 22 to be dedicated to said well.

It is our understanding that since the 1993 approval, the aforementioned location was re-evaluated by the United States Forest Service, whereby Nassau was asked to withdraw this particular location for drilling. Subsequent to the re-submittal of an application by Nassau to drill on this 160-acre tract, an alternate location for this well to now be drilled 254 feet from the South line and 2202 feet from the West line (Unit N) of said Section 22 is desired to adequately meet the Forest Service's surface requirements.

The immediate application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), said Division Administrative Order NSL-3257 is hereby amended to reflect a location change for the Carracas Canyon Unit "PC-22-B" Well No. 14 to be drilled an unorthodox gas well location that is 254 feet from the South line and 2202 feet from the West line (Unit N) of said Section 22. All other provisions of said Order NSL-3257 shall remain in full force and effect until further notice.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington
File: NSL -3257

NASSAU

Nassau Resourc
650 South Cher
Denver, Colorad
(303) 321-2111

OCD

June 12, 1997

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

RECEIVED
JUN 18 1997

OIL CON. DIV.
DIST. 3

Attention: Mr. Michael E. Stogner
Chief Hearing Examiner/Engineer

Re: Application for Unorthodox Location
Nassau Resources, Inc.
Carracas Canyon Unit PC 22B #14
254' FSL - 2202' FWL
Section 22, T32N R04W, NMPM
Rio Arriba County, NM

Dear Mr. Stogner:

Nassau Resources, Inc. hereby requests administrative approval of an unorthodox location for the captioned well.

This well had previously been approved on Administrative Order NSL-3257, dated June 9, 1993 at a location of 620' FSL - 2055' FWL.

Since the 1993 approval, the approved location was re-evaluated by the United States Forest Service and Nassau was asked to withdraw the location from consideration for drilling. Nassau has complied with the USFS request and the Application for Permit to Drill was withdrawn.

Nassau recently requested the USFS accompany Nassau into the SE SW Section 22, T32N R04W and together find a location that would be acceptable to the USFS. This location was staked and surveyed and is the location requested above. The required Spotted Owl surveys and archeological surveys have been completed and the location has been submitted to the BLM on an Application for Permit to Drill. It is Nassau's opinion this location will be drilled.

Application for approval of unorthodox location
Carracas Unit PC 22B #14
SE SW Section 22, T32N R04W
Rio Arriba County, NM

Attached is a copy of a letter sent to you addressing unorthodox locations in the Carracas Unit in general, and a location in this area in particular. The reasons for drilling in the SE SW Section 22 are addressed.

All interest owners, as shown on the attached lease plat, have been notified of this application by certified mail. The only offset operator, McHugh Companies, is an operating affiliate of Nassau Resources, Inc.

Please contact Nassau Resources, Inc. if you require any further data to approve this application.

Sincerely,

A handwritten signature in cursive script, reading "Gary J. Johnson". The signature is written in dark ink and is positioned above the typed name and title.

Gary J. Johnson
Engineering Manager

Attachments

cc: Ernie Busch, NMOCD, Aztec, NM
Amoco Production Company
McHugh Companies

1980, Hobbs, NM 88241-1980

Sheet II

PO Drawer DD, Artesia, NM 88211-0719

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 96154	Pool Name CARRACAS: Pictured Cliffs	
Property Code	Carracas Unit-PC 22 B		Property Name	Well Number 14
GRID No.	Operator Name Nassau Resources, Inc.			Elevation 7256' Estimated



10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	22	32N	4W		254	South	2202	West	Rio Arriba

