

Engineering Report

Carracas Unit 27A-8

Section 27, T32N, R04W

Rio Arriba County, New Mexico

Carracas Unit 27A-8, located 1480' FNL and 990' FEL of Section 27, Township 32 North, Range 4 West, was spudded on May 17, 1989. Total depth of 4025' was reached on May 24, 1989 and 5-1/2", 15.5# casing was set. The Fruitland Coal was perforated at 3868' to 3894' with four shots per foot. The Fruitland Coal was fractured with 10,000# 40/70 sand and 159,000# 12/20 sand in 2161 barrels crosslink gelled water at 50 barrels per minute.

The well was first delivered at a rate of 53 MCFD on June 30, 1989. The well produced for 16 months and recovered a cumulative of 16,154 MCF before being shut-in in September 1990 due to uneconomic production rates and low gas prices. The well was tested briefly in January 1992, but was again returned to shut-in status.

On June 19, 1998 the well was re-fraced to improve productivity. Following recovery of frac fluid, the well was returned to production on July 7, 1998, and has been producing since. Initial production after the frac was 970 MCF for July 1998. The well continues to clean up and current well tests indicate the well is producing approximately 500 MCFD. At this rate, the well is economic to produce.

A tabulation of monthly production figures is attached.

ECONOMICS

The economics of the well since return to production were calculated based on actual and projected production rates. Production rates for calculation were started at 1000 MCFM and increased to a maximum of 15,000 MCFM. Gas price was set at \$1.60/MCF constant. Operating expenses were held at \$ 2100.00 per well month.

Calculations used to determine the economics of this well are based on experience with other Fruitland Coal wells which have been re-fraced in the Carracas Unit. Gas price is the average of gas price received at the Carracas Unit over the last five years. Operating costs are based on actual cost averages on wells in the Carracas Unit. The attached Economics Exhibit details the economics calculations.

ECONOMICS EXHIBIT

November 1998
Application for Approval of Participating Area
Carracas Unit 27A-8
SE NE Section 27, T32N R05W
Rio Arriba County, New Mexico

Well Costs: (based on actual costs) \$468,633

Production: Historical data attached. Production rate projection made from historical data and current production from this well and other re-fraced wells in the Carracas Unit. Decline curve attached.

Monthly Operating Costs:

- 1997 average for Carracas Wells = \$2000 per well month *
- 1998 average for Carracas Wells = \$2100 per well month *

General and Administrative Costs: \$555 per month is included in above monthly operating costs.

- Monthly Operating Costs include General and Administrative cost, a gas marketing fee of \$0.03/MCF and a water disposal fee of \$0.25 per barrel.

Working Interest: 100%
Net Revenue Interest: 80%

Discount Rate: 10%

Severance Tax: 7.54%
Ad Valorem Tax: 2%

Gas Price:

- 1997 average = \$2.32/MCF index = \$2.02/MCF at wellhead
 - 1998 average = \$1.85/MCF index = \$1.55/MCF at wellhead*
- *through 09/1998

Date of first production: June 30, 1989; Since re-frac: July 7, 1998

Initial Production Rate: 53 MCFD; Since re-frac: 46 MCFD

Calculated Economic Reserves: 910,770 MCF gross

Page No.: 1

Print Date: Wed Nov 11, 1998

Operator: Nassau Resources, Inc.

Property Name: CARRACAS UNIT 27A - 8 FT

Location: SE NE Section 27 T32N R05W Rio Arriba County, NM

DATE	OIL BBL	GAS MCF	WATER BBL	GOR SCF/BBL	YIELD
06/30/89	0	90	173	0	0
07/31/89	0	3699	3789	0	0
08/31/89	0	2352	1097	0	0
09/30/89	0	1380	862	0	0
10/31/89	0	995	857	0	0
11/30/89	0	1052	637	0	0
12/31/89	0	1368	662	0	0
01/31/90	0	1015	479	0	0
02/28/90	0	664	225	0	0
03/31/90	0	747	407	0	0
04/30/90	0	694	333	0	0
05/31/90	0	543	319	0	0
06/30/90	0	456	304	0	0
07/31/90	0	251	436	0	0
08/31/90	0	701	492	0	0
09/30/90	0	48	58	0	0
01/31/92	0	99	0	0	0
07/31/98	0	970	208	0	0
08/31/98	0	1257	1753	0	0
09/30/98	0	4940	4334	0	0

Annual CashFlow Report

Project: C:\DWIGHTS\PTOOLS25\CARRCOAL.MDB

Lease Name: CARRACAS UNIT 27 A (8)
 County, ST: RIO ARRIBA, NM
 Location: 32N-5W-27

Field Name: BASIN (FRUITLAND COAL) FT
 Operator: NASSAU RESOURCES INC

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
12/98	1	0	40,366	0	32,293	0.00	1.60	51,668
12/99	1	0	179,437	0	143,549	0.00	1.60	229,679
12/00	1	0	124,507	0	99,606	0.00	1.60	159,369
12/01	1	0	83,477	0	66,782	0.00	1.60	106,850
12/02	1	0	65,375	0	52,300	0.00	1.60	83,679
12/03	1	0	54,743	0	43,794	0.00	1.60	70,071
12/04	1	0	47,609	0	38,087	0.00	1.60	60,940
12/05	1	0	42,431	0	33,944	0.00	1.60	54,311
12/06	1	0	38,469	0	30,775	0.00	1.60	49,240
12/07	1	0	35,322	0	28,257	0.00	1.60	45,212
12/08	1	0	32,750	0	26,200	0.00	1.60	41,921
12/09	1	0	30,603	0	24,482	0.00	1.60	39,171
12/10	1	0	28,777	0	23,022	0.00	1.60	36,834
12/11	1	0	27,202	0	21,762	0.00	1.60	34,819
12/12	1	0	25,827	0	20,662	0.00	1.60	33,059
Remainder:		0	53,877	0	43,102	0.00	1.60	68,963
Grand Total:		0	910,770	0	728,616	0.00	1.60	1,165,786

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10.00 % Cash Flow (\$)
12/98	9,453	4,851	37,365	468,633	-431,268	-431,268	-431,889
12/99	36,650	21,565	171,464	0	171,464	-259,805	159,070
12/00	33,267	14,963	111,138	0	111,138	-148,667	94,219
12/01	31,005	10,032	65,813	0	65,813	-82,854	50,619
12/02	29,789	7,857	46,033	0	46,033	-36,820	32,163
12/03	29,001	6,579	34,490	0	34,490	-2,330	21,899
12/04	28,445	5,722	26,773	0	26,773	24,443	15,451
12/05	28,031	5,099	21,181	0	21,181	45,624	11,111
12/06	27,710	4,623	16,907	0	16,907	62,531	8,063
12/07	27,454	4,245	13,513	0	13,513	76,044	5,858
12/08	27,246	3,936	10,739	0	10,739	86,783	4,233
12/09	27,073	3,678	8,421	0	8,421	95,203	3,018
12/10	26,927	3,458	6,449	0	6,449	101,652	2,101
12/11	26,803	3,269	4,746	0	4,746	106,398	1,407
12/12	26,696	3,104	3,259	0	3,259	109,657	879
Remainder:	59,741	6,475	2,747	0	2,747	112,404	657
Grand Total:	475,291	109,458	581,037	468,633	112,404	112,404	-21,141

Discount Present Worth:

Economic Dates:

Economics Summary:

0.00 %	112,404
10.00 %	-21,141
20.00 %	-98,166
30.00 %	-148,475
40.00 %	-184,176
50.00 %	-211,005
60.00 %	-232,015
70.00 %	-248,982
80.00 %	-263,016
90.00 %	-274,845
100.00 %	-284,972

Effective Date	10/1998
Calculated Limit	03/2015
Economic Life	198 Months
	16 Years 6 Months

	Bbl Oil	Mcf Gas
Ultimate Gross	0	934,001
Cumulative Gross	0	23,231
Remaining Gross	0	910,770
Remaining Net	0	728,616

Economics Information:

Payout:	01/2004
Rate of Return:	7.96 %
Return on Investment:	1.24
Initial Division of Interest:	

WI: 100.000000

Reversion Date: None

	NRI	ORI
Oil:	80.000000	0.000000
Gas:	80.000000	0.000000
User:	80.000000	0.000000

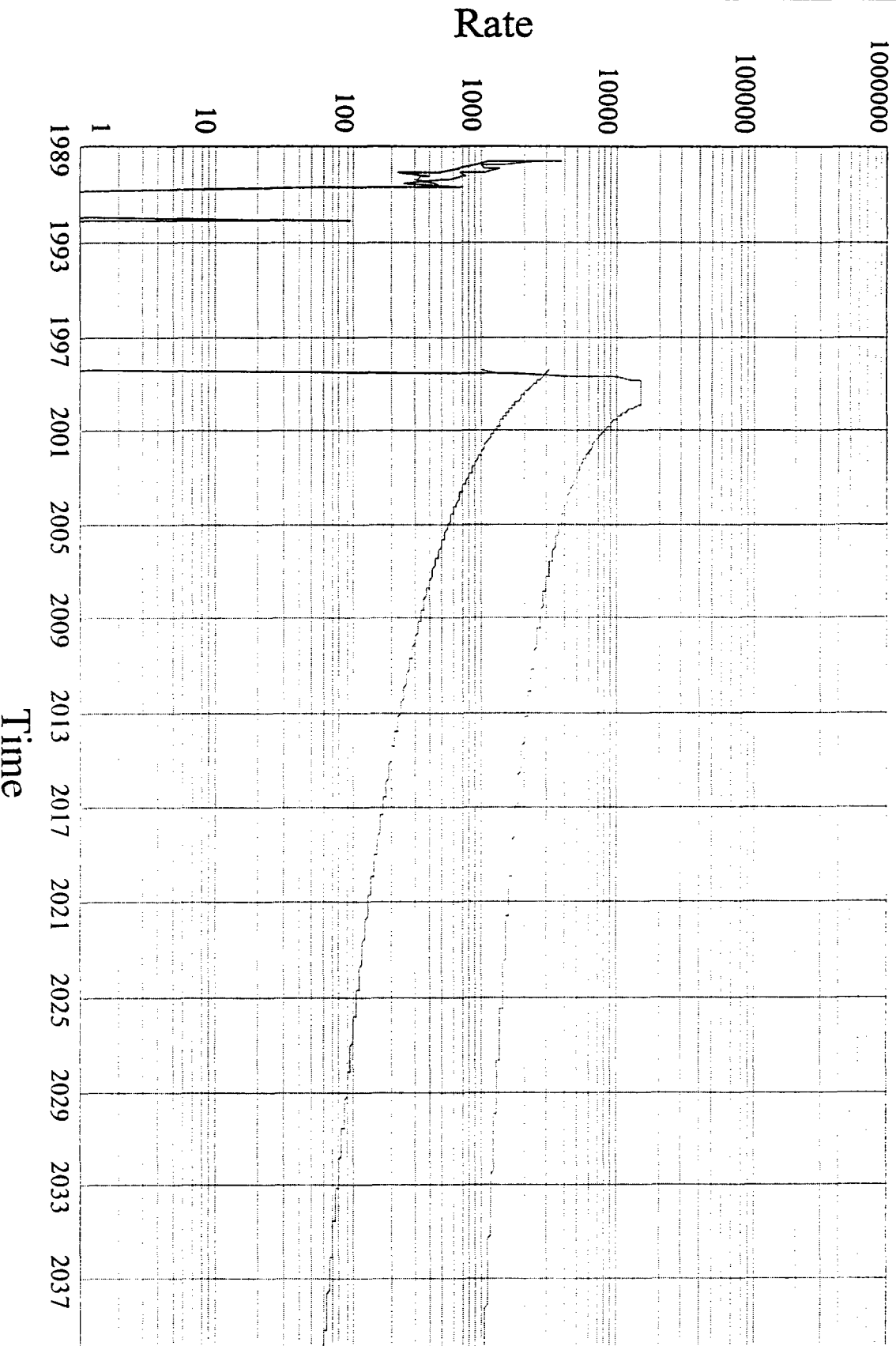
Rate/Time Graph

Project: C:\DWIGHTS\FTOOL\525\CARRCOAL.MDB

Date: 11/17/1998
Time: 10:47 AM

Lease Name: CARRACAS UNIT 27 A (8)
County, ST: RIO ARriba, NM
Location: 32N-5W-27

Field Name: BASIN (FRUITLAND COAL) FT
Operator: NASSAU RESOURCES INC



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

Budget Bureau No. 1004-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ Other ☐		2. NAME OF OPERATOR NASSAU RESOURCES, INC.		7. UNIT AGREEMENT NAME Carracas Unit	
b. TYPE OF COMPLETION: NEW WELL ☐ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ REPAIR ☐ Other ☐		3. ADDRESS OF OPERATOR P O Box 809, Farmington, N.M. 87499		8. FARM OR LEASE NAME Carracas Unit 27 A	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements): At surface 1480' FNL - 990' FEL At top prod. interval reported below At total depth		14. PERMIT NO. DATE ISSUED 2/6/89		9. WELL NO. 18	
15. DATE RUDDERED 5/17/89		16. DATE T.D. REACHED 5/24/89		10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal	
17. DATE COMPL. (Ready to prod.) 6/26/89		18. ELEVATIONS (OF RKR, RT, GR, ETC.) 7175' GL; 7187' KB		11. SEC. T. R. M., OR BLOCK AND SURVEY OR AREA Sec. 27, T32N, R5W. NMPH	
19. ELEV. Casinghead 7175' GL		20. TOTAL DEPTH, MD & TVD 4025'		12. COUNTY OR PARISH Rio Arriba	
21. PLUG, BACK T.D., MD & TVD 3964' KB		22. IF MULTIPLE COMPL., HOW MANY? NA		13. STATE NM	
23. INTERVALS DRILLED BY ROTARY TOOLS CABLE TOOLS		24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD): 3868' KB to 3894' KB, Fruitland Coal		25. WAS DIRECTIONAL SURVEY MADE NO	
26. TYPE ELECTRIC AND OTHER LOGS RUN Dual Induction, Spectral Density DSNII, Microlog, GR-CCL		27. WAS WELL CORED NO		28. CASING RECORD (Report all strings set in well)	
29. LINER RECORD		30. TUBING RECORD		31. PERFORATION RECORD (Interval, size and number)	
32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.		33. PRODUCTION		34. DISPOSITION OF GAS (Solid, used for fuel, vented, etc.)	
35. LIST OF ATTACHMENTS		36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records		37. SIGNED	

1. DATE RUDDERED: 5/17/89
2. DATE T.D. REACHED: 5/24/89
3. DATE COMPL. (Ready to prod.): 6/26/89
4. ELEVATIONS (OF RKR, RT, GR, ETC.): 7175' GL; 7187' KB
5. ELEV. Casinghead: 7175' GL
6. TOTAL DEPTH, MD & TVD: 4025'
7. PLUG, BACK T.D., MD & TVD: 3964' KB
8. IF MULTIPLE COMPL., HOW MANY?: NA
9. INTERVALS DRILLED BY: ROTARY TOOLS
10. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD): 3868' KB to 3894' KB, Fruitland Coal
11. TYPE ELECTRIC AND OTHER LOGS RUN: Dual Induction, Spectral Density DSNII, Microlog, GR-CCL
12. WAS WELL CORED: NO
13. CASING RECORD (Report all strings set in well):
14. LINER RECORD:
15. TUBING RECORD:
16. PERFORATION RECORD (Interval, size and number): 3868 - 3894' KB, 0.5" in diam., 4 spf. Total of 104 holes.
17. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.:
18. PRODUCTION:
19. DISPOSITION OF GAS (Solid, used for fuel, vented, etc.): Vented during test; to be sold
20. LIST OF ATTACHMENTS: *1st hydrocarbons to well bore during completion operations.
21. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records
22. SIGNED: James S. Hazen
23. TITLE: Field Supt.
24. DATE: 6/27/89

(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations to any matter within its jurisdiction.

OPERATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

STAMIT IN TRIP
(Other instruction
verse side)

UNITED STATES BUREAU OF LAND MANAGEMENT
EXPIRES AUGUST 31, 1985
LEASE DESIGNATION AND SERIAL

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 ☐ GAS ☒ OTHER ☐
2. NAME OF OPERATOR
NASSAU RESOURCES, INC. (OGRID #015515)
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
1480' FNL - 990' FEL
POOL CODE 71629
API #30-039024371

14. PERMIT NO. 15. ELEVATIONS (Show whether DP, RT, GR, etc.)

7175' GL

USA NM 30016
6. IF INDIAN ALLOTTEE OR TRIBE LAND

7. UNIT AGREEMENT NAME
Carracas Unit
8. FARM OR LEASE NAME
Carracas Unit 27 A
9. WELL NO.

#8
10. FIELD AND POOL OR WILDCAT
Basin Fruitland Coal
11. SEC., T., R., M., OR S.E., AND
SURVEY OR AREA

Sec. 27, T32N, R5W, NMPM
12. COUNTY OR PARISH 13. STATE
Rio Arriba NM

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

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIZE
REPAIR WELL
(Other)

PULL OR ALTER CASING
MULTIPLE COMPLETION
ABANDON*
CHANGE PLANT

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other)

REPAIRING WELL
ALTERING CASING
ABANDONMENT*

Return to Production

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

17. DESCRIBE PROPOSED OR COMPLETE 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.)

Well was returned to production 7/7/98 at 9:40 AM after an extended shut-in.

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

SIGNED Fran Perrin Fran Perrin

TITLE Regulatory Liaison

DATE 7/8/98

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

OPERATOR

*See Instructions on Reverse Side

ACCL

RE HD

JUL 8 1998

FARMINGTON DISTRICT OFFICE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1 File
SUBMIT IN THIS
(Other instruction
verse side)

Form approved
last Bureau No. 1004-0.3
Expires August 31, 1985
LEASE DESIGNATION AND SERIAL

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.)

OIL WELL ☐ GAS WELL ☒ OTHER

2 NAME OF OPERATOR

NASSAU RESOURCES, INC. (OGRID #015515)

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

1480' FNL - 990' FEL

POOL CODE 71629

API #30-039024371

14 PERMIT NO.

15 ELEVATIONS (Show whether DE, RT, CR, etc.)

7175' GL

USA NM 30016

6 IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

Carracas Unit

8. FARM OR LEASE NAME

Carracas Unit 27 A

9. WELL NO.

#8

10. FIELD AND POOL OR WILDCAT

Basin Fruitland Coal

11. SEC., T., R., M., OR BLK. AND
SURVEY OF AREA

Sec. 27 T32N R5W NMPM

12. COUNTY OR PARISH 13. STATE

Rio Arriba NM

16

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

NOTICE OF INTENTION TO:

TEST WATES SHUT OFF

PULL OR ALTER CASING

FRACTURE TREAT

MULTIPLE COMPLETE

SHOOT OR ACIDIZE

ABANDON*

REPAIR WELL

CHANGE PLANE

(Other)

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREATMENT XX

ALTERING CASING

SHOOTING OR ACIDIZING XX

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 perti-
nent to this work.)

Well was reperforated with additional shots in the Fruitland Coal zone,
3897-3914', 32 shots.

Well was acidized with 1000 gal. 15% HCL.

Well was fracture treated with a total of 75,000# 12/20 sand & 39,008 gal.
delta frac fluid.

