



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

August 29, 1989

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

Attention: Fran Perrin

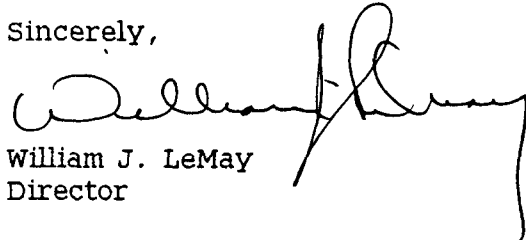
Administrative Order NSL-2690

Dear Ms. Perrin:

Reference is made to your application of July 31, 1989 for a non-standard coal gas well location for your Carracas Unit 22-B Well No. 9 to be located 1830 feet from the South line and 880 feet from the East line (Unit I) of Section 22, Township 32 North, Range 4 West, NMPM, Basin Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico. The S/2 of said Section 22 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

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