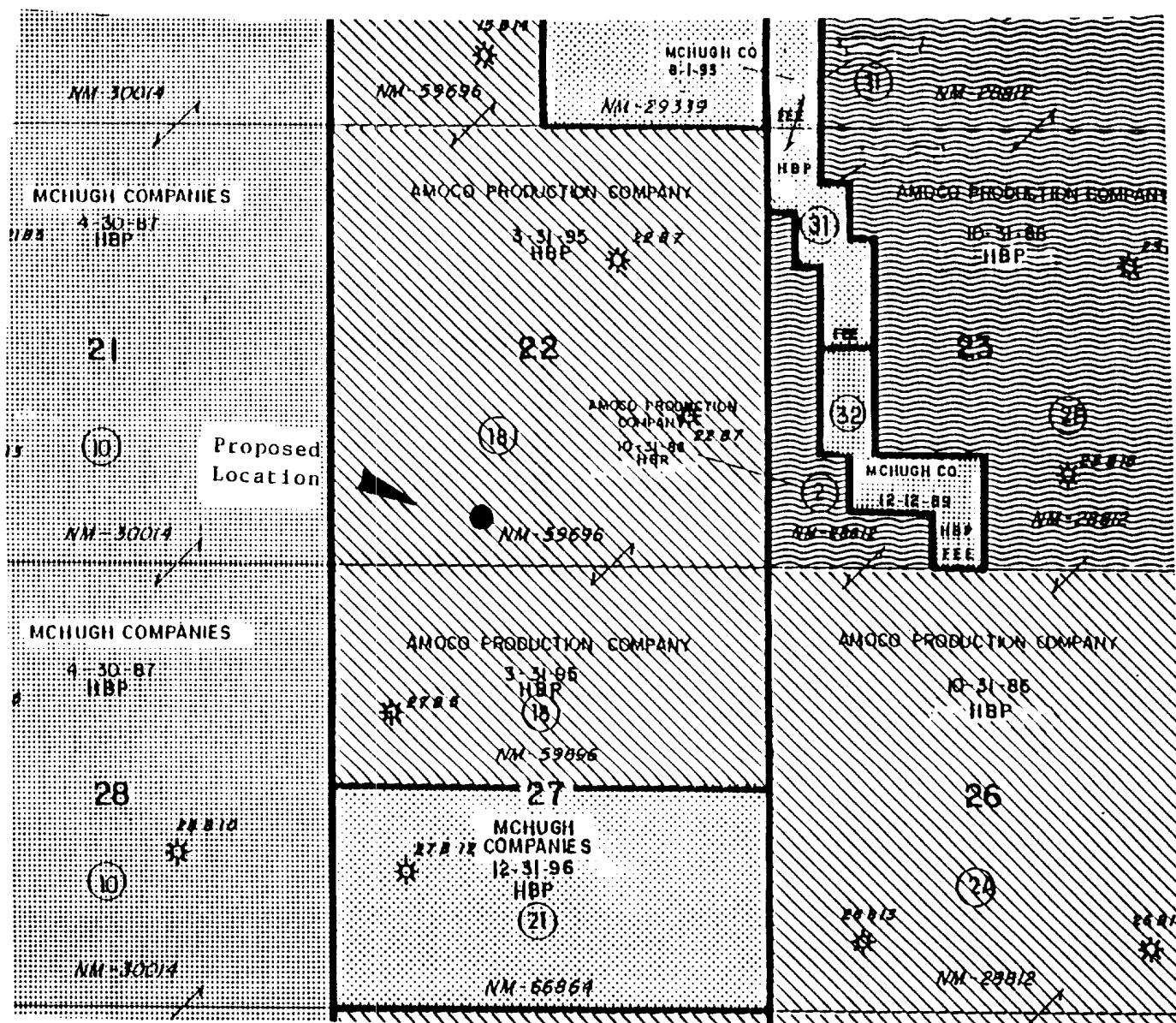
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				Section 22	17 OPERATOR CERTIFICATION I hereby certify that the information contained hereby is true and complete to the best of my knowledge and belief. <i>Fran Perrin</i> Signature Fran Perrin Printed Name Regulatory Liaison Title Nassau Resources, Inc. Date 8/6/97
					18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. May 7, 1998 Date of Survey Signature and Seal  Certificate Number 5979
NM 59694 25% Amoco Production Co. 75% McHugh Companies					
2202' ———— 254' ———— 					

9

**NM 59696**

Amoco Production Co.	25%
McHugh Companies	75%

NM 30014

McHugh Companies 100%

NASSAU RESOURCES, INC.
Carracas Unit-PC 22 B #14
Application for Unorthodox
Location

F9

10

COUNTY

Phillips
Nassau

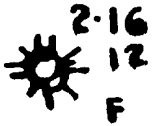
NASSAU

Carracas Uni
McHouen

16

15

14



CU 15 B #14

Carracus Unit 16 B
San Juan 32-4 Unit

Carracas Ut. 15 B

C. Un
Carracus Me

NASSAU

21

22

23

CU-PC #201

CU ER #105

CU-PC #202

Proposed
CU-PC 22 B #14

Carracus 21 B

NASSAU

NASSAU

NASSAU

CU-PC #203



28

27

26

Proposed
CU-PC
27 B #8

T32N

CU 27 B #12

R04W

Proposed
CU-PC
27 B #15

Carracas 28 B

NASSAU

Carracas 27 B

NASSAU

NASSAU RESOURCES, INC.
Carracas Unit-PC 22 B #14
Application for Nonstandard Loc.