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

SIGNED Fran Perrin

TITLE Regulatory Liaison

DATE 7/29/98

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

NASSAU RESOURCES, INC.
Carracas Unit 27A #8

- 7-01-98 Csg. pressure 1210 psi; tbgg. 480 psi.
Made 6 swab runs & well started flowing with 1260 psi on
csg. (36 bbls.). Flowed 45 min. & made 50 bbls. water.
Logged off with 980 psi on csg.
Made 5 swab runs & pressure built to 1260 psi. Came in
& flowed 120 bbls. in 1-1/2 hrs. for a rate of 80 BWPH.
Shut in with 880 psi on csg. & 100 psi on tbg.
SI 1 hr. Built to 100 psi on csg. & 480 psi on tbg.
Well would no flow.
Swabbed to 1200 psi. Well came in & flowed until csg.
pressure 1100 psi & tbg. 100 psi. SI over night.
Total recovered for the day 266 bbls. for a well total
of 1286 bbls. water.
- 7-2-98 Csg. 1320 psi; tbg. 740 psi.
Opened to tank & well flowed 2 hrs.
SI with csg. at 1020 psi & tbg. 120 psi.
Released swabbing unit.

NASSAU RESOURCES, INC.
Carracas Unit 27A #8

- 6-22-98 TIH with bulldog bailer. Sand at 3871'. Bailed to
(Cont.) PBSD. TOH with bailer with 121' sand.
 TIH with bailer. Sand at 3924' KB. Bailed to TD.
 TOH. SI over night.
- 6-23-98 TIH with tubing set at 3921.81'. Rigged up to swab.
 Made six swab runs, first one from 1800' & last four
 from SN. Swab stuck at 92' on 6th run. Cut swab line.
 Stripped to swab, cleaned sand around swab cups &
 recovered swab. Returned to swabbing after reattaching
 swab to sand line with new rope socket.
 SI over night. No pressure.
 Recovered 120 bbls. of water.
- 6-24-98 Csg. pressure 40 psi; tbq. 20 psi.
 Swabbed. At 1:00 PM 60 psi on csg. Swabbed until 5 PM.
 Recovered 160 bbls. for a total of 280 bbls. water.
- 6-25-98 Csg. pressure 140 psi; tbq. 20 psi.
 Swabbed until 2 PM. Rigged down swab.
 Csg. pressure 200 psi.
 TIH with bulldog bailer. Hit sand at 3882'. Bailed to
 PBSD. Picked up 10 stands left well open to tanks.
 Recovered 90 bbls. for a total of 370 bbls.
- 6-26-98 Tbg. & csg. pressures zero.
 Left well open to swabbing tanks.
 TIH with 10 stands. Hit sand at 3924'.
 Bailed to PBSD. TOH with bailer.
 TIH with 2-7/8" tbq. set at 3911.81' & seating nipple
 at 3878.76'.
 Rigged up swab & swabbed from SN; made 6 runs &
 recovered 40 bbls. water with 70 psi on csg.
 Rigged down rig & rigged up Jimmy's Swabbing Service
 swabbing unit. Started swabbing to pit. Recovered
 60 bbls. water (total of 100 bbls. for the day)
 & 440 bbls. total.
- 6-29-98 385 psi csg. pressure, 140 psi tbq.
 Blew down csg. & started swabbing.
 Pressure built to 580 psi. Swabbed 300 bbls. for a
 total of 740 bbls.
 Shut down at 6:30 PM with 160 psi on csg.
- 6-30-98 Csg. pressure 760 psi; tbq. 320 psi.
 Blew down csg. & started swabbing to tank. Recovered
 280 bbls. for a total of 1020 bbls.
 Shut down at 6:30 PM with 910 psi on csg.

NASSAU RESOURCES, INC.
Carracas Unit 27A #8

7-20-93 Checked pressures, casing 720 psi; tubing 50 psi.
Blew tubing. Well logged off.
Made 4 swab runs. Recovered 10 bbls. of water.
Well kicked. Rigged down and moved rig.

4-23-96 Ran static pressure test.

6-17-98 Blew down well.
Moved in rig & rigged up.
Disassembled well head, installed BOP.
TOH laying down tbg. - 123 jts. & 4 ft. sub., 3847'.
SI over night.

6-18-98 Rigged up Petro Wireline. Perforated as follows with
4 SPF:

3897-3898'	4 shots
3900-3902	8
3904-3906	8
3911-3914	12

Rigged down Petro Wireline.
Rigged up Halliburton to frac.
Produced water from water plant would not jell.
SI over night.
Hauled San Juan River water for frac after pumping
off produced water.

6-19-98 Fraced well as follows w/ 12/20 sand & Delta frac
fluid:

Acidized with 1000 gal. 15% HCL followed by
14,000 gal. pad
3,659.6 gal frac fluid with 1#/gal. 12/20 sand
4,364.8 gal frac fluid with 2#/gal. 12/20 sand
5,115.6 gal frac fluid with 3#/gal. 12/20 sand
5,912.0 gal frac fluid with 4#/gal. 12/20 sand
7,369.0 gal frac fluid with 5#/gal. 12/20 sand
3,660.0 gal flush

ISIP 1416 psi	5 min. SI 865 psi
10 min. SI 745 psi	15 min. SI 674 psi

Total sand 75,000# Total fluid 39,008 gal.

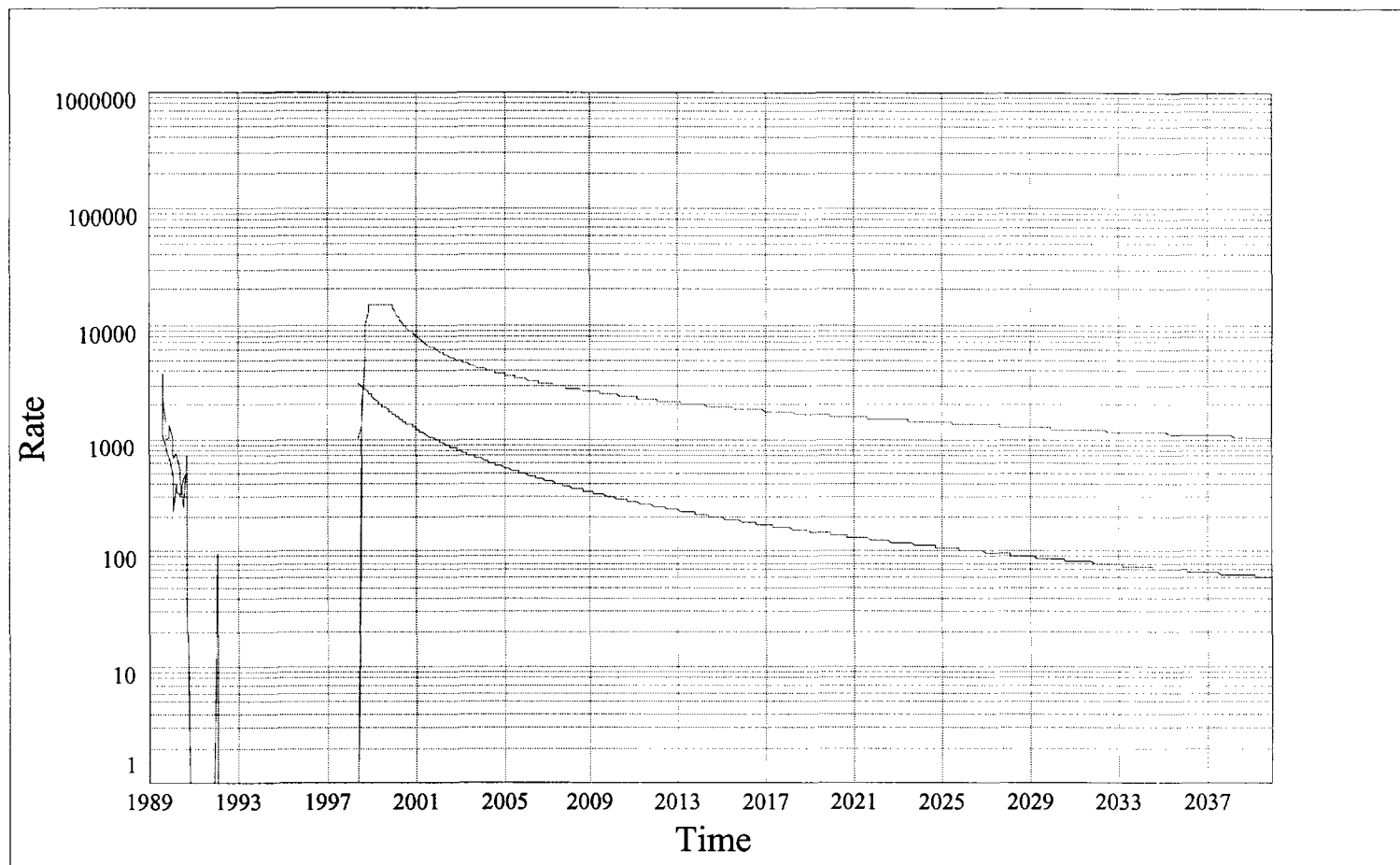
6-22-98 Picked up bulldog bailer & new tubing.
Hit fill at 3760'.
TOH with 111' sand in tubing.

Historic Production and Well Count Detail Report

Project: C:\DWIGHTS\PTOOLS25\CARRCOAL.MDB

Lease Name: CARRACAS UNIT 27 A (8)
 County, ST: RIO ARRIBA, NM
 Location: 32N-5W-27

Field Name: BASIN (FRUITLAND COAL) FT
 Operator: NASSAU RESOURCES INC



Date	Oil (bbl)	Gas (mcf)	Water (bbl)	Well Count	OilCum (bbl)	GasCum (mcf)	WaterCum (bbl)
01/1989	0	0	0	0	0	0	0
02/1989	0	0	0	0	0	0	0
03/1989	0	0	0	0	0	0	0
04/1989	0	0	0	0	0	0	0
05/1989	0	0	0	0	0	0	0
06/1989	0	0	0	0	0	0	0
07/1989	0	3,699	3,789	1	0	3,699	3,789
08/1989	0	2,352	1,097	1	0	6,051	4,886
09/1989	0	1,380	862	1	0	7,431	5,748
10/1989	0	995	857	1	0	8,426	6,605
11/1989	0	1,052	637	1	0	9,478	7,242
12/1989	0	1,368	662	1	0	10,846	7,904
01/1990	0	1,015	479	1	0	11,861	8,383
02/1990	0	664	225	1	0	12,525	8,608
03/1990	0	747	407	1	0	13,272	9,015
04/1990	0	694	333	1	0	13,966	9,348
05/1990	0	543	319	1	0	14,509	9,667
06/1990	0	456	304	1	0	14,965	9,971
07/1990	0	251	436	1	0	15,216	10,407
08/1990	0	701	492	1	0	15,917	10,899
09/1990	0	48	58	1	0	15,965	10,957
10/1990	0	0	0	0	0	15,965	10,957
11/1990	0	0	0	0	0	15,965	10,957

Historic Production and Well Count Detail Report

Project: C:\DWIGHTS\PTOOLS25\CARRCOAL.MDB

Date	Oil (bbl)	Gas (mcf)	Water (bbl)	Well Count	OilCum (bbl)	GasCum (mcf)	WaterCum (bbl)
12/1990	0	0	0	0	0	15,965	10,957
01/1991	0	0	0	0	0	15,965	10,957
02/1991	0	0	0	0	0	15,965	10,957
03/1991	0	0	0	0	0	15,965	10,957
04/1991	0	0	0	0	0	15,965	10,957
05/1991	0	0	0	0	0	15,965	10,957
06/1991	0	0	0	0	0	15,965	10,957
07/1991	0	0	0	0	0	15,965	10,957
08/1991	0	0	0	0	0	15,965	10,957
09/1991	0	0	0	0	0	15,965	10,957
10/1991	0	0	0	0	0	15,965	10,957
11/1991	0	0	0	0	0	15,965	10,957
12/1991	0	0	0	0	0	15,965	10,957
01/1992	0	99	0	1	0	16,064	10,957
02/1992	0	0	0	0	0	16,064	10,957
03/1992	0	0	0	0	0	16,064	10,957
04/1992	0	0	0	0	0	16,064	10,957
05/1992	0	0	0	0	0	16,064	10,957
06/1992	0	0	0	0	0	16,064	10,957
07/1992	0	0	0	0	0	16,064	10,957
08/1992	0	0	0	0	0	16,064	10,957
09/1992	0	0	0	0	0	16,064	10,957
10/1992	0	0	0	0	0	16,064	10,957
11/1992	0	0	0	0	0	16,064	10,957
12/1992	0	0	0	0	0	16,064	10,957
01/1993	0	0	0	0	0	16,064	10,957
02/1993	0	0	0	0	0	16,064	10,957
03/1993	0	0	0	0	0	16,064	10,957
04/1993	0	0	0	0	0	16,064	10,957
05/1993	0	0	0	0	0	16,064	10,957
06/1993	0	0	0	0	0	16,064	10,957
07/1993	0	0	0	0	0	16,064	10,957
08/1993	0	0	0	0	0	16,064	10,957
09/1993	0	0	0	0	0	16,064	10,957
10/1993	0	0	0	0	0	16,064	10,957
11/1993	0	0	0	0	0	16,064	10,957
12/1993	0	0	0	0	0	16,064	10,957
01/1994	0	0	0	0	0	16,064	10,957
02/1994	0	0	0	0	0	16,064	10,957
03/1994	0	0	0	0	0	16,064	10,957
04/1994	0	0	0	0	0	16,064	10,957
05/1994	0	0	0	0	0	16,064	10,957
06/1994	0	0	0	0	0	16,064	10,957
07/1994	0	0	0	0	0	16,064	10,957
08/1994	0	0	0	0	0	16,064	10,957
09/1994	0	0	0	0	0	16,064	10,957
10/1994	0	0	0	0	0	16,064	10,957
11/1994	0	0	0	0	0	16,064	10,957
12/1994	0	0	0	0	0	16,064	10,957
01/1995	0	0	0	0	0	16,064	10,957
02/1995	0	0	0	0	0	16,064	10,957
03/1995	0	0	0	0	0	16,064	10,957
04/1995	0	0	0	0	0	16,064	10,957
05/1995	0	0	0	0	0	16,064	10,957
06/1995	0	0	0	0	0	16,064	10,957
07/1995	0	0	0	0	0	16,064	10,957
08/1995	0	0	0	0	0	16,064	10,957
09/1995	0	0	0	0	0	16,064	10,957

Historic Production and Well Count Detail Report

Project: C:\DWIGHTS\PTOOLS25\CARRCOAL.MDB

Date	Oil (bbl)	Gas (mcf)	Water (bbl)	Well Count	OilCum (bbl)	GasCum (mcf)	WaterCum (bbl)
10/1995	0	0	0	0	0	16,064	10,957
11/1995	0	0	0	0	0	16,064	10,957
12/1995	0	0	0	0	0	16,064	10,957
01/1996	0	0	0	0	0	16,064	10,957
02/1996	0	0	0	0	0	16,064	10,957
03/1996	0	0	0	0	0	16,064	10,957
04/1996	0	0	0	0	0	16,064	10,957
05/1996	0	0	0	0	0	16,064	10,957
06/1996	0	0	0	0	0	16,064	10,957
07/1996	0	0	0	0	0	16,064	10,957
08/1996	0	0	0	0	0	16,064	10,957
09/1996	0	0	0	0	0	16,064	10,957
10/1996	0	0	0	0	0	16,064	10,957
11/1996	0	0	0	0	0	16,064	10,957
12/1996	0	0	0	0	0	16,064	10,957
01/1997	0	0	0	0	0	16,064	10,957
02/1997	0	0	0	0	0	16,064	10,957
03/1997	0	0	0	0	0	16,064	10,957
04/1997	0	0	0	0	0	16,064	10,957
05/1997	0	0	0	0	0	16,064	10,957
06/1997	0	0	0	0	0	16,064	10,957
07/1997	0	0	0	0	0	16,064	10,957
08/1997	0	0	0	0	0	16,064	10,957
09/1997	0	0	0	0	0	16,064	10,957
10/1997	0	0	0	0	0	16,064	10,957
11/1997	0	0	0	0	0	16,064	10,957
12/1997	0	0	0	0	0	16,064	10,957
01/1998	0	0	0	0	0	16,064	10,957
02/1998	0	0	0	0	0	16,064	10,957
03/1998	0	0	0	0	0	16,064	10,957
04/1998	0	0	0	0	0	16,064	10,957
05/1998	0	0	0	0	0	16,064	10,957
06/1998	0	0	0	0	0	16,064	10,957
07/1998	0	970	208	1	0	17,034	11,165
08/1998	0	1,257	1,753	1	0	18,291	12,918
09/1998	0	4,940	4,334	1	0	23,231	17,252
10/1998	0	0	0	0	0	23,231	17,252
11/1998	0	0	0	0	0	23,231	17,252
12/1998	0	0	0	0	0	23,231	17,252
Total:	0	23,231	17,252				



SPECTRAL DENSITY
DSN II
LOG

Well file

COMPANY _____
WELL _____
FIELD _____
COUNTY _____ ST _____

COMPANY NASSAU RESOURCES, INC.

WELL CARRACAS UNIT 27 R NO. 8

FIELD MC FRUITLAND

COUNTY RIO ARRIBA

API NO. _____
LOCATION 1480 FNL RND 990 FEL

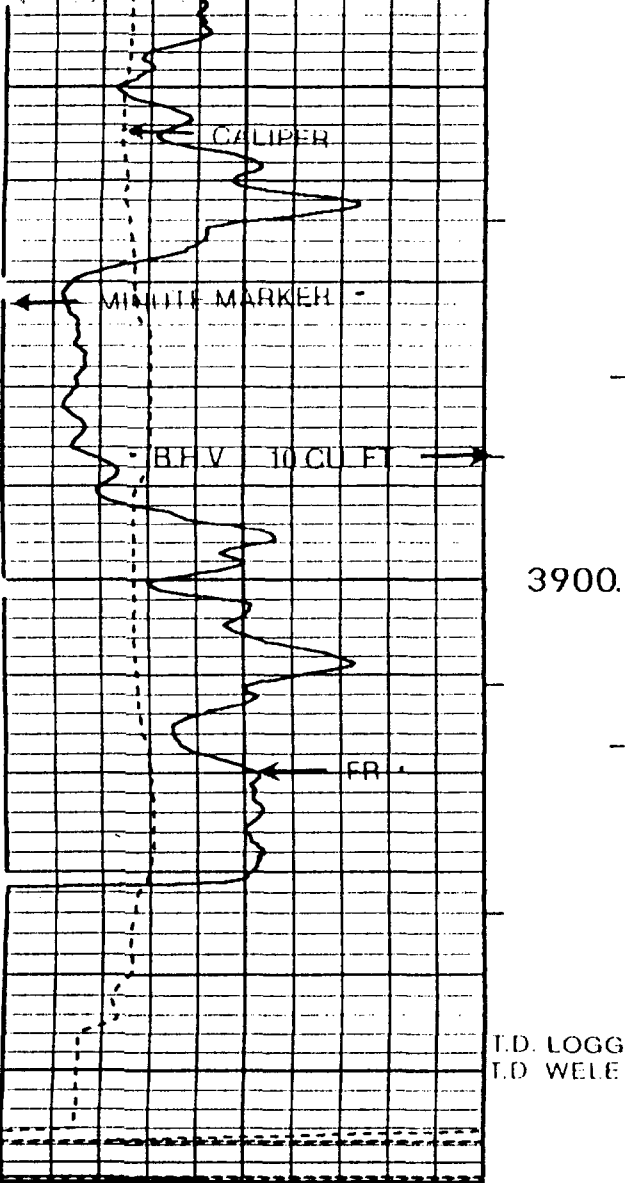
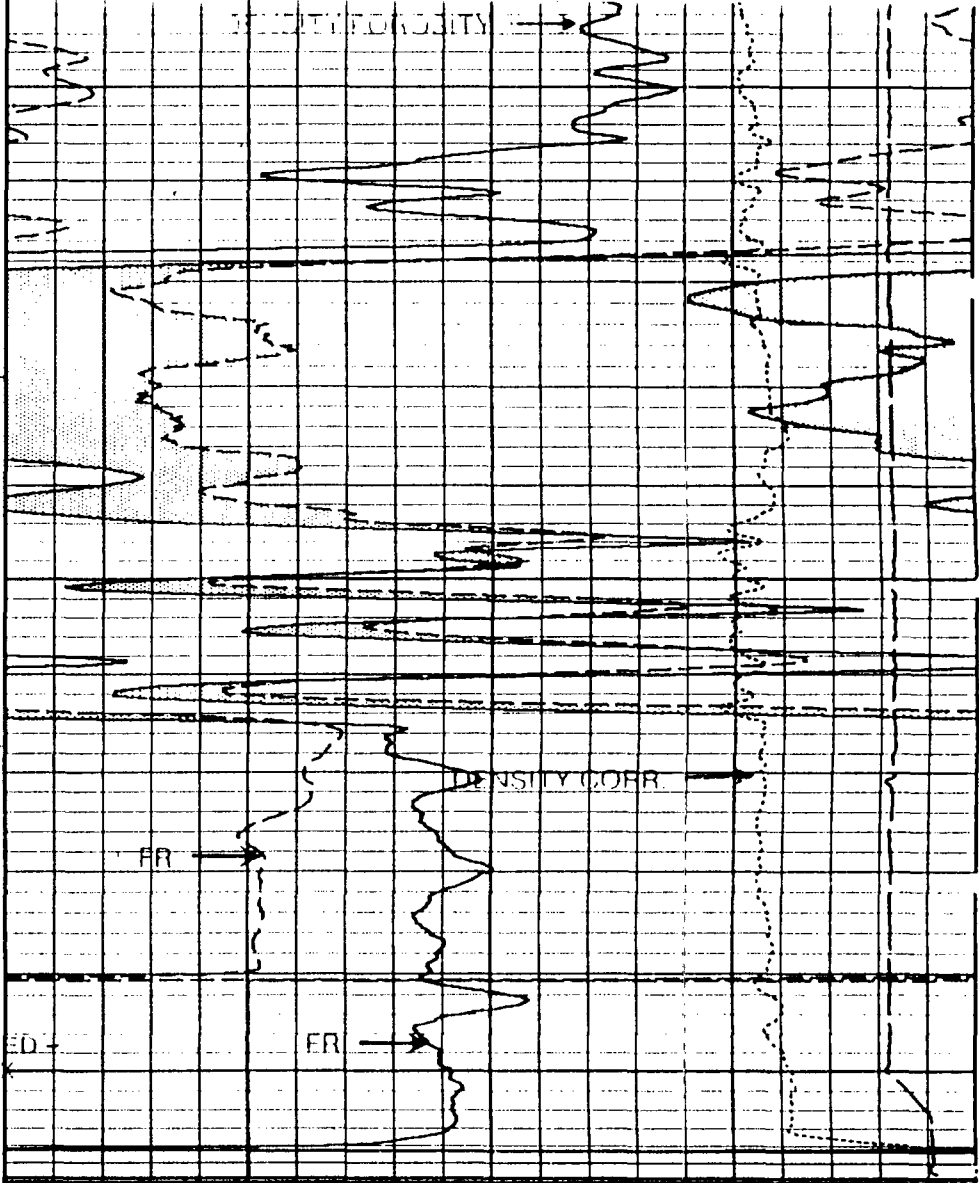
SEC. 27 TWP. 32N RGE 5W

STATE NM
OTHER SERVICES
DIGL
MICROLOG

PERMANENT DATUM G.L. ELEV. 7175
LOG MEASURED FROM K.B. OR 9 FT. ABOVE PERM. DATUM
DRILLING MEASURED FROM KELLY BUSHING
DATE 5/23/89

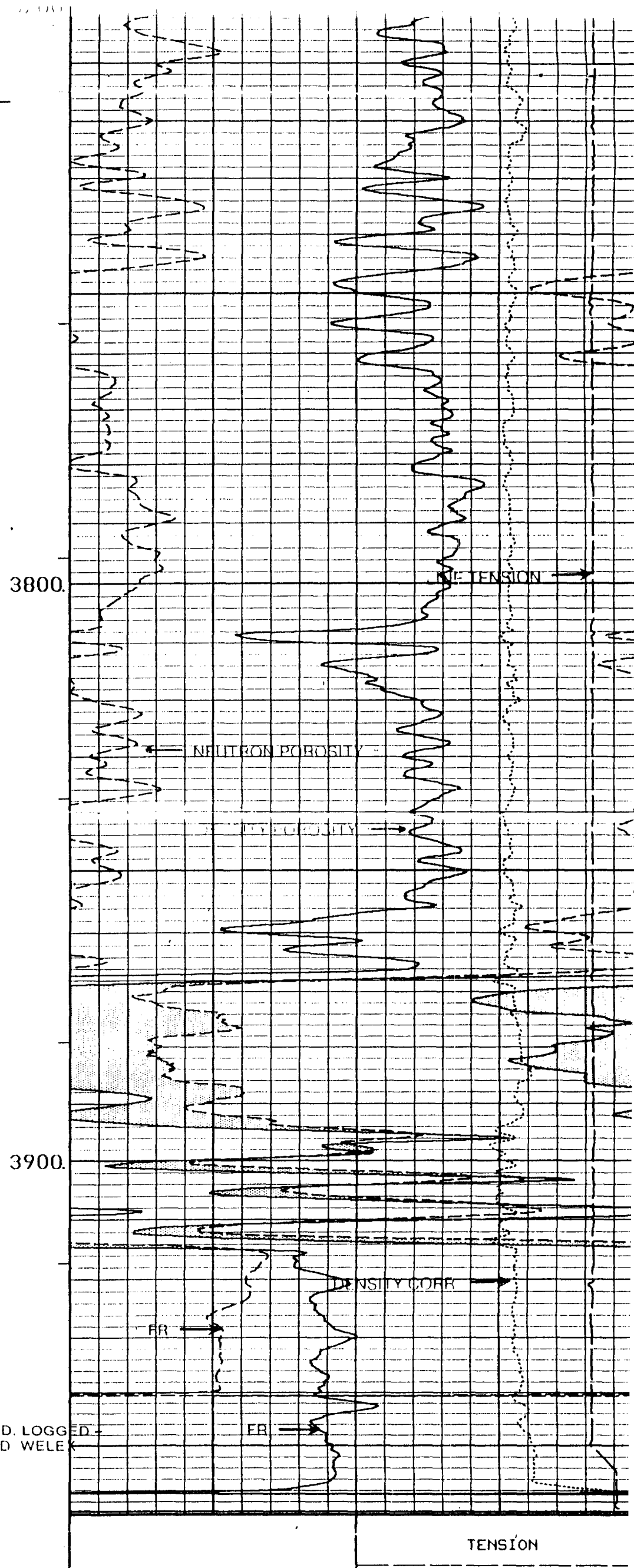
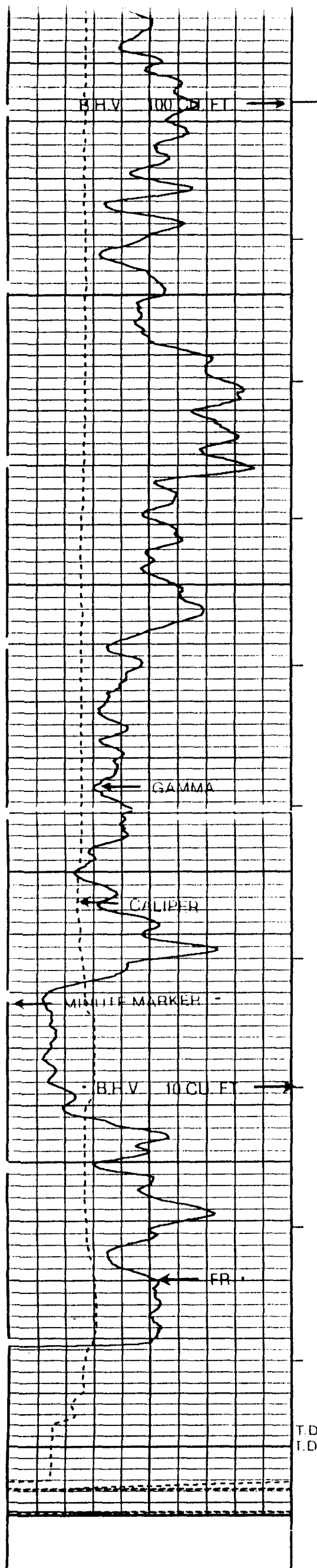
ELEV. K.B. 7188
D.F. 7187
G.L. 7175

RUN NO.	ONE		
DEPTH-DRILLER	3950		
DEPTH-LOGGER	3950		
BIT. LOG INTER.	3948		
TOP LOG INTER.	3000		
CASING-DRILLER	9 5/8 341		
CASING-LOGGER	340		
BIT SIZE	8.75		
TYPE FLUID IN HOLE	LSND		
DENS. : VISC	9.3 : 53		
PH : FLUID LOSS	9.0 : 9.0		
SOURCE OF SAMPLE	FLOMLINE		
RM : MERS. TEMP.	.85 : .81		
RMF : MERS. TEMP.	.75 : .81		
RMC : MERS. TEMP.	.94 : .81		
SOURCE RMF : RMC	MERS : MERS		
RM : BHT	.51 : .135		
TIME SINCE CIRC.	5 HOURS		
TIME ON BOTTOM	17:57		
MAX. REC. TEMP.	135 : 170		
EQUIP. : LOCATION	4550 : FARM		
RECORDED BY	G. FRISCH		
WITNESSED BY	R. WIGG		



TENSION
10000 POUNDS
DEN CORR

T.D. LOGGED
T.D. WELE





DUAL INDUCTION
GUARD
LOG

WELL NO.

COMPANY NASSAU RESOURCES, INC

WELL CARRACAS UNIT 27 R NO. 8

FIELD MC FRUITLAND

COUNTY RIO ARRIBA

API NO.

LOCATION

1480 FNL AND 990 FEL

STATE NM

OTHER SERVICES

SOL-DSN

MICROLOG

COMPANY

WELL

FIELD

COUNTY

ST

SEC. 27 TWP. 32N RGE. 5W

PERMANENT DATUM G.L.