14 April 1993

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
Post Office Box 2088
State Land Office Building
Santa Fe, New Mexico 87504

Attention: Mr. Michael E. Stogner
Chief Hearing Examiner/Engineer

Dear Mr. Stogner:

Your letter of March 17, 1993 concerning unorthodox locations for Fruitland Coal wells has been forwarded to me for reply.

I will answer your inquiry in general first, and then address specific well locations.

When drilling in the Carracas Unit was begun in 1987, the impact of drilling on this part of the Carson Forest was an unknown. To minimize the impact on wildlife as much as possible, Nassau Resources and the US Forest Service implemented a plan to keep road building to a minimum by locating wells as close as possible to existing roads. When new roads were to be built, the new road was to service as many wells as possible. This necessitated moving some well locations so they could be drilled along the proposed road right-of-way. This procedure allowed more well locations to be controlled with a single locked gate at the existing roads. The aim here was to keep all traffic except routine well servicing in areas where it had been historically and to avoid any looping or circular roads.

To lessen impact on calving and fawning areas, well locations were spotted so larger areas would remain roadless. This often involved spotting wells on the same side of a section so a full half section would be left without impact. (An example of this would be drilling two wells in the west half of Section 6 and two wells in the east half of Section 5 so nearly a full square mile would not be impacted.) To implement this reduction of impact, wells had to be moved from one of the standard locations in each Section.

Another consideration of the plan was to keep road cuts and fills to a minimum and to minimize impact on cultural (archeological) concerns. This often dictated the route a road could follow and therefore the location of wells.

I cannot speak for the Forest Service, but I feel they are now more comfortable with Nassau's operations and know we are conscientious in enforcing locked gates and doing what we can to minimize impact. Also, I feel they have found the impact of our operations to be less than expected. Because this plan has been successful at Carracas, Nassau and the Forest Service have had time to evaluate impacts and develop a working relationship. As a result, additional development in some areas can now be considered. Future development at Carracas will continue to follow the original plan, with some allowance for infill locations. These infill locations are those which you are seeing now as Pictured Cliffs locations.

Specific discussion of the locations in question are as follows:

1. 22B-14 The two wells originally drilled in Section 22 were spotted to minimize the amount of road required and the impact on a large area which covers parts of Sections 15, 16, 21, and 22. The road which serves 22B-7 and 22B-9 comes in from the North and also serves wells in section 15 and provides access to Sections 11, 12, 13, 14, 23, 24, and 25. This entire area was nearly roadless when drilling began. To keep the road traffic in this area to a minimum, access to Section 22 was allowed from the North only.

The road to 22B-14 as now proposed involves about 1/4 mile of road and will be built from the south as an extension of a road behind a locked gate. Apparently, the impact on the area has been low enough to allow the Forest Service to favorably consider a well in the SW of Section 22 now.

2. 27B-8 Here again, the original wells were drilled on the same side of Section 27 to minimize impact on a larger area between wells. The wells in Section 27 are behind a locked gate and apparently the impact is low enough for the Forest Service to now consider a location in the NE of Section 27.

3. 28B-7 The two original wells in Section 28 were drilled on a main existing road. Apparently impact in this area has been low enough for the Forest Service to consider a location at 28B-7 as it will be accessed from the main road also.

4. 35B-8 The wells in Section 35 were originally drilled at locations approved by the Forest Service in the south half of the section to minimize impact on the north half and calculated to reduce well crowding in the corner of Sections 25, 26, 35 and 36. Three Fruitland wells would have been crowded into this corner because of terrain if 35B-9 had not been moved.

The proposed Pictured Cliffs location is on the current road and will involve no new road construction.

Page 3

The wells originally drilled as unorthodox locations were drilled to comply with the original Carracas development plan developed by Nassau in cooperation with the US Forest Service. Time and experience with the results of the plan have allowed the plan to be modified somewhat. The proposed Pictured Cliffs wells are proposed in locations that have become available as a result of the success of the original plan.

If you have any further questions on this matter, please advise.

Yours very truly,

A handwritten signature in cursive script, reading "Gary J. Johnson". The signature is written in dark ink and is positioned above the printed name and title.

Gary J. Johnson
Vice President Engineering