ELEV. 7175

ELEV.: K.B. 7188

LOG MEASURED FROM K.B. OR 9 FT. ABOVE PERM. DATUM

DRILLING MEASURED FROM KELLY BUSHING

D.F. 7187
G.L. 7175

DATE 5/23/89

RUN NO. ONE

DEPTH-DRILLER 3950

DEPTH-LOGGER 3950

BIT LOG INTER. 3948

TOP LOG INTER. 340

CASING-DRILLER 9 5/8 341

CASING-LOGGER 340

BIT SIZE 7.75

TYPE FLUID IN HOLE LSND

DENS. : VISC 9.3 : 153

PH : FLUID LOSS 9.0 : 19.0

SOURCE OF SAMPLE FLOWLINE

RM : MERS. TEMP. 85 : 81

RM : MERS. TEMP. 75 : 81

RM : MERS. TEMP. 94 : 81

SOURCE RMF : RMC MERS : MERS

RM : BHT 51 : 135

TIME SINCE CIRC. 3 HOURS

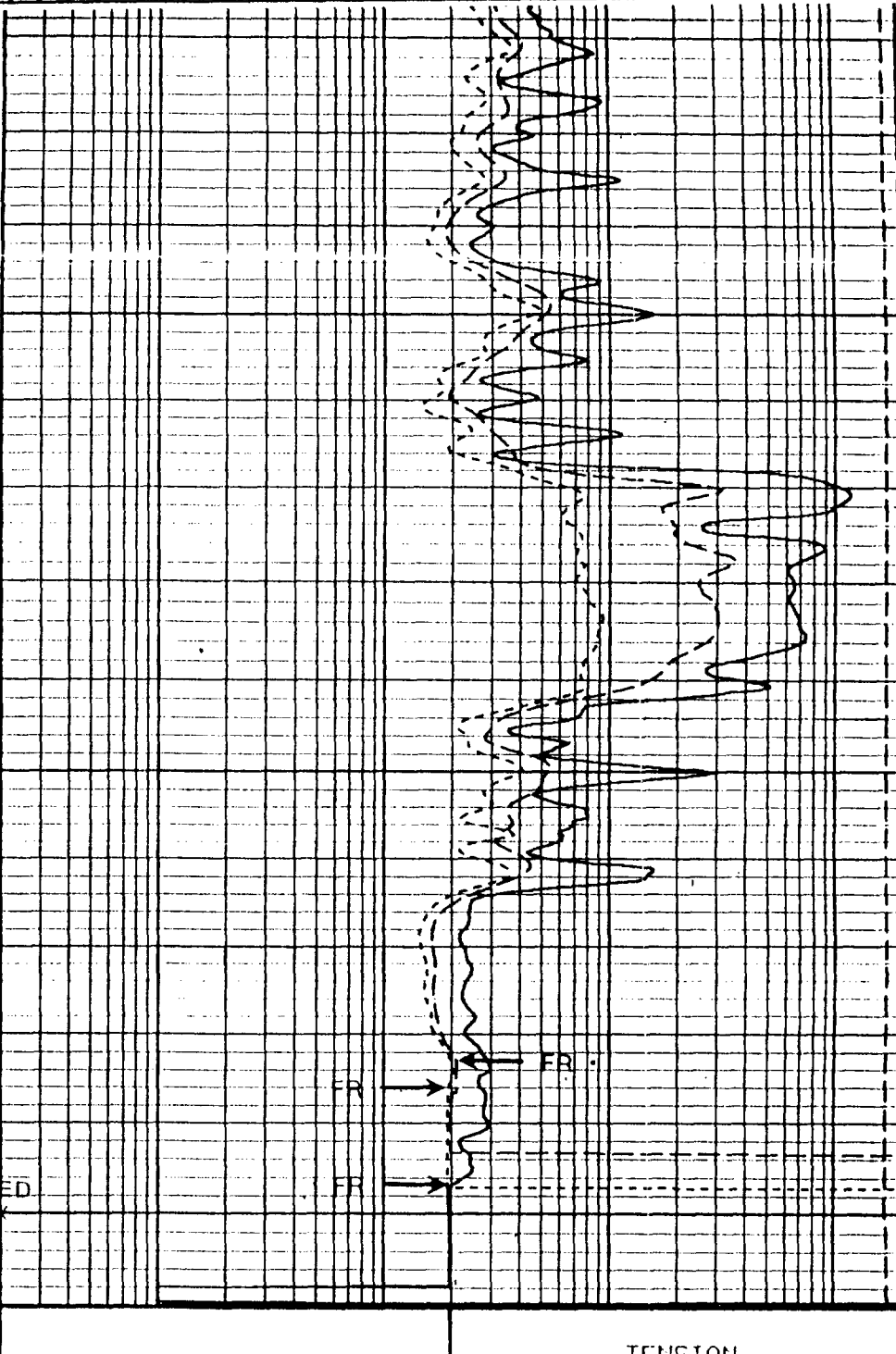
TIME ON BOTTOM 16:06

MAX. REC. TEMP. 135 : 135

EQUIP. : LOCATION 4550 : FARM

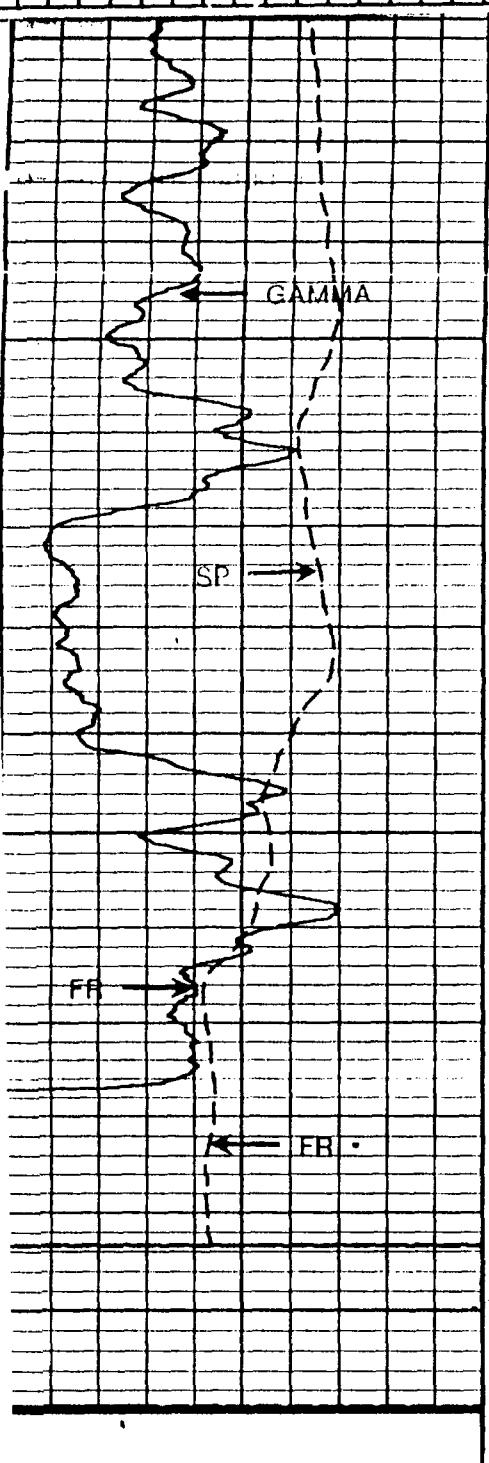
RECORDED BY G. FRISCH

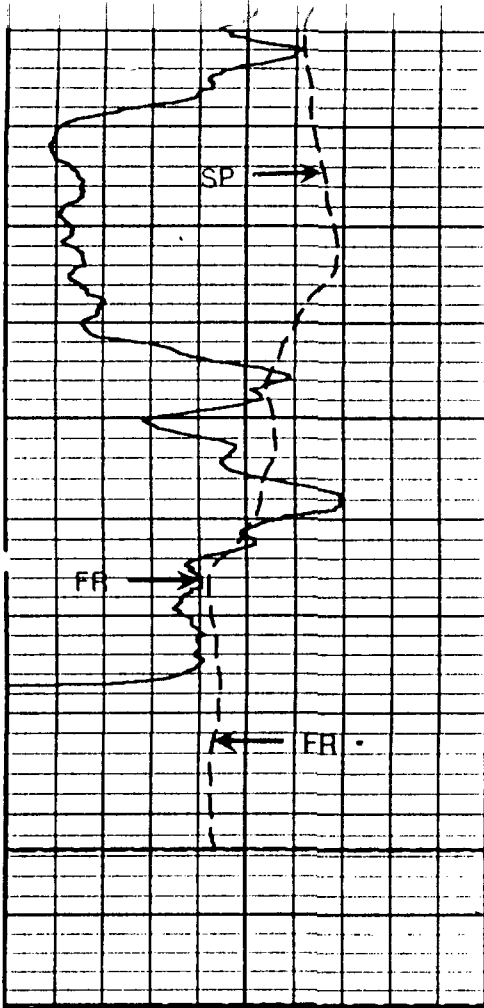
WITNESSED BY G. HISE



3900

T.D. LOGGED
T.D. WELEX

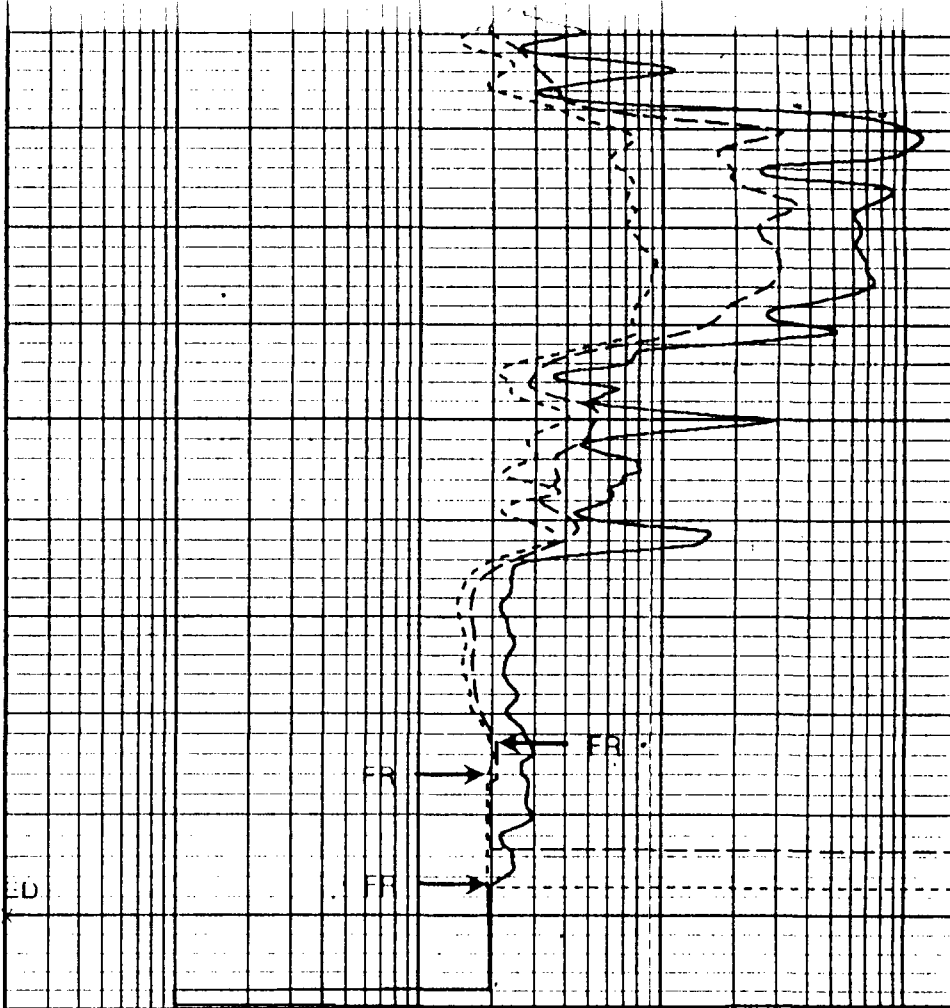




3900

TD LOGGED
TD WELE

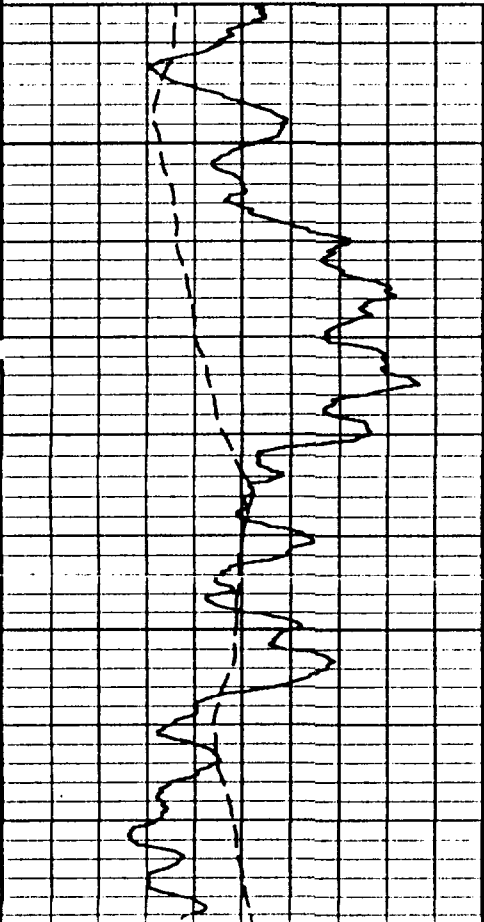
GAMMA		
0	API	200
SP		
-110[+		



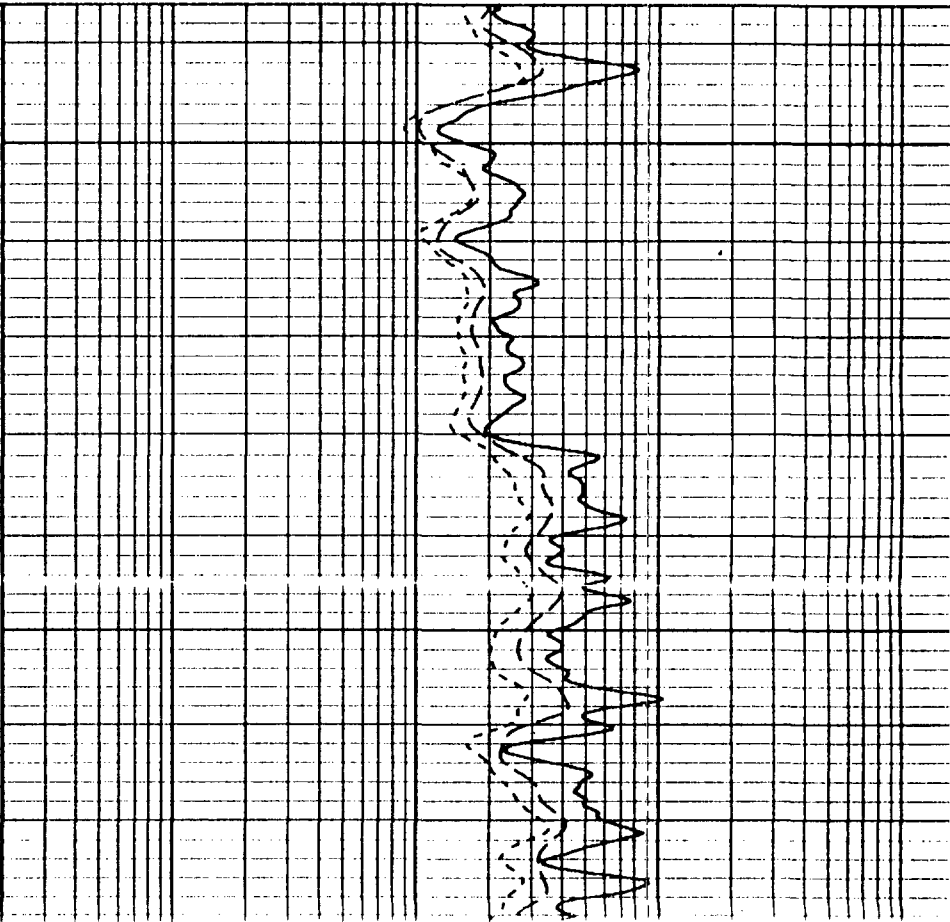
TENSION		
10000 POUNDS		
DEEP		
.2	OHM-M	200
MEDIUM		
.2	OHM-M	200
GUARD		
.2	OHM-M	200

SECTION # 2 Date: 5/23/89 Time:16: 6 Version:1.31 PC

REPEAT SECTION



3800

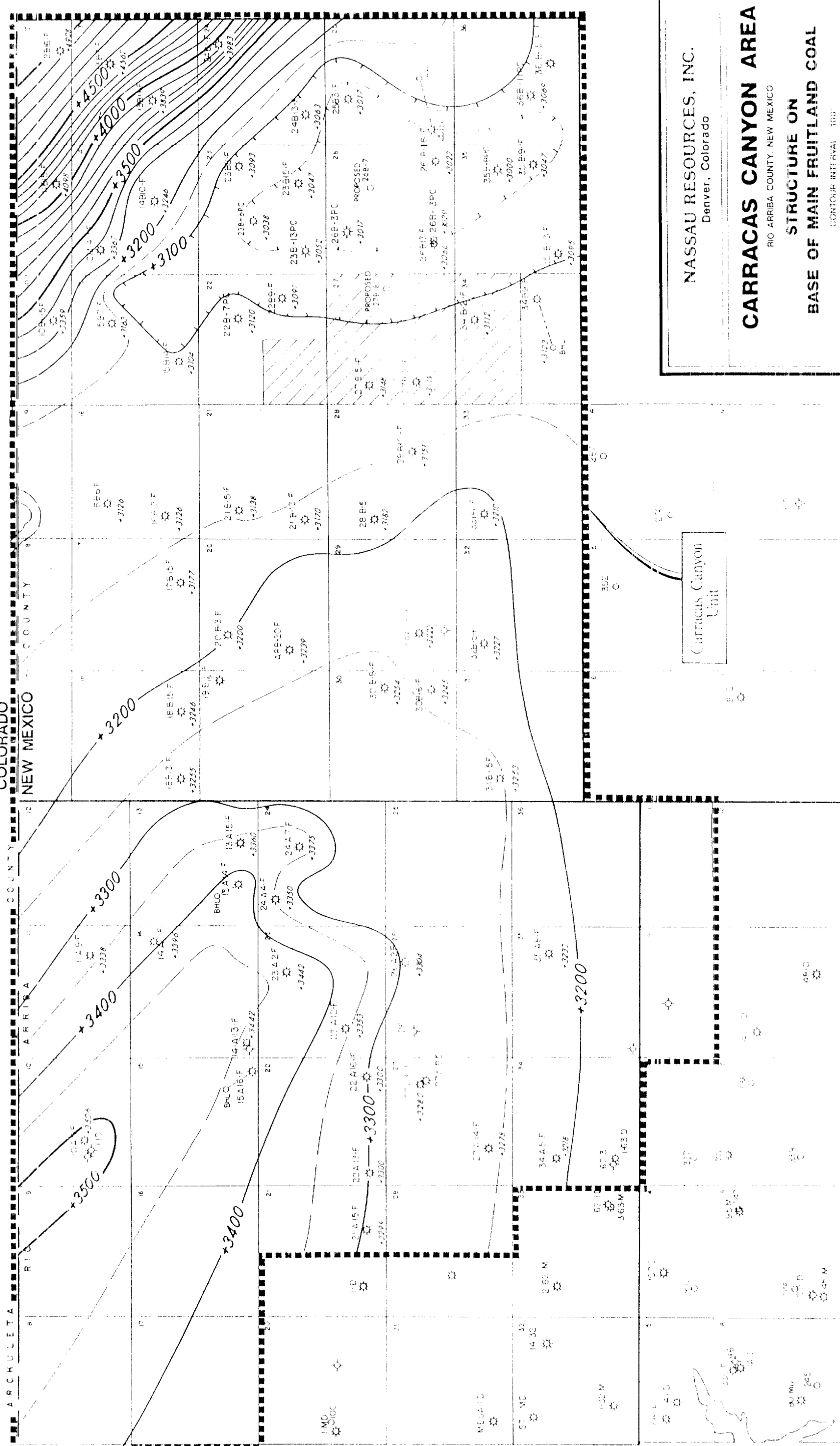


R 5 W

R 4 W

T 32 N

COLORADO
NEW MEXICO



NASSAU RESOURCES, INC.
Denver, Colorado

CARRACAS CANYON AREA

RIO ARRIBA COUNTY, NEW MEXICO

STRUCTURE ON BASE OF MAIN FRUITLAND COAL

CONTOUR INTERVAL 100'

MAP SCALE 1" = 4,000'

NASSAU

Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

April 3, 1998

APR 8 1998

United States Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Re: 1998 Plan of Development
Carracas Canyon Unit Area
Rio Arriba County, New Mexico

Gentlemen:

The attached is the Plan of Development for the Carracas Canyon Unit for 1998. Please accept this Plan of Development in behalf of the Carracas Canyon Unit Working Interest Owners.

Very truly yours,



Gary J. Johnson
Engineering Manager

NASSAU

Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

April 3, 1998

United States Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Re: 1998 Plan of Development
Carracas Canyon Unit Area
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to Article 10 of the Carracas Canyon Unit Agreement (No. 14-08-0001-19596), Nassau Resources, Inc., Operator, hereby submits for your approval our 1998 Plan of Development (POD).

I. 1997 History

During 1997, one well was drilled within the Carracas Unit. The Carracas Unit 27-8 PC was spudded on August 16, 1997. The well was completed for production in the Pictured Cliffs formation and first delivered to the pipeline on October 9, 1997.

Carracas Unit FR 104, SW NE Section 15, T32N R04W was fracture stimulated in May, 1997. This treatment was a follow up to a successful Fruitland Coal "refrac" at the CCU 31B-5 performed during 1996. The well is being monitored to determine success of this treatment.

Carracas Canyon Unit 1997 production was 3,516,083 MCF gas, 34 BBL condensate and 83,450 BBL water. Production from the Fruitland Coal was 2,475,582 MCF gas, 34 BBL condensate and 83,450 BBL water while 1,040,501 MCF gas, 0 BBL condensate and 0 BBL water were produced from the Pictured Cliffs formation. Cumulative production from the Carracas Unit is 36,143,148 MCF gas, 557 BBL condensate and 1,097,547 BBL water.

On January 1, 1998, there were 46 wells producing in the Carracas Unit. There was one well being used as a produced water disposal well.

During 1997, Well PC 204 (23B-6 PC) was added to the Pictured Cliffs Participating Area. This well's drilling block is the SE/4 of Section 23, T32N R04W.

April 3, 1998
Carracas Canyon Unit
1998 Plan of Development
Page 2

II. Plans for 1998

During 1998 it is planned to drill the following new wells:

Fruitland Coal wells

1. 33B-11 SE SW Section 33, T32N R04W Rio Arriba, NM

Pictured Cliffs wells

1. PC 22B-14 SE SW Section 22, T32N R04W Rio Arriba, NM
2. PC 34B-2 NW NE Section 34, T32N R04W Rio Arriba, NM

Gallup formation test

1. 26B-7 GL SW NE Section 26, T32N R04W Rio Arriba, NM
will be drilled as a Gallup test and dual completed
with Pictured Cliffs if productive, or plugged back to
the Pictured Cliffs if non-productive in the Gallup.
(see above Pictured Cliffs wells)

Dakota Formation test

1. DK 501 SE NE Section 10, T32N R05W Rio Arriba, NM
The Dakota formation will be tested at this location
pending surface management agency approval.

During 19987 it is planned to workover the following wells to
increase production or return them to production:

1. CCU 24A-7 SW NE Section 24, T32N R05W Rio Arriba, NM
2. CCU 13A-15 SW SW Section 13, T32N R05W Rio Arriba, NM
3. CCU 18B-13 SW SW Section 18, T32N R05W Rio Arriba, NM
4. CCU 27A-8 SE NE Section 27, T32N R05W Rio Arriba, NM
5. CCU 15A-16 SE SE Section 15, T32N R05W Rio Arriba, NM
6. CCU 14B-10 NW SE Section 14, T32N R04W Rio Arriba, NM

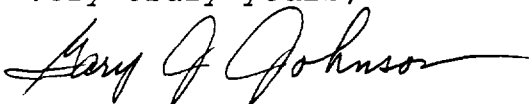
It is Nassau's intent to spud and complete the entire listing of the
above described wells by late fall of this year. If you have any
questions, feel free to call Gary Johnson at (303) 321-2111.

April 3, 1998
Carracas Canyon Unit
1998 Plan of Development
Page 3

If the above described Plan of Development is acceptable, please signify your concurrence of same as required under Section 10 of the Unit Agreement by executing and returning one copy of this letter to my attention.

A copy of this letter is being provided to the list of working interest owners described on the attachment to this letter.

Very truly yours,

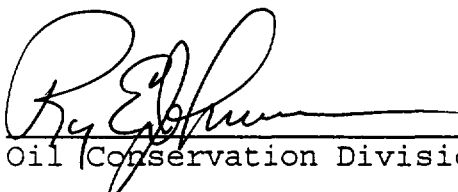


Gary J. Johnson
Engineering Manager

attachment

APPROVED: _____
Bureau of Land Management

DATE: _____

APPROVED:  _____
Oil Conservation Division

DATE: 4/13/98

The foregoing approvals are for the 1998 Plan of Development filed by Nassau Resources, Inc. for the Carracas Canyon Unit, #14-08-0001-19596, Rio Arriba County, New Mexico.

NASSAU

Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

April 20, 1998

United States Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Re: First Revision of 1998 Plan of Development
Carracas Canyon Unit Area
Rio Arriba County, New Mexico

Gentlemen:

The attached is the First Revision of the Plan of Development for the Carracas Canyon Unit for 1998. Please accept this Revised Plan of Development in behalf of the Carracas Canyon Unit Working Interest Owners.

Very truly yours,



Gary J. Johnson
Engineering Manager

NASSAU

Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

April 20, 1998

United States Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Re: First Revision of 1998 Plan of Development
Carracas Canyon Unit Area
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to Article 10 of the Carracas Canyon Unit Agreement (No. 14-08-0001-19596), Nassau Resources, Inc., Operator, hereby submits Revision Number 1 to the Carracas Canyon Unit 1998 Plan of Development (POD) for your approval.

The original Plan of Development indicated drilling plans to include wells as follows:

II. Plans for 1998

During 1998 it is planned to drill the following new wells:

Fruitland Coal wells

1. 33B-11 SE SW Section 33, T32N R04W Rio Arriba, NM

Pictured Cliffs wells

1. PC 22B-14 SE SW Section 22, T32N R04W Rio Arriba, NM
2. PC 34B-2 NW NE Section 34, T32N R04W Rio Arriba, NM

Gallup formation test

1. 26B-7 GL SW NE Section 26, T32N R04W Rio Arriba, NM
will be drilled as a Gallup test and dual completed with Pictured Cliffs if productive, or plugged back to the Pictured Cliffs if non-productive in the Gallup.
(see above Pictured Cliffs wells)

Dakota Formation test

1. DK 501 NE SW Section 10, T32N R05W Rio Arriba, NM
The Dakota formation will be tested at this location pending surface management agency approval.

April 20, 1998
Carracas Canyon Unit
1998 Plan of Development, First Revision
Page 2

Nassau intends to add the following wells to the Carracas Canyon Unit
1998 Plan of Development.

Fruitland Coal Wells

3. 31B-1 NE NE Section 31, T32N R04W Rio Arriba, NM

Dakota Formation Test

2. DK 502 NE NE Section 15, T32N R05W Rio Arriba, NM

3. DK 503 NW NE Section 23, T32N R05W Rio Arriba, NM

It is Nassau's intent to spud and complete the entire listing of the
above described wells by late fall of this year. If you have any
questions, feel free to call Gary Johnson at (303) 321-2111.

If the above Revised Plan of Development is acceptable, please signify
your concurrence of same as required under Section 10 of the Unit
Agreement by executing and returning one copy of this letter to my
attention.

A copy of this letter is being provided to the list of working interest
owners described on the attachment to this letter.

Very truly yours,



Gary J. Johnson
Engineering Manager

attachment

APPROVED: _____
Bureau of Land Management

DATE: _____

APPROVED:  _____
Oil Conservation Division

DATE: 4/28/98

The foregoing approvals are for the Revised 1998 Plan of Development
filed by Nassau Resources, Inc. for the Carracas Canyon Unit, #14-08-
0001-19596, Rio Arriba County, New Mexico.

April 20, 1998
1998 Plan of Development
Page 3

Working Interest Owners:

Amoco Production Company
1670 Broadway
P. O. Box 800
Denver, Colorado 80201

Grynberg Petroleum
5000 S. Quebec, Suite 500
Denver, Colorado 80237

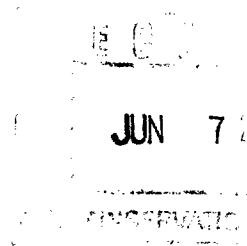
Dugan Production Corp.
P. O. Box 420
Farmington, New Mexico 87499

CNG Producing Company
Janie L. McNabb
Four Greenspoint Plaza
16945 Northchase Drive, Suite 1750
Houston, TX 77060-2133

Frontier Oil & Gas Company
1717 St. James Place, Suite 380
Houston, TX 77056

Hegarty & Associates
P. O. Box 64
Farmington, New Mexico 87499

bp



9030

BP America Inc.
501 WestLake Park Blvd.
Houston, TX 77079-3092

Phone: 281-366-2000

May 29, 2001

Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway – Suite A
Farmington, New Mexico 87401

Oil Conservation Division
State of New Mexico
2040 South Pacheco
Santa Fe, New Mexico 87505

Ladies and Gentlemen:

RE: 2001 Plan of Development (“POD”)
Carracas Canyon Unit Area
Rio Arriba County, New Mexico

Pursuant to Article 10 of the Carracas Canyon Unit Agreement (No. 14-08-0001-19596), Vastar Resources, Inc., Operator, hereby submits for your approval our 2001 POD.

I. 2000 History

During 2000, the following activity was undertaken:

API Number	Lease/Well Name & No.	Dedicated Acreage	Formation Participating Area	Activity
30-039-24169	CARRACAS UNIT FR 112 (34A 5)	N2 Section 34, T32N-R5W, NMPM	Fruitland Coal FC PA A1	Re-Fracture Stimulation
30-039-24349	CARRACAS UNIT FR 102	S2 Section 11, T32N-R5W, NMPM	Fruitland Coal FC PA B1	Re-Fracture Stimulation
30-039-24416	CARRACAS UNIT FR 111	N2 Section 33, T32N-R5W, NMPM	Fruitland Coal FC PA CDE2	Re-Fracture Stimulation
30-039-24479	CARRACAS UNIT FR 104	E2 Section 15, T32N-R4W, NMPM	Fruitland Coal FC PA CDE2	Re-Fracture Stimulation
30-039-24555	CARRACAS UNIT FR 103	N2 Section 14, T32N-R5W, NMPM	Fruitland Coal FC PA B1	Re-Fracture Stimulation
30-039-24651	CARRACAS UNIT FR 106	E2 Section 23, T32N-R4W, NMPM	Fruitland Coal FC PA CDE2	Re-Fracture Stimulation

API Number	Lease/Well Name & No.	Dedicated Acreage	Formation Participating Area	Activity
30-039-24653	CARRACAS UNIT FR 108	S2 Section 24, T32N-R4W, NMPM	Fruitland Coal FC PA CDE2	Re-Fracture Stimulation

II. Plans for 2001

During 2001, the focus of operations will be to optimize production of existing wells through artificial lift. The following activity will be undertaken:

API Number	Lease/Well Name & No.	Dedicated Acreage	Formation Participating Area	Activity
30-039-24169	CARRACAS UNIT FR 112 (34A 5)	N2 Section 34, T32N-R5W, NMPM	Fruitland Coal FC PA A1	Upgrade tubing and install plunger lift
30-039-24349	CARRACAS UNIT FR 102	S2 Section 11, T32N-R5W, NMPM	Fruitland Coal FC PA B1	Upgrade tubing and install rod pump
30-039-24461	CARRACAS UNIT FR 101	S2 Section 10, T32N-R5W, NMPM	Fruitland Coal FC PA B1	Upgrade tubing and install plunger lift
30-039-24555	CARRACAS UNIT FR 103	N2 Section 14, T32N-R5W, NMPM	Fruitland Coal FC PA B1	Upgrade tubing and install plunger lift
30-039-24696	CARRACAS UNIT FR 107	E2 Section 23, T32N-R4W, NMPM	Fruitland Coal FC PA CDE2	Upgrade tubing and install plunger lift
30-039-24725	CARRACAS UNIT FR 105	S2 Section 22, T32N-R4W, NMPM	Fruitland Coal FC PA CDE2	Upgrade tubing and install plunger lift

III. Well Status

The following is a listing for wells in the Carracas Canyon Federal Unit and the current status for each well.

API Number	Lease/Well Name & No.	Dedicated Acreage	Type	Formation Participating Area	Status
30-039-24160	CARRACAS UNIT FR 115	W2 Section 35, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24169	CARRACAS UNIT FR 112 (34 A 5)	N2 Section 34, T32N-R5W, NMPM	Dual	Fruitland Coal FC PA A1 Dakota	Producing T&A
30-039-24278	CARRACAS NP 82	N/2 Section 27, T32N-R5W, NMPM	SWD	Morrison	SWD
30-039-24349	CARRACAS UNIT FR 102	S2 Section 11, T32N-R5W, NMPM	Single	Fruitland Coal FC PA B1	Producing

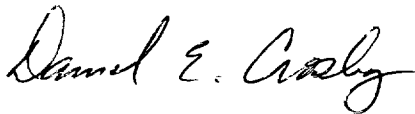
API Number	Lease/Well Name & No.	Dedicated Acreage	Type	Formation Participating Area	Status
30-039-24371	CARRACAS UNIT FR 116 (27A 8)	E2 Section 27, T32N-R5W, NMPM	Single	Fruitland Coal FC PA A1	Producing
30-039-24403	CARRACAS UNIT FR 113	N2 Section 34, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24415	CARRACAS UNIT FR 114	E2 Section 35, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24416	CARRACAS UNIT FR 111	N2 Section 33, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24443	CARRACAS UNIT FR 110	E2 Section 26, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24461	CARRACAS UNIT FR 101	S2 Section 10, T32N-R5W, NMPM	Single	Fruitland Coal FC PA B1	Producing
30-039-24479	CARRACAS UNIT FR 104	E2 Section 15, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24555	CARRACAS UNIT FR 103	N2 Section 14, T32N-R5W, NMPM	Single	Fruitland Coal FC PA B1	Producing
30-039-24651	CARRACAS UNIT FR 106	E2 Section 23, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24653	CARRACAS UNIT FR 108	S2 Section 24, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24696	CARRACAS UNIT FR 107	E2 Section 23, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24697	CARRACAS UNIT FR 109	S2 Section 25, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-24719	CARRACAS UNIT PC201 (22 B 7)	NE Section 22, T32N-R4W, NMPM	Dual	Pictured Cliffs PC PA A4 Fruitland Coal	Producing T&A
30-039-24725	CARRACAS UNIT FR 105	S2 Section 22, T32N-R4W, NMPM	Single	Fruitland Coal FC PA CDE2	Producing
30-039-25234	CARRACAS UNIT PC 202	SW Section 23, T32N-R4W, NMPM	Single	Pictured Cliffs PC PA A4	Producing
30-039-25254	CARRACAS UNIT PC 203	NW Section 26, T32N-R4W, NMPM	Single	Pictured Cliffs PC PA A4	Producing
30-039-25332	CARRACAS UNIT PC 35 B 8	NE Section 35, T32N-R4W, NMPM	Single	Pictured Cliffs PC PA B	Producing
30-039-25575	CARRACAS UNIT PC 204	NW Section 23, T32N-R4W, NMPM	Single	Pictured Cliffs PC PA A4	Producing

30-039-25696	CARRACAS UNIT PC 205	NE Section 27, T32N-R4W, NMPM	Single	Pictured Cliffs PC PA A4	Producing
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In accordance with Article 10 of the Unit Agreement, please provide your approvals by executing and returning a copy of this letter to the undersigned at the letterhead address.

Please contact me if there are any questions regarding this unit or this Plan of Development. A copy of this letter is being provided to the list of working interest owners on the attachment to this letter.

Very truly yours,



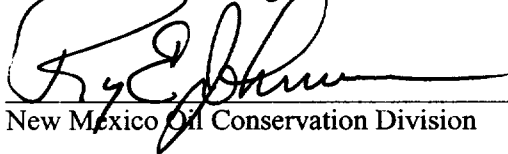
Daniel E. Crosby
Production Engineer

Direct Line: (281) 366-0769
Fax: (281) 366-7099
E-mail: crosbyde@bp.com

Attachments

Carracas Canyon Federal Unit
2001 Plan of development Approvals

Bureau of Land Management


New Mexico Oil Conservation Division

Date

6/8/2001

Date

Working Interest Owners:

Dominion Exploration & Production, Inc.
Four Greenspoint Plaza
16945 Northchase Drive
Suite 1750
Houston, TX 77060-2133
Attention: Stephan E. Case

Seacoast Limited Partnership
9839 Whitehorn Dr. Ste B
Houston, TX 77095

Seacoast Oil and Gas
9839 Whitehorn Dr. Ste. B
Houston, TX 77095

NASSAU

Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80246-1894
(303) 321-2111 FAX (303) 321-1563

April 20, 1999

United States Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

APR 27 1999

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Re: 1999 Plan of Development
Carracas Canyon Unit Area
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to Article 10 of the Carracas Canyon Unit Agreement (No. 14-08-0001-19596), Nassau Resources, Inc., Operator, hereby submits for your approval our 1999 Plan of Development (POD).

I. 1998 History

During 1998, one well was drilled within the Carracas Unit. The Carracas Unit #501 Dakota was spud August 3, 1998. The well was completed for production in the Dakota formation and first delivered to the pipeline on December 3, 1998.

Carracas Unit FR 116 (formerly CCU 27A-8), SE NE Section 27, T32N R05W was fracture stimulated in June 1998. This well was shut-in prior to the stimulation and has been returned to production.

CCU 24A-7, SW NE Section 24, T32N R05W was fracture stimulated in August 1998. This well was on production prior to the stimulation and remains on production.

CCU 14B-10, NW SE Section 14, T32N R04W was fracture stimulated in August 1998. This well was shut-in prior to the stimulation and continues to be shut-in.

CCU 23A-12, NW SW Section 23, T32N R05W was fracture stimulated in October 1998. This well was on production prior to the stimulation and remains on production.

The treatments were a follow up to a successful Fruitland Coal "refrac" at the CCU 31B-5 performed during 1996.

Carracas Canyon Unit 1998 production was 3,094,181 MCF gas, 4 BBL condensate and 88,930 BBL water. Production from the Fruitland Coal was 2,219,799 MCF gas, 4 BBL condensate and 88,884 BBL water while 874,382 MCF gas, 0 BBL condensate and 46 BBL water were produced from the Pictured Cliffs formation. Cumulative production from the Carracas Unit is 39,307,149 MCF gas, 557 BBL condensate and 1,175,906 BBL water.

On December 31, 1999, there were 46 wells producing in the Carracas Unit. There was one well being used as a produced water disposal well.

During 1998, Well PC 205 (27B-8 PC) was added to the Pictured Cliffs Participating Area. This well's spacing unit is the NE/4 of Section 27, T32N R04W.

Well CCU FR 116 (formerly CCU 27A-14) was added tot the Fruitland Participating Area. This well's spacing unit is the E/2 of Section 27, T32N R05W.

II. Plans for 1999

On January 1, 1999 the Carracas Canyon Unit was contracted to the current Participating Areas. The contraction reduced the size of the Unit from 30,174.74 acres to 5,600.00 acres.

Federal leases entirely eliminated from the Carracas Canyon Unit are:

NMNM 28277	NMNM 28813	NMNM 29340	NMNM 29342
NMNM 30015	NMNM 30584	NMNM 30586	NMNM 54974
NMNM 66864	NMNM 68762	NMNM 89784	NMNM 89788
NMNM 89789	NMNM 90464		

Federal Leases partially eliminated from the Carracas Canyon Unit are:

NMNM 28812	NMNM 29339	NMNM 29341	NMNM 29343
NMNM 29760	NMNM 30014	NMNM 30351	NMNM 30585
NMNM 59696	NMNM 59704		

Federal lease NMNM 30016 remains entirely within the Carracas Canyon Unit.

The contraction reduced the number of wells in the Unit to sixteen. Fourteen wells were producing as of January 1, 1999.

April 23, 1999
1999 Plan of Development
Page 3

Under current State spacing regulations, the Unit is fully developed so no drilling is anticipated within the contracted Unit boundaries.

During 1999 it is planned to workover the following wells to increase production or return them to production:

1. CCU FR 101 NE SW Section 10, T32N R05W Rio Arriba, NM
2. CCU FR 112 SW NW Section 34, T32N R05W Rio Arriba, NM

If the above described Plan of Development is acceptable, please signify your concurrence of same as required under Section 10 of the Unit Agreement by executing and returning one copy of this letter to my attention.

A copy of this letter is being provided to the list of working interest owners described on the attachment to this letter.

Very truly yours,



Gary J. Johnson
Engineering Manager

Attachment

APPROVED: _____
Bureau of Land Management

DATE: _____

APPROVED:  _____
Oil Conservation Division

DATE: 4/27/99

The foregoing approvals are for the 1999 Plan of Development filed by Nassau Resources, Inc. for the Carracas Canyon Unit, #14-08-0001-19596, Rio Arriba County, New Mexico.

April 23, 1999
1999 Plan of Development
Page 4

Working Interest Owners:

Amoco Production Company
Attn: Max Eddington
501 Westlake Park Blvd.
P. O. Box 3092
Houston, TX 877253-3092

Grynberg Petroleum
5000 S. Quebec, Suite 500
Denver, Colorado 80237

Dugan Production Corp.
P. O. Box 420
Farmington, New Mexico 87499

CNG Producing Company
Four Greenspoint Plaza
16945 Northchase Drive, Suite 1750
Houston, TX 77060-2133

Frontier Oil & Gas Company
1717 St. James Place, Suite 380
Houston, TX 77056

Hegarty & Associates
P. O. Box 64
Farmington, New Mexico 87499



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401



IN REPLY REFER TO:

Caracas Canyon Unit (UA)
3180 (7100)

April 15, 1999

Nassau Resources, Inc.
650 Cherry, Suite 1225
Denver, Colorado 80246-1894

Re: Automatic Contraction
Carracas Canyon Unit
Rio Arriba County, New Mexico

Dear Ms. Thompson:

Your letter of February 15, 1999, describes the lands automatically eliminated effective January 1, 1999 from the Carracas Canyon Unit, Rio Arriba County, New Mexico, pursuant to Section 2(e) of the unit agreement and requests our concurrence. The lands you have described contain 24,574.74 acres, more or less, and constitutes all legal subdivisions, no parts of which are in the Fruitland Coal Participating Areas and the Pictured Cliffs Participating Areas. As a result of the automatic elimination, the unit is reduced from 30,174.74 acres to 5,600 acres.

The following Federal Leases are entirely eliminated from the unit area:

NMNM 28277	NMNM 28813	NMNM 29340	NMNM 29342
NMNM 30015	NMNM 30584	NMNM 30586	NMNM 54974
NMNM 66864	NMNM 68762	NMNM 89784	NMNM 89788
NMNM 89789	NMNM 90464		

The following Federal Leases are partially eliminated from the unit area:

NMNM 28812	NMNM 29339	NMNM 29341	NMNM 29343
NMNM 29760	NMNM 30014	NMNM 30351	NMNM 30585
NMNM 59696	NMNM 59704		

Federal lease NMNM 30016 is contained entirely within the unit area.

We concur in your description of the lands automatically eliminated from the Carracas Canyon Unit Agreement. You have complied with the requirements of Section 2(e), provided you promptly notify all interested parties.

Sincerely,

/s/ Duane W. Spencer

Duane W. Spencer
Team Leader, Petroleum Management Team

Enclosures

CC:
MMS, MS-3133, Denver, CO
NMOCD

RECEIVED
BLM

99 APR 12 PM 1:55
070 FARMINGTON, NM

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32
N

R 5 W

COLORADO

R 4 W

NEW MEXICO



R 5 W

T
31
N

R 4 W

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CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

	ACREAGE	PERCENTAGE
FEDERAL LANDS	29,480.30	97.70%
PATENTED LANDS	694.44	2.30%
TOTALS	30,174.74	100.00%

UNIT OUTLINE



NOTE: UNLESS OTHERWISE INDICATED, THE VARIOUS
SECTIONS ON THIS PLAT CONTAIN 36.00 ACRES.

NASSAU RESOURCES, INC.

DENVER, COLORADO

Outline of
Carracas Canyon Unit
After Contraction

EXHIBIT B
CARRACAS CANYON UNIT, RIO ARriba COUNTY, NEW MEXICO
EFFECTIVE JANUARY 1, 1999

Tract No.	Zone	Lands	Depths	Serial No. Exp. Date	Acres	Owner Type	Owner	Percentage
02A	0.01	Township 32 North, Range 4 West, NNPM Section 35: N/2 ✓	Fruitland Coal Formation	NM-28812/11-1-86 (HBP)	320.000	RT	Amoco Production Company	25.00000000
						RT	McHugh Companies	75.00000000
						ORRI	Edward Talone Trust No. 1	1.25000000
						ORRI	ERC Industries, Inc.	1.00000000
						ORRI	Jerold R. Martinez	0.20000000
						ORRI	Mazzola & Co.	0.50000000
						ORRI	Robco Associates	0.30000000
						ORRI	Rutter & Wilbanks Corporation	4.50000000
						OP	Amoco Production Company	12.50000000
						OP	Frontier Oil & Gas Company	12.50000000
0.02		Township 32 North, Range 4 West, NNPM Section 26: NW/4 ✓ Section 35: NE/4 ✓	Pictured Cliffs Formation	NM-28812/11-1-86 (HBP)	320.000	OP	McHugh Companies	75.00000000
						LOR	USA	100.00000000
						RT	Amoco Production Company	25.00000000
						RT	McHugh Companies	75.00000000
						ORRI	Edward Talone Trust No. 1	1.25000000
						ORRI	ERC Industries, Inc.	1.00000000
						ORRI	Jerold R. Martinez	0.20000000
						ORRI	Mazzola & Co.	0.50000000
						ORRI	Robco Associates	0.30000000
						ORRI	Rutter & Wilbanks Corporation	4.50000000
02B	0.01	Township 32 North, Range 4 West, NNPM ✓ Section 23: E/2, E/2NW/4, NE/4SW/4, NE/4NW/4NW/4, E/2SE/4NW/4NW/4, SW/4SW/4NW/4NW/4, W/2NW/4SW/4NW/4, SE/4NW/4SW/4NW/4, SW/4SW/4NW/4, W/2NW/4SW/4, W/2SW/4SW/4, SE/4SW/4SW/4, W/2NE/4SW/4SW/4, SW/4SE/4SW/4	Fruitland Coal Formation	NM-28812/11-1-86 (HBP)	540.000	OP	Amoco Production Company	1.00000000
						ORRI	Edward Talone Trust No. 1	1.25000000
						ORRI	ERC Industries, Inc.	1.00000000
						ORRI	Frontier Production Limited Partnership	2.00000000
						ORRI	Jerold R. Martinez	0.20000000
						ORRI	Mazzola & Co.	0.50000000
						ORRI	McHugh Companies	5.00000000
						ORRI	Robco Associates	0.30000000
						ORRI	Rutter & Wilbanks Corporation	4.50000000
						OP	CNG Producing Company	15.5940595
						OP	McHugh Companies	84.4059405
						LOR	USA	100.00000000
						RT	McHugh Companies	100.00000000
						RT	McHugh Companies	100.00000000
						ORRI	Amoco Production Company	1.00000000
						ORRI	Edward Talone Trust No. 1	1.25000000
						ORRI	ERC Industries, Inc.	1.00000000
						ORRI	Frontier Production Limited Partnership	2.00000000
						ORRI	Jerold R. Martinez	0.20000000
						ORRI	Mazzola & Co.	0.50000000

EXHIBIT B
CARRACAS CANYON UNIT, RIO ARRIBA COUNTY, NEW MEXICO
EFFECTIVE JANUARY 1, 1999

Tract No.	Zone	Lands	Depths	Acres	Serial No. Exp. Date	Owner Type	Owner	Percentage
02B	0.02	Township 32 North, Range 4 West, NMPM Section 23: E/2, E/2NW/4, NE/4SW/4, NE/4NW/4NW/4, ✓ E/2SE/4NW/4NW/4, SW/4SW/4NW/4NW/4, W/2NW/4SW/4NW/4, SE/4NW/4SW/4NW/4, SW/4SW/4NW/4, W/2NW/4SW/4, W/2SW/4SW/4, SE/4SW/4SW/4, W/2NE/4SW/4SW/4, SW/4SE/4SW/4	Pictured Cliffs Formation	540.000	NM-28812/11-1-86 (HBP)	RT	McHugh Companies	100.0000000
							Amoco Production Company Edward Talone Trust No. 1 ERC Industries, Inc. Frontier Oil & Gas Company Jerald R. Martinez Mazzola & Co. Robco Associates Rutter & Wilbanks Corporation McHugh Companies USA	1.0000000 1.2500000 1.0000000 2.0000000 0.2000000 0.5000000 0.3000000 4.5000000 100.0000000 100.0000000
02C	0.01	Township 32 North, Range 4, West, NMPM Section 26: E/2 ✓ Section 35: W/2 ✓	Fruitland Coal Formation	640.000	NM-28812/11-1-86 (HBP)	RT	Amoco Production Company	25.0000000
							McHugh Companies Edward Talone Trust No. 1 ERC Industries, Inc. Jerald R. Martinez Mazzola & Co. McHugh Companies Robco Associates Rutter & Wilbanks Corporation Amoco Production Company CNG Producing Company Frontier Oil & Gas Company McHugh Companies	75.0000000 1.2500000 1.0000000 0.2000000 0.5000000 3.7500000 0.3000000 4.5000000 12.5000000 22.2772278 12.5000000 52.7227722
04	0.01	Township 32 North, Range 4 West, NMPM Section 15: W/2E/2, SE/4SE/4 ✓	Fruitland Coal Formation	200.000	NM-29339/3-31-87 (HBP)	RT	McHugh Companies	100.0000000
							Anne T. Barfield Harry L. Todd, Jr. Margaret Todd Sherrill Margaret Todd Sherrill & Thomas E Todd, Jr., J/T Mary Anne Todd Raymond L. Todd Thomas E. Todd, Jr. Tommy L. Todd W.L. & Virginia Todd Revocable Trust U/A dated June 25, 1993	0.0701900 0.2306200 1.0127000 0.0100000 1.2734000 0.2306200 1.0127000 0.2306200 3.4291500
							McHugh Companies USA	100.0000000 100.0000000
06	0.01	Township 32 North, Range 5 West, NMPM Section 10: SE/4 ✓	Fruitland Coal Formation	160.000	NM-29341/3-31-87 (HBP)	RT	Amoco Production Company	100.0000000
							Dell K. Hatch	4.0000000

EXHIBIT B
CARRACAS CANYON UNIT, RIO ARriba COUNTY, NEW MEXICO
EFFECTIVE JANUARY 1, 1999

Tract No.	Zone	Lands	Depths	Acres	Serial No. Exp. Date	Owner Type	Owner	Percentage
06	0.01	Township 32 North, Range 5 West, NMPM Section 10: SE/4 ✓	Fruitland Coal Formation	160.000	NM-29341/3-31-87 (HBP)	ORRI	Edward Talone Trust No. 1	1.2500000
						ORRI	ERC Industries, Inc.	1.0000000
						ORRI	Frontier Oil & Gas Company	2.0000000
						ORRI	Jerald R. Martinez	0.2000000
						ORRI	Mazzola & Co.	0.5000000
						ORRI	Robco Associates	0.3000000
08	0.01	Township 32 North, Range 5 West, NMPM Section 34: NE/4 ✓	Fruitland Coal Formation	160.000	NM-29343/3-31-87 (HBP)	OP	Amoco Production Company	33.3333333
						OP	McHugh Companies *	66.6666667
						LOR	USA	100.0000000
						RT	McHugh Companies	100.0000000
09	0.01	Township 32 North, Range 5 West, NMPM Section 11: SE/4 ✓ Section 14: NW/4 ✓	Fruitland Coal Formation	320.000	NM-29760/4-30-87 (HBP)	ORRI	Dugan Production Company	2.5000000
						ORRI	Key Production Company, Inc.	2.5000000
						ORRI	William C. Armor Jr.	2.5000000
						OP	McHugh Companies	100.0000000
						LOR	USA	100.0000000
						RT	Amoco Production Company	100.0000000
						ORRI	Catherine D. Hatch	0.8750000
						ORRI	Cecil C. Ram and/or Judith F. Ram, JT	0.5000000
						ORRI	Dell K. Hatch and Nell H. Hatch	0.8750000
						ORRI	Edward Talone Trust No. 1	1.2500000
10	0.01	Township 32 North, Range 4 West, NMPM Section 33: N/2 ✓	Fruitland Coal Formation	320.000	NM-30014/4-30-87 (HBP)	ORRI	ERC Industries, Inc.	1.0000000
						ORRI	Frontier Oil & Gas Company	2.0000000
						ORRI	Jerald R. Martinez	0.2000000
						ORRI	Mazzola & Co.	0.5000000
						ORRI	Robco Associates	0.3000000
						ORRI	Ronald H. Hatch	0.8750000
						ORRI	Ronald H. Hatch	0.8750000
						OP	Amoco Production Company	33.3333333
						OP	McHugh Companies *	66.6666667
						LOR	USA	100.0000000
						RT	McHugh Companies	100.0000000
						ORRI	Dugan Production Company	2.5000000
						ORRI	Jack Loyd	1.0000000
						ORRI	Key Production Company, Inc.	2.0000000
						ORRI	Maurice W. Brown	2.0000000
						OP	McHugh Companies	100.0000000
						LOR	USA	100.0000000

Cuexbcon
RT-Record Title
ORRI-Overriding Royalty Interest
Op-Operating Rights/Working Interest
LOR-Landowner Royalty/Basic Royalty

EXHIBIT B
CARRACAS CANYON UNIT, RIO ARRIBA COUNTY, NEW MEXICO
EFFECTIVE JANUARY 1, 1999

Tract No.	Zone	Lands	Depths	Acres	Serial No. Exp. Date	Owner Type	Owner	Percentage
12	0.01	Township 32 North, Range 5 West, NMPM Section 27: E/2 ✓ Section 34: NW/4 ✓	Fruitland Coal Formation	480.000	NM-30016/4-30-87 (HBP)	RT	McHugh Companies	100.0000000
13	0.01	Township 32 North, Range 5 West, NMPM Section 10: SW/4 ✓	Fruitland Coal Formation	160.000	NM-30351/5-31-87 (HBP)	RT	McHugh Companies	100.0000000
15	0.01	Township 32 North, Range 4 West, NMPM Section 24: S/2 ✓ Section 25: N/2 ✓	Fruitland Coal Formation	640.000	NM-30585/7-31-87 (HBP)	RT	McHugh Companies	100.0000000
16	0.01	Township 32 North, Range 4 West, NMPM Section 22: S/2 ✓ Section 34: N/2 ✓	Fruitland Coal Formation	640.000	NM-59696/3-31-95 (HBP)	RT	Amoco Production Company	25.0000000
18	0.01	Township 32 North, Range 4 West, NMPM Section 22: S/2 ✓ Section 34: N/2 ✓	Fruitland Coal Formation	640.000	NM-59696/3-31-95 (HBP)	RT	McHugh Companies A. G. Andrikopoulos Dorothy J. Tucker Trust Estelle C. Haeefe Gale O. Kelly Judy K. Andrikopoulos Patsy R. Kelly Amoco Production Company McHugh Companies USA	75.0000000 5.8593750 0.4687500 0.2343750 0.2343750 0.1171875 0.2343750 25.0000000 75.0000000 100.0000000
0.02		Township 32 North, Range 4 West, NMPM Section 22: NE/4 ✓ Section 27: NE/4 ✓	Pictured Cliffs Formation	320.000	NM-59696/3-31-95 (HBP)	RT	Amoco Production Company	25.0000000
						RT	McHugh Companies A.G. Andrikopoulos Dorothy J. Tucker Trust Estelle C. Haeefe Gale O. Kelly James W. Haeefe	75.0000000 5.8593750 0.4687500 0.2343750 0.2343750 0.2343750

EXHIBIT B
CARRACAS CANYON UNIT, RIO ARRIBA COUNTY, NEW MEXICO
EFFECTIVE JANUARY 1, 1999

Tract No.	Zone	Lands	Depths	Acres	Serial No. Exp. Date	Owner Type	Owner	Percentage
18	0.02	Township 32 North, Range 4 West, NNPM Section 22: NE/4 ✓ Section 27: NE/4 ✓	Pictured Cliffs Formation	320.000	NM-59696/3-31-95 (HBP)	ORRI	John G. Andrikopoulos	0.1171875
19	0.01	Township 32 North, Range 5 West, NNPM Section 11: SW/4 ✓ Section 14: NE/4 ✓	Fruitland Coal Formation	320.000	NM-59704/1-31-95 (HBP)	RT	McHugh Companies	100.0000000
27B	0.01	Township 32 North, Range 4 West, NNPM Section 15: E/2NE/4, NE/4SE/4 ✓	Fruitland Coal Formation	120.000	Fee/10-10-91 (HBP)	OP	McHugh Companies	100.0000000
31	0.01	Township 32 North, Range 4 West, NNPM Section 23: NW/4NW/4NW/4, NW/4SW/4NW/4, E/2SW/4NW/4NW/4, NE/4NW/4SW/4NW/4, E/2SW/4NW/4NW/4 ✓	Fruitland Coal Formation	45.000	Fee/8-1-94 (HBP)	OP	McHugh Companies	100.0000000
	0.02	Township 32 North, Range 4 West, NNPM Section 23: NW/4NW/4NW/4, NW/4SW/4NW/4, E/2SW/4NW/4NW/4, NE/4NW/4SW/4NW/4, E/2SW/4NW/4NW/4 ✓	Pictured Cliffs Formation	45.000	Fee/8-1-94 (HBP)	OP	Lou Dean Montoya, a widow McHugh Companies	100.0000000



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

9030
OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 28, 1998

Sue Thompson
Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, CO 80222-1894

RE: Application for approval to establish the Fourth
Revision of the Initial Pictured Cliffs Formation
Participation Area
Carracas Canyon Unit
Contract #14-08-0001-19596
Rio Arriba County, New Mexico

Gentlemen:

The New Mexico Oil Conservation Division is in receipt of your above referenced application which has been approved on this date. Our approval is subject to like approval by the New Mexico State Land Office and the Bureau of Land Management where applicable.

Should you have any questions pertaining to this matter, please contact me at (505) 827-8198.

Sincerely,

Roy E. Johnson
Senior Petroleum Geologist

REJ:kv

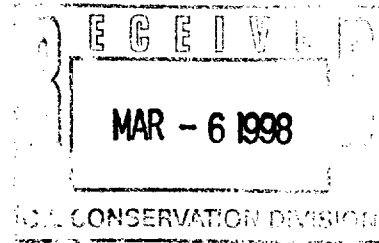
cc: NMSLO
Bureau of Land Management - Farmington
Unit File

NASSAU

Unit letter

Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

February 26, 1998



Mr. Duane Spencer
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

Mr. William LeMay
New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Suite 206
Santa Fe, New Mexico 87503

RE: Application for approval to establish the Fourth Revision of the Initial Pictured Cliffs Formation Participating Area, Carracas Canyon Unit, No. 14-08-0001-19596, Rio Arriba County, New Mexico

Gentlemen:

Nassau Resources, Inc., as unit operator for the Carracas Canyon Unit, respectfully requests your approval, pursuant to Section 11 of the unit agreement, of the selection of the lands indicated on the land ownership map, attached as Exhibit "A", to constitute the Fourth Revision of the Initial Pictured Cliffs Formation Participating Area which encompasses 800.00 acres.

The schedule of lands attached hereto as Exhibit "B" describes the lands within the fourth revision of the Initial Pictured Cliffs Formation Participating Area and indicates the percentage of participation of the leases and tracts with said area.

The Fourth Revision of the Initial Pictured Cliffs Formation Participating Area is appropriate by virtue of the information obtained from the completion of the Carracas Unit #27B-8 PC well located in the SE/4NE/4 of Section 27-T32N-R4W, NMPM. The 27B-8 PC was spudded on August 16, 1997 drilled to a total depth of 4310' KB and completed in the Pictured Cliffs Formation through perforations at 4159' - 4196' KB. Following sand fracturing, the Pictured Cliffs formation was completed for an initial potential of 317 MCFD on September 12, 1997.

Page Two
PC PA 4

Pursuant to Section 11 of the Unit Agreement, the effective date of the Fourth Revised Initial Pictured Cliffs Formation Participation Area should be September 12, 1997. Therefore, we request your approval as to the lands/leases indicated on Exhibits "A" and "B" for the Fourth Revision of the Initial Pictured Cliffs Formation Participating Area effective September 12, 1997.

Very truly yours,


Sue Thompson

enc.

EXHIBIT "B"
FOURTH REVISION OF INITIAL PICTURED CLIFFS FORMATION PARTICIPATING AREA
CARRACAS CANYON UNIT AREA
RIO ARriba COUNTY, NEW MEXICO

TRACT NO.	LEASE NO. OR TYPE OF LAND	DESCRIPTION	PARTICIPATING ACRES	PERCENT OF PARTICIPATION	WORKING INTEREST OWNERS
18	USA NM-59696 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 27: NE/4	160	20.000000	McHUGH COMPANIES (75.00%) AMOCO PRODUCTION COMPANY (25.005)
PREVIOUSLY ESTABLISHED THIRD REVISION OF INITIAL PICTURED CLIFFS FORMATION PARTICIPATING AREA:					
28.02	USA NM-28812 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 23: E/2NW/4, SW/4SW/4NW/4NW/4, W/2NW/4SW/4NW/4, SE/4NW/4SW/4NW/4, SW/4SW/4NW/4, NE/4NW/4NW/4, E/2SE/4NW/4NW/4	115	14.375000	McHUGH COMPANIES (100.00%)
31	(FEE) LOU DEAN MONTOYA 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 23: NW/4NW/4NW/4, NW/4SW/4NW/4NW/4, E/2SW/4NW/4NW/4, NE/4NW/4SW/4NW/4, E/2SW/4NW/4, W/2SE/4NW/4NW/4	45	5.625000	McHUGH COMPANIES (100.00%)
2A	USA NM-28812 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 26: NW/4	160	20.000000	AMOCO PRODUCTION CO. (12.50%) FRONTIER OIL & GAS COMPANY (12.50) McHUGH COMPANIES (75.00%)
18	USA NM-59696 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 22: NE/4	160	20.000000	McHUGH COMPANIES (100.00%)
2B	USA NM-28812 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 23: NE/4SW/4, W/2W/2SW/4, W/2NE/4SW/4SW/4, SE/4SW/4SW/4, SW/4SE/4SW/4	105	13.125000	McHUGH COMPANIES (100.00%)
32	(FEE) JOHN W. WEST, CONS. 50.00% KENNETH J. WEST, EX. 50.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 23: E/2NW/4SW/4, N/2SE/4SW/4,	55	6.875000	McHUGH COMPANIES (100.00%)

TOTALS 800

100.00000000

Amoco Production Company
Attn: Joe Matney
1670 Broadway, Room 933
Denver, Colorado 80202
PH: 303-830-5459

CNG Producing Company
Attn: Virginia Corpening
1450 Poydras Street
New Orleans, Louisiana 70112-6000
PH: 504-593-7591

Dugan Production Corp.
709 E. Murray Drive
Farmington, New Mexico 87499
PH: 505-325-1821

Dennis A. Jones
Frontier Oil & Gas Co.
1717 St. James Place, Suite 380
Houston, Texas 77056
PH: 713-622-2798

Patrick Hegarty
Hegarty & Associates
12 Hilltop Avenue
Farmington, New Mexico 87499
PH: 505-325-5449

Grynberg Petroleum
Attn: Susan Stone
5000 S. Quebec, Suite 500
Denver, Colorado 80237-2707
PH: 303-850-7490

ENGINEERING DATA

Carracas Unit PC 27B #8
Section 27, T32N, R04W
Rio Arriba County, New Mexico

Carracas Unit PC 27B #8, located 2460' FNL and 610' FEL of Section 27, Township 32 North, Range 4 West, was spudded on August 16, 1997. Total depth of 4310' was reached on August 22, 1997 and 5-1/2", 15.5 lb/ft casing was set. The Pictured Cliffs sand was perforated at 4159' to 4165', 4167' to 4171', 4176', 4180', 4185' to 4187' and 4190' to 4196' KB with a total of 48 shots. The formation was fractured with 151,660 lbs 20/40 sand in 695 barrels water with 554,100 SCF Nitrogen at 15 to 20 barrels per minute.

The well was tested at a rate of 317 MCFD on September 12, 1997 and was subsequently first delivered at a rate of 503 MCFD on October 9, 1997.

The well has produced a cumulative of 36,617 MCF through December 31, 1997. The December, 1997 production was 12,913 MCF and 0 BW for an average producing rate of 416 MCFD and 0 BWPD. A listing of monthly production is attached.

ECONOMICS

Based on December, 1997 sales of 11,994 MCF, a current (December, 1997) wellhead price for gas of \$1.76 per MCF and projected operating expenses for this well of \$2186 per month, the well is currently operating at a profit.

Calculations used to determine the economics of this well are based on historic production, gas prices and well operating costs and projections of future production, gas prices and operating costs as shown on the attached Economics Exhibit.

January 29, 1998

Carracas Unit PC 27B-8
SE NE (H) Section 27, T32N R04W
Rio Arriba County, New Mexico

Carracas Unit Pictured Cliffs Participating Area
Proposed revision to include NE/4 Section 27, T32N R04W

Cumulative Production through 12/31/1997	36,617 MCF gas 0 BBL water
Cost to drill, complete and connect well	\$450,180
Pipeline cost for this well	\$ 56,112
Land cost and management fees	<u>\$ 34,306</u>
Net cost to drill and complete well	\$359,762
Revenue from gas sales to 12/31/97 to owners (does not include royalties or taxes)	\$ 69,911
Lease operating costs to 12/31/97 to owners	<u>\$ 6,557</u>
Net to payout well as of 12/31/97	\$296,408
Wellhead gas price as of 12/31/97	\$1.762/MCF
Lease operating expense average 1997	\$2186/well mo

Page No.: 1

Print Time: Thu Feb 05 13:50:18 1998

Property ID: 85

Property Name: CARRACAS UNIT 27B | 8 PC | NASSAU RESOURCES INC

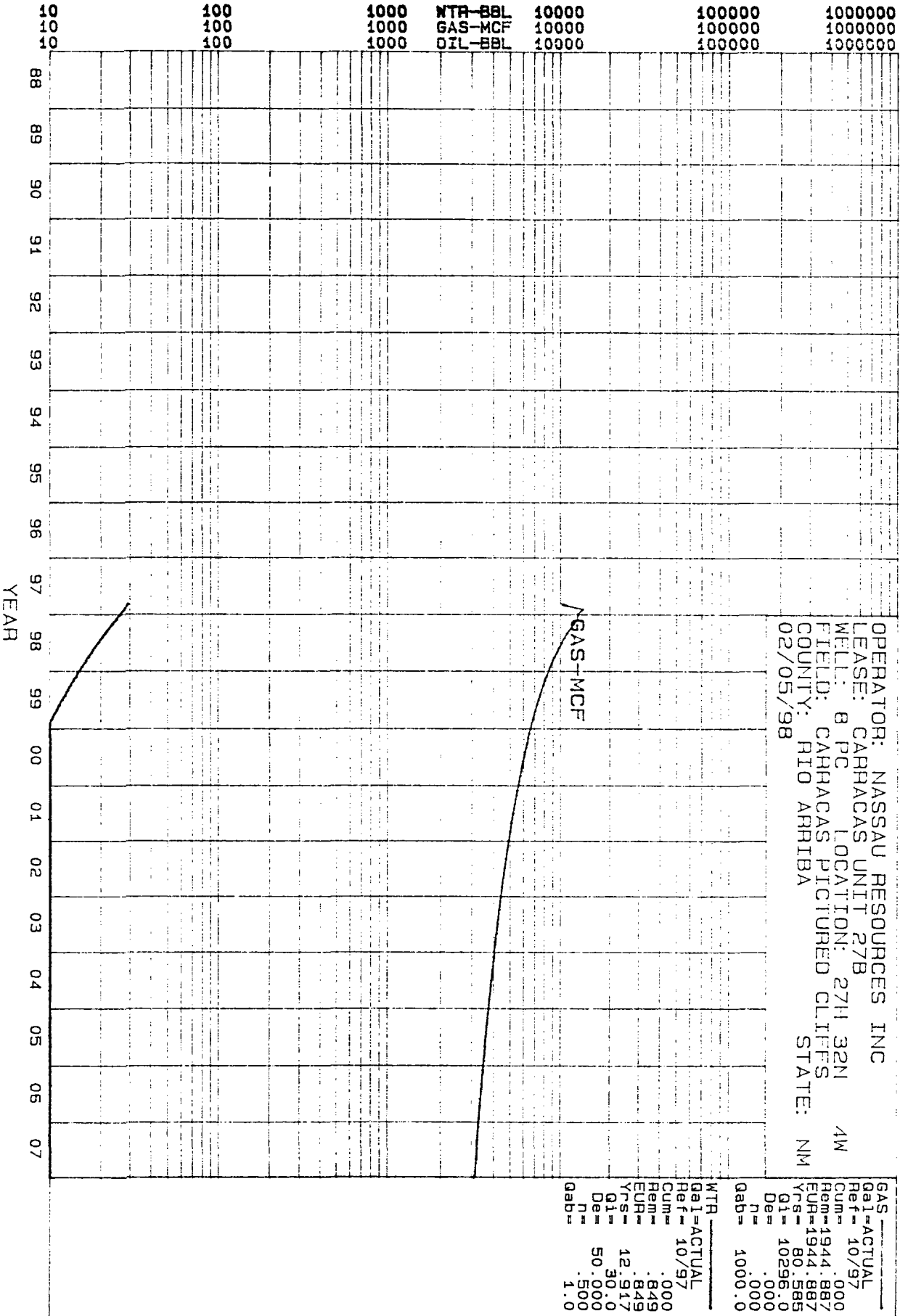
Table Name: C:\ARIES\CARRACAS\PRODUCT.DBF

--DATE--	-----OIL----- Bbl	-----GAS----- Mcf	---WATER--- Bbl	-----GOR----- Scf/Bbl	-----YIELD-----	---WTRCUT---
10/31/97	0	10296	0	0.000	0.000	0.000
11/30/97	0	13661	0	0.000	0.000	0.000
12/31/97	0	12660	0	0.000	0.000	0.000

OPERATOR: NASSAU RESOURCES INC
 LEASE: CARRACAS UNIT 27B
 WELL: 8 PC LOCATION: 27H 32N
 FIELD: CARRACAS PICTURED CLIFFS
 COUNTY: RIO ARRIBA STATE: NM
 02/05/98

GAS ACTUAL
 Ref= 10/97
 Cum= .000
 Rem=1944.887
 EUR=1944.887
 Yrs= 80.585
 Q1= 10296.0
 De= .000
 n= .000
 Gab= 1000.0
 WTR ACTUAL
 Ref= 10/97
 Cum= .000
 Rem= .849
 EUR= 12.917
 Yrs= 30.0
 De= 50.000
 n= .500
 Gab= 1.0

NGAS-MCF



Lease: CARRACAS UNIT 27B
 Well No.: 8 PC
 Location: 27H 32N 4W
 Reservoir: PICTURED CLIFFS
 County: RIO ARRIBA State: NM

DATE : 02/05/98
 TIME : 14:03:14
 DBS FILE : CARRACAS
 SETUP FILE : SETDATA
 SEQ NUMBER : 85

INPUT DATA								CALCULATED DATA				
ITEM	SCHEDULING RATES			SCHEDULE UNTIL		PROCEDURE		ULTIMATE	LAST	EFF. DECL	INIT. RATE	FINAL RATE
405 START	10/97											
410 GAS	10296.00	X	M/M	11/97	AD	FLAT	.00	10.296	10/97		10296.	10296.
415 "	13661.00	X	M/M	12/97	AD	FLAT	.00	23.957	11/97		13661.	13661.
420 "	12660.00	X	M/M	01/98	AD	FLAT	.00	36.617	12/97		12660.	12660.
425 "	13000.00	X	M/M	1908.27	IMU	H/1.800	50.00	1944.887	4/78	50.00	13000.	1000.
430 START	10/97											
435 WTR	30.00	X	B/M	.85	IMU	H/0.500	50.00	.849	8/10	50.00	30.	1.
505 OPC/T	1189.00	X	\$/M	11/97	AD	PC	.00		10/97		1189.000	1189.000
510 "	2162.00	X	\$/M	12/97	AD	PC	.00		11/97		2162.000	2162.000
515 "	3206.00	X	\$/M	01/98	AD	PC	.00		12/97		3206.000	3206.000
520 "	2185.00	X	\$/M	TO	LIFE	PC	.00		8/27		2185.000	2185.000
525 PRI/WTR	.2500	X	\$/B	TO	LIFE	PC	.00		8/27		.250	.250
530 ATX	2.00	2.00	%	TO	LIFE	PC	.00		9/97		.020	.020
535 STX/OIL	7.08	X	%	TO	LIFE	PC	.00		8/27		.071	.071
540 STX/GAS	7.93	X	%	TO	LIFE	PC	.00		8/27		.079	.079
545 PRI/GAS	2.4300	X	\$/M	11/97	AD	PC	.00		10/97		2.430	2.430
546 "	2.72	X	\$/M	12/97	AD	PC	.00		11/97		2.722	2.722
550 "	1.76	X	\$/M	01/98	AD	PC	.00		12/97		1.762	1.762
555 "	2.16	2.16	\$/M	TO	LIFE	PC	.00		12/97		2.162	2.162
565 ATX	.00	D	%	TO	LIFE	FLAT	.00		8/27			
570 OPC/T	.00	D	\$	TO	LIFE	FLAT	.00		8/27			
575 OPC/OIL	.00	D	\$	TO	LIFE	FLAT	.00		8/27			
580 OPC/GAS	.05	D	\$	TO	LIFE	FLAT	.00		8/27		.050	.050
700 NET/WI	100.0000	D	%	TO	LIFE	FLAT	.00		8/27		1.000	1.000
720 NET/NIC	76.7500	D	%	TO	LIFE	FLAT	.00		8/27		.767	.767
740 NET/NIG	76.7500	D	%	TO	LIFE	FLAT	.00		8/27		.767	.767

INVESTMENT	TANGIBLES & INTANGIBLES		TIME	PROCEDURE	TOTAL T&I	MONTH	RISK INV.	TOT. T&I&R	ESC. T&I&R
800 CAPITAL	180.00	180.00	M\$G	09/97 AD	360.000	9/97	.	360.0	360.0

RESERVE PARAMETERS		ITEM	ITEM
205 CUMO, MB	.00	CUMG, MMF	.00
210 LOSS	NO	CUML, MB	
215 LIFE	30.00		

PROJECT ASSUMPTIONS

BASE DATE : 9/97 TIME FRAMES : 1*12 29*12 3000
 P.W. DATE : 9/97 PW %-AGE : 15.0 DISC. FREQUENCY : 12.
 REPORT DATE : 9/97 PROD QUAL : ACTUAL OWNER QUAL : SELL

OTHER QUAL :

Lease: CARRACAS UNIT 27B
 Well No.: 8 PC
 Location: 27N 32N 4W
 Reservoir: PICTURED CLIFFS
 County: RIO ARRIBA State: NM

DATE : 02/05/98
 TIME : 14:03:14
 DBS FILE : CARRACAS
 SETUP FILE : SETDATA
 SEQ NUMBER : 85

RESERVES AND ECONOMICS

EFFECTIVE DATE: 9/97

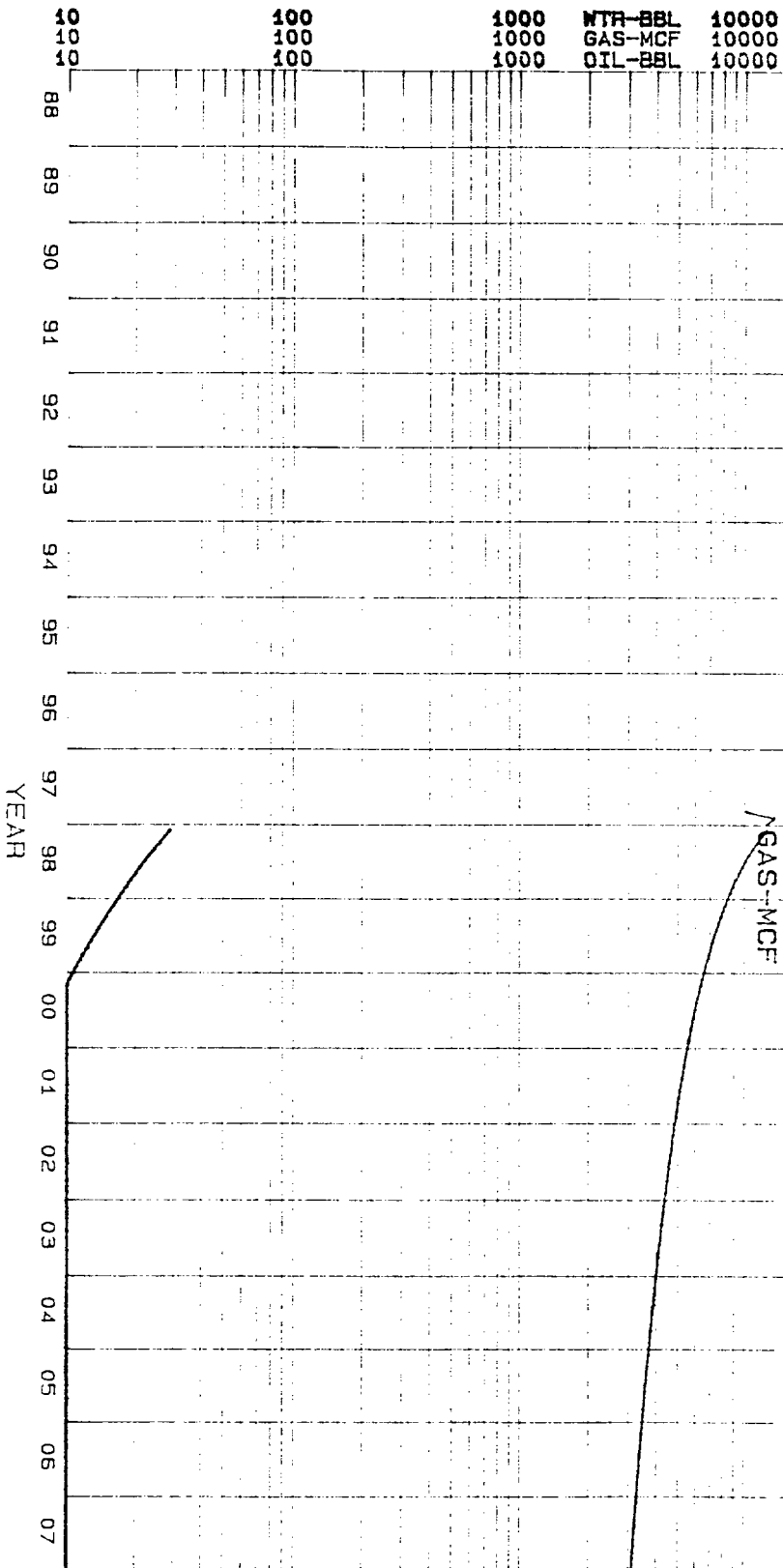
-END- MO-YR	GROSS GAS PRODUCTION ---MMCF---	NET GAS PRODUCTION ---MMCF---	GROSS WTR PRODUCTION ---MBBLS---	NET WTR PRODUCTION ---MBBLS---	NET GAS PRICE ---\$/MCF---	NET GAS SALES -----M\$-----	TOTAL NET SALES -----M\$-----	FED INCOME TAX CREDIT -----M\$-----	MARKETING FEE -----M\$-----
8-98	123.453	94.750	.250	.192	2.205	208.956	208.956	.000	6.173
8-99	95.599	73.372	.164	.126	2.162	158.630	158.630	.000	4.780
8-00	75.673	58.079	.108	.083	2.162	125.567	125.567	.000	3.784
8-01	64.278	49.334	.076	.058	2.162	106.659	106.659	.000	3.214
8-02	56.684	43.505	.056	.043	2.162	94.058	94.058	.000	2.834
8-03	51.169	39.272	.044	.033	2.162	84.907	84.907	.000	2.558
8-04	46.936	36.023	.035	.027	2.162	77.883	77.883	.000	2.347
8-05	43.558	33.431	.028	.022	2.162	72.278	72.278	.000	2.178
8-06	40.784	31.302	.024	.018	2.162	67.674	67.674	.000	2.039
8-07	38.454	29.513	.020	.015	2.162	63.808	63.808	.000	1.923
8-08	36.462	27.985	.017	.013	2.162	60.503	60.503	.000	1.823
8-09	34.735	26.659	.015	.011	2.162	57.637	57.637	.000	1.737
8-10	33.219	25.496	.013	.010	2.162	55.122	55.122	.000	1.661
8-11	31.875	24.464	.000	.000	2.162	52.892	52.892	.000	1.594
8-12	30.673	23.542	.000	.000	2.162	50.897	50.897	.000	1.534
S TOT	803.554	616.728	.849	.652	2.169	1337.471	1337.471	.000	40.178
AFTER	368.486	282.813	.000	.000	2.162	611.442	611.442	.000	18.424
TOTAL	1172.040	899.541	.849	.652	2.167	1948.912	1948.912	.000	58.602

-END- MO-YR	SEVERANCE TAX -----M\$-----	AD VALOREM TAX -----M\$-----	DIRECT OPER EXPENSE -----M\$-----	OPER EXP + TAXES -----M\$-----	NET PROFIT -----M\$-----	EQUITY INVESTMENT -----M\$-----	FUTURE NET CASHFLOW -----M\$-----	CUMULATIVE CASHFLOW -----M\$-----	CUM. DISC. CASHFLOW -----M\$-----
8-98	16.570	3.848	30.258	50.676	158.280	360.000	-201.720	-201.720	-213.884
8-99	12.579	2.921	31.031	46.532	112.098	.000	112.098	-89.621	-124.164
8-00	9.957	2.312	30.024	42.294	83.273	.000	83.273	-6.349	-66.745
8-01	8.458	1.964	29.448	39.871	66.789	.000	66.789	60.440	-27.070
8-02	7.459	1.732	29.065	38.256	55.802	.000	55.802	116.242	1.487
8-03	6.733	1.563	28.787	37.083	47.823	.000	47.823	164.066	22.572
8-04	6.176	1.434	28.573	36.184	41.699	.000	41.699	205.765	38.411
8-05	5.732	1.331	28.403	35.466	36.812	.000	36.812	242.577	50.456
8-06	5.367	1.246	28.264	34.876	32.798	.000	32.798	275.374	59.702
8-07	5.060	1.175	28.147	34.381	29.427	.000	29.427	304.801	66.849
8-08	4.798	1.114	28.046	33.958	26.545	.000	26.545	331.346	72.403
8-09	4.571	1.061	27.960	33.592	24.046	.000	24.046	355.392	76.738
8-10	4.371	1.015	27.883	33.270	21.852	.000	21.852	377.244	80.131
8-11	4.194	.974	27.814	32.982	19.910	.000	19.910	397.153	82.795
8-12	4.036	.937	27.754	32.727	18.170	.000	18.170	415.323	84.889
S TOT	106.061	24.628	431.458	562.147	775.323	360.000	415.323	415.323	84.889
AFTER	48.487	11.259	411.724	471.471	139.971	.000	139.971	555.294	92.377
TOTAL	154.549	35.887	843.182	1033.618	915.295	360.000	555.294	555.294	92.377

	OIL -----	GAS -----		P.W. % -----	P.W., M\$ -----
GROSS WELLS	.0	1.0	LIFE, YRS.	8.00	225.124
GROSS ULT., MB & MMF	.000	1172.040	DISCOUNT %	10.00	178.746
GROSS CUM., MB & MMF	.000	.000	UNDISCOUNTED PAYOUT, YRS.	12.00	139.970
GROSS RES., MB & MMF	.000	1172.040	DISCOUNTED PAYOUT, YRS.	15.00	92.377
NET RES., MB & MMF	.000	899.541	UNDISCOUNTED NET/INVEST.	18.00	54.056
NET REVENUE, M\$	.000	1948.911	DISCOUNTED NET/INVEST.	20.00	32.353
INITIAL PRICE, \$	.000	2.430	RATE-OF-RETURN, PCT.	40.00	-97.326
INITIAL N.I., PCT.	.000	76.750	INITIAL W.I., PCT.	60.00	-159.964
				80.00	-198.001
				100.00	-223.893

OPERATOR: NASSAU RESOURCES INC
 LEASE: CARRACAS UNIT 27B
 WELL: 8 PC LOCATION: 27H 32N 4W
 FIELD: CARRACAS PICTURED CLIFFS
 COUNTY: RIO ARriba STATE: NM
 02/05/98

GAS ———
 Ga1=REAL
 Ref= 01/98
 Cum= 36.617
 Rem=1908.270
 EUR=1941.887
 Yrs= 80.333
 Q1= 13000.0
 De= 50.000
 n= 1.800
 Gab= 1000.0
 WTR ———
 Ga1=REAL
 Ref= 01/98
 Cum= .000
 Rem= .849
 EUR= 12.917
 Yrs= 30.0
 Q1= 50.000
 De= .500
 n= 1.0
 Gab=



Lease: CARRACAS UNIT 27B
 Well No.: 8 PC
 Location: 27H 32N 4W
 Reservoir: PICTURED CLIFFS
 County: RIO ARRIBA State: NM

DATE : 02/05/98
 TIME : 09:45:55
 DBS FILE : CARRACAS
 SETUP FILE : SETDATA
 SEQ NUMBER : 85

RESERVES AND ECONOMICS

EFFECTIVE DATE: 1/98

-END- MO-YR	GROSS GAS PRODUCTION -----MMCF-----	NET GAS PRODUCTION -----MMCF----	GROSS WTR PRODUCTION -----MBBLS----	NET WTR PRODUCTION -----MBBLS----	NET GAS PRICE -----\$/MCF----	NET GAS SALES -----M\$-----	TOTAL NET SALES -----M\$-----	FED INCOME TAX CREDIT -----M\$-----	MARKETING FEE -----M\$-----
12-98	121.882	93.544	.267	.205	2.162	202.271	202.271	.000	6.094
12-99	87.408	67.086	.158	.121	2.162	145.060	145.060	.000	4.370
12-00	71.270	54.699	.104	.080	2.162	118.277	118.277	.000	3.563
12-01	61.440	47.155	.074	.057	2.162	101.963	101.963	.000	3.072
12-02	54.665	41.956	.055	.042	2.162	90.721	90.721	.000	2.733
12-03	49.642	38.100	.043	.033	2.162	82.384	82.384	.000	2.482
12-04	45.730	35.098	.034	.026	2.162	75.892	75.892	.000	2.287
12-05	42.576	32.677	.028	.021	2.162	70.657	70.657	.000	2.129
12-06	39.964	30.672	.023	.018	2.162	66.323	66.323	.000	1.998
12-07	37.757	28.978	.020	.015	2.162	62.660	62.660	.000	1.888
12-08	35.860	27.523	.017	.013	2.162	59.512	59.512	.000	1.793
12-09	34.209	26.255	.015	.011	2.162	56.771	56.771	.000	1.710
12-10	32.754	25.139	.012	.009	2.162	54.357	54.357	.000	1.638
12-11	31.460	24.146	.000	.000	2.162	52.210	52.210	.000	1.573
12-12	30.300	23.255	.000	.000	2.162	50.284	50.284	.000	1.515
S TOT	776.915	596.282	.849	.652	2.162	1289.342	1289.342	.000	38.846
AFTER	365.375	280.425	.000	.000	2.162	606.363	606.363	.000	18.269
TOTAL	1142.290	876.707	.849	.652	2.162	1895.704	1895.704	.000	57.114

-END- MO-YR	SEVERANCE TAX -----M\$-----	AD VALOREM TAX -----M\$-----	DIRECT OPER EXPENSE -----M\$-----	OPER EXP + TAXES -----M\$-----	NET PROFIT -----M\$-----	EQUITY INVESTMENT -----M\$-----	FUTURE NET CASHFLOW -----M\$-----	CUMULATIVE CASHFLOW -----M\$-----	CUM. DISC. CASHFLOW -----M\$-----
12-98	16.040	3.725	32.365	52.130	150.141	360.000	-209.859	-209.859	-220.514
12-99	11.503	2.671	30.621	44.795	100.265	.000	100.265	-109.595	-140.265
12-00	9.379	2.178	29.803	41.361	76.916	.000	76.916	-32.679	-87.230
12-01	8.086	1.878	29.306	39.269	62.694	.000	62.694	30.015	-49.987
12-02	7.194	1.671	28.964	37.829	52.892	.000	52.892	82.907	-22.919
12-03	6.533	1.517	28.710	36.760	45.623	.000	45.623	128.531	-2.804
12-04	6.018	1.397	28.513	35.929	39.963	.000	39.963	168.494	12.375
12-05	5.603	1.301	28.354	35.258	35.399	.000	35.399	203.893	23.958
12-06	5.259	1.221	28.223	34.703	31.619	.000	31.619	235.512	32.872
12-07	4.969	1.154	28.112	34.234	28.425	.000	28.425	263.938	39.776
12-08	4.719	1.096	28.016	33.831	25.681	.000	25.681	289.619	45.149
12-09	4.502	1.045	27.933	33.481	23.291	.000	23.291	312.909	49.347
12-10	4.311	1.001	27.860	33.171	21.186	.000	21.186	334.095	52.637
12-11	4.140	.961	27.793	32.895	19.315	.000	19.315	353.410	55.221
12-12	3.988	.926	27.735	32.648	17.636	.000	17.636	371.046	57.254
S TOT	102.245	23.742	432.309	558.295	731.046	360.000	371.046	371.046	57.254
AFTER	48.085	11.166	411.569	470.819	135.544	.000	135.544	506.590	64.518
TOTAL	150.329	34.908	843.877	1029.114	866.590	360.000	506.590	506.590	64.518

	OIL -----	GAS -----		P.W. % -----	P.W., M\$ -----
GROSS WELLS	.0	1.0	LIFE, YRS.	8.00	190.514
GROSS ULT., MB & MMF	.000	1178.907	DISCOUNT %	10.00	146.381
GROSS CUM., MB & MMF	.000	36.617	UNDISCOUNTED PAYOUT, YRS.	12.00	109.569
GROSS RES., MB & MMF	.000	1142.290	DISCOUNTED PAYOUT, YRS.	15.00	64.518
NET RES., MB & MMF	.000	876.708	UNDISCOUNTED NET/INVEST.	18.00	28.369
NET REVENUE, M\$	.000	1895.705	DISCOUNTED NET/INVEST.	20.00	7.954
INITIAL PRICE, \$	.000	2.162	RATE-OF-RETURN, PCT.	40.00	-112.891
INITIAL N.I., PCT.	.000	76.750	INITIAL W.I., PCT.	60.00	-170.362
				80.00	-204.905
				100.00	-228.257

Lease: CARRACAS UNIT 27B
Well No.: 8 PC
Location: 27N 32N 4W
Reservoir: PICTURED CLIFFS
County: RIO ARRIBA State: NM

DATE : 02/05/98
TIME : 09:45:55
DBS FILE : CARRACAS
SETUP FILE : SETDATA
SEQ NUMBER : 85

I N P U T D A T A								C A L C U L A T E D D A T A				
ITEM	SCHEDULING RATES			SCHEDULE UNTIL		PROCEDURE		ULTIMATE	LAST	EFF. DECL	INIT. RATE	FINAL RATE
405 START	01/98											
410 GAS	13000.00	X	M/M	1908.27	IMU	H/1.800	50.00	1944.887	4/78	50.00	13000.	1000.
415 START	01/98											
420 WTR	30.00	X	B/M	.85	IMU	H/0.500	50.00	.849	11/10	50.00	30.	1.
505 OPC/T	2185.00	X	\$/M	TO	LIFE	PC	.00		12/27		2185.000	2185.000
510 PRI/WTR	.2500	X	\$/B	TO	LIFE	PC	.00		12/27		.250	.250
515 ATX	2.00	2.00	%	TO	LIFE	PC	.00		12/97		.020	.020
520 STX/OIL	7.08	X	%	TO	LIFE	PC	.00		12/27		.071	.071
525 STX/GAS	7.93	X	%	TO	LIFE	PC	.00		12/27		.079	.079
530 PRI/GAS	2.1623	2.1623	\$/M	TO	LIFE	PC	.00		12/97		2.162	2.162
540 ATX	.00	D	%	TO	LIFE	FLAT	.00		12/27			
545 OPC/T	.00	D	\$	TO	LIFE	FLAT	.00		12/27			
550 OPC/OIL	.00	D	\$	TO	LIFE	FLAT	.00		12/27			
555 OPC/GAS	.05	D	\$	TO	LIFE	FLAT	.00		12/27		.050	.050
700 NET/WI	100.0000	D	%	TO	LIFE	FLAT	.00		12/27		1.000	1.000
720 NET/NIC	76.7500	D	%	TO	LIFE	FLAT	.00		12/27		.767	.767
740 NET/NIG	76.7500	D	%	TO	LIFE	FLAT	.00		12/27		.767	.767

INVESTMENT	TANGIBLES & INTANGIBLES		TIME		PROCEDURE	TOTAL T&I	MONTH	RISK INV.	TOT. T&I&R	ESC. T&I&R
800 CAPITAL	180.00	180.00	M\$G	01/98	AD	360.000	1/98	.	360.0	360.0

RESERVE PARAMETERS		ITEM		ITEM
205 CUMO, MB	.00	CUMG, MMF	36.62	CUML, MB
210 LOSS	NO			
215 LIFE	30.00			

PROJECT ASSUMPTIONS

BASE DATE : 1/98 TIME FRAMES : 1*12 29*12 3000
P.W. DATE : 1/98 PW %-AGE : 15.0 DISC. FREQUENCY : 12.
REPORT DATE : 1/98 PROD QUAL : REAL OWNER QUAL : SELL OTHER QUAL :

NASSAU

FILE 9030
Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

June 12, 1997

United States Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Re: First Revision of 1997 Plan of Development
Carracas Canyon Unit Area
Rio Arriba County, New Mexico

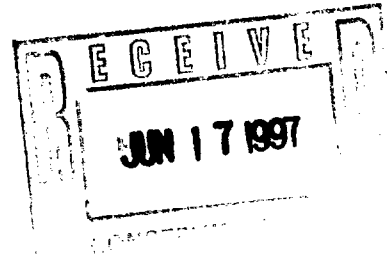
Gentlemen:

The attached is the First Revision of the Plan of Development for the Carracas Canyon Unit for 1997. Please accept this Revised Plan of Development in behalf of the Carracas Canyon Unit Working Interest Owners.

Very truly yours,



Gary J. Johnson
Engineering Manager



NASSAU

Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

June 12, 1997

United States Department of the Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Re: First Revision of 1997 Plan of Development
Carracas Canyon Unit Area
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to Article 10 of the Carracas Canyon Unit Agreement (No. 14-08-0001-19596), Nassau Resources, Inc., Operator, hereby submits Revision Number 1 to the Carracas Canyon Unit 1997 Plan of Development (POD) for your approval.

The original Plan of Development indicated drilling plans to include wells as follows:

II. Plans for 1997

During 1997 it is planned to drill the following new wells:

Fruitland Coal wells

1. 33B-11 SE SW Section 33, T32N R04W Rio Arriba, NM

Pictured Cliffs wells

1. PC 27B-8 SE NE Section 27, T32N R04W Rio Arriba, NM
2. PC 22B-14 SE SW Section 22, T32N R04W Rio Arriba, NM

Gallup formation test

1. 26B-7 GL SW NE Section 26, T32N R04W Rio Arriba, NM will be drilled as a Gallup test and dual completed with Pictured Cliffs if productive, or plugged back to the Pictured Cliffs if non-productive in the Gallup. (see above Pictured Cliffs wells)

Dakota Formation test

1. DK 501 SE NE Section 10, T32N R05W Rio Arriba, NM
The Dakota formation will be tested at this location pending surface management agency approval.

June 12, 1997
Carracas Canyon Unit
1997 Plan of Development, First Revision
Page 2

Nassau intends to add the following wells to the Carracas Canyon Unit
1997 Plan of Development.

Pictured Cliffs wells

3. PC 27B-15 SW SE Section 27, T32N R04W Rio Arriba, NM

It is Nassau's intent to spud and complete the entire listing of the
above described wells by late fall of this year. If you have any
questions, feel free to call Gary Johnson at (303) 321-2111.

If the above Revised Plan of Development is acceptable, please signify
your concurrence of same as required under Section 10 of the Unit
Agreement by executing and returning one copy of this letter to my
attention.

A copy of this letter is being provided to the list of working interest
owners described on the attachment to this letter.

Very truly yours,



Gary J. Johnson
Engineering Manager

attachment

APPROVED: _____
Bureau of Land Management

DATE: _____

APPROVED:  _____
Oil Conservation Division

DATE: 6/24/97

The foregoing approvals are for the Revised 1997 Plan of Development
filed by Nassau Resources, Inc. for the Carracas Canyon Unit, #14-08-
0001-19596, Rio Arriba County, New Mexico.

June 12, 1997
1993 Plan of Development
Page 3

Working Interest Owners:

Amoco Production Company
1670 Broadway
P. O. Box 800
Denver, Colorado 80201

Grynberg Petroleum
5000 S. Quebec, Suite 500
Denver, Colorado 80237

Dugan Production Corp.
P. O. Box 420
Farmington, New Mexico 87499

CNG Producing Company
CNG Tower
1450 Poydras Street
New Orleans, LA 70112-6000

Frontier Oil & Gas Company
1717 St. James Place, Suite 380
Houston, TX 77056

Hegarty & Associates
P. O. Box 64
Farmington, New Mexico 87499

NASSAU

Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

FILE

May 15, 1997

Mr. Duane Spencer
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

Mr. William LeMay
New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Suite 206
Santa Fe, New Mexico 87503

RE: Application for approval to establish the Third Revision of the Initial Pictured Cliffs Formation Participating Area, Carracas Canyon Unit, No. 14-08-0001-19596, Rio Arriba County, New Mexico

Gentlemen:

Nassau Resources, Inc., as unit operator for the Carracas Canyon Unit, respectfully requests your approval, pursuant to Section 11 of the unit agreement, of the selection of the lands indicated on the land ownership map, attached as Exhibit "A", to constitute the Third Revision of the Initial Pictured Cliffs Formation Participating Area which encompasses 640.00 acres.

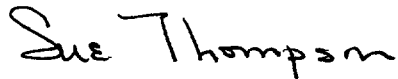
The schedule of lands attached hereto as Exhibit "B" describes the lands within the third revision of the Initial Pictured Cliffs Formation Participating Area and indicates the percentage of participation of the leases and tracts with said area.

The Third Revision of the Initial Pictured Cliffs Formation Participating Area is appropriate by virtue of the information obtained from the completion of the Carracas Unit #23B-6 PC well located in the SE/4NW/4 of Section 23-T32N-R4W, NMPM. The 23B-6 PC was spudded on July 27, 1996, drilled to a total depth of 3782' KB and completed in the Pictured Cliffs Formation through perforations at 3632' - 3682' KB. Following sand fracturing, the Pictured Cliffs formation was completed for an initial potential of 540 MCFD on September 25, 1996.

Page Two
PC PA 3

Pursuant to Section 11 of the Unit Agreement, the effective date of the Initial Pictured Cliffs Formation Participation Area should be September 25, 1996. Therefore, we request your approval as to the lands/leases indicated on Exhibits "A" and "B" for the Third Revision of the Initial Pictured Cliffs Formation Participating Area effective September 25, 1996.

Very truly yours,

A handwritten signature in cursive script that reads "Sue Thompson".

Sue Thompson

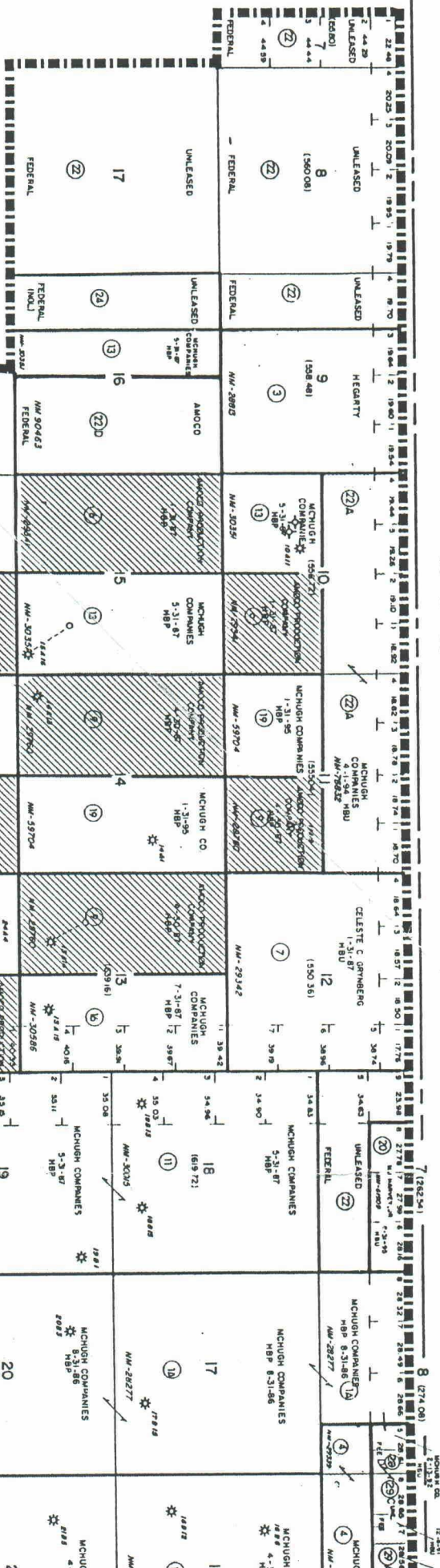
enc.

EXHIBIT "B"
THIRD REVISION OF INITIAL PICTURED CLIFFS FORMATION PARTICIPATING AREA
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TRACT NO.	LEASE NO. OR TYPE OF LAND	DESCRIPTION	PARTICIPATING ACRES	PERCENT OF PARTICIPATION	WORKING INTEREST OWNERS
28.02	USA NM-28812 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 23: E/2NW/4, SW/4SW/4NW/4, W/2NW/4SW/4NW/4, SE/4NW/4SW/4NW/4, SW/4SW/4NW/4, NE/4NW/4NW/4, E/2SE/4NW/4NW/4	115	17.96875000	McHUGH COMPANIES (100.00%)
31	(FEE) LOU DEAN MONTOYA 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 23: NW/4NW/4NW/4, NW/4SW/4NW/4NW/4, E/2SW/4NW/4NW/4, NE/4NW/4SW/4NW/4, E/2SW/4NW/4, W/2SE/4NW/4NW/4	45	7.03125000	McHUGH COMPANIES (100.00%)
PREVIOUSLY ESTABLISHED INITIAL PICTURED CLIFFS PARTICIPATING AREA:					
2A	USA NM-28812 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 26: NW/4	160	25.00000000	AMOCO PRODUCTION CO. (12.50%) FRONTIER OIL & GAS COMPANY (12.50) McHUGH COMPANIES (75.00%)
18	USA NM-59696 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 22: NE/4	160	25.00000000	McHUGH COMPANIES (100.00%)
28	USA NM-28812 100.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 23: NE/4SW/4, W/2W/2SW/4, W/2NE/4SW/4SW/4, SE/4SW/4SW/4, SW/4SE/4SW/4	105	16.40625000	McHUGH COMPANIES (100.00%)
32	(FEE) JOHN W. WEST, CONS. 50.00% KENNETH J. WEST, EX. 50.00%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 23: E/2NW/4SW/4, N/2SE/4SW/4,	55	8.59375000	McHUGH COMPANIES (100.00%)
TOTALS			640	100.00000000	

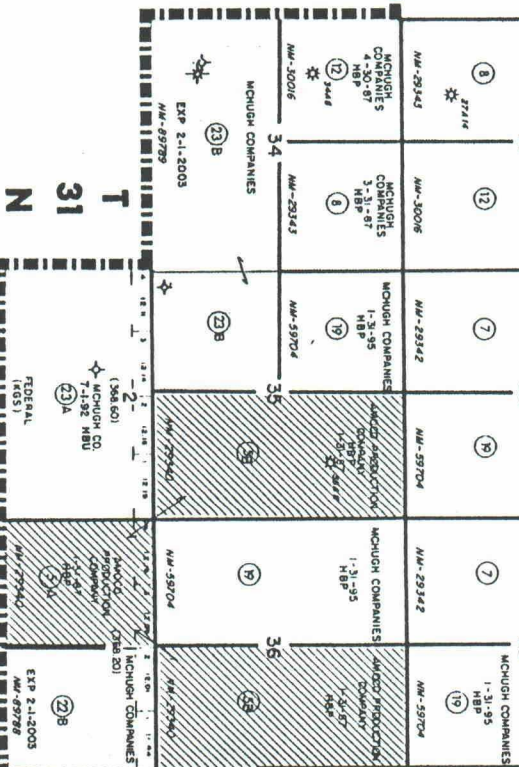
SUMMARY
EXHIBIT "B"
THIRD REVISION OF INITIAL PICTURED CLIFFS FORMATION PARTICIPATING AREA
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	540	-0-	84.37500000
STATE	-0-	-0-	-0-
PATENTED	100	-0-	15.62500000
TOTAL	640	-0-	100.00000000

T
32
N

Note

PRIMARY POTENTIAL PROSPECTS SHALL BE 320 ACRE TRACTS, COMPRISED WHOLLY OR IN PART, OF ACREAGE DESIGNATED AS OWNED BY MCHUGH OR THAT WHICH CAN BE EARNED UNDER AMOCO FARMOUT AGREEMENTS.

T
31
N

R 5 W

- Amoco FO-100% W.L. No Bock-in
75%-25% Amoco FO
66 2/3%-33 1/3% Amoco FO
McHugh 100%
Unleased Federal Lands

ACREAGE	PERCENTAGE
29,480.30	97
694.44	2
30,174.74	100

TRACT NUMBER

UNIT OUTLINE

1/2

0

SCALE IN MILES

NOTE: UNLESS OTHERWISE INDICATED, THE VARIOUS SECTIONS ON THIS PLAT CON-