

March 18, 1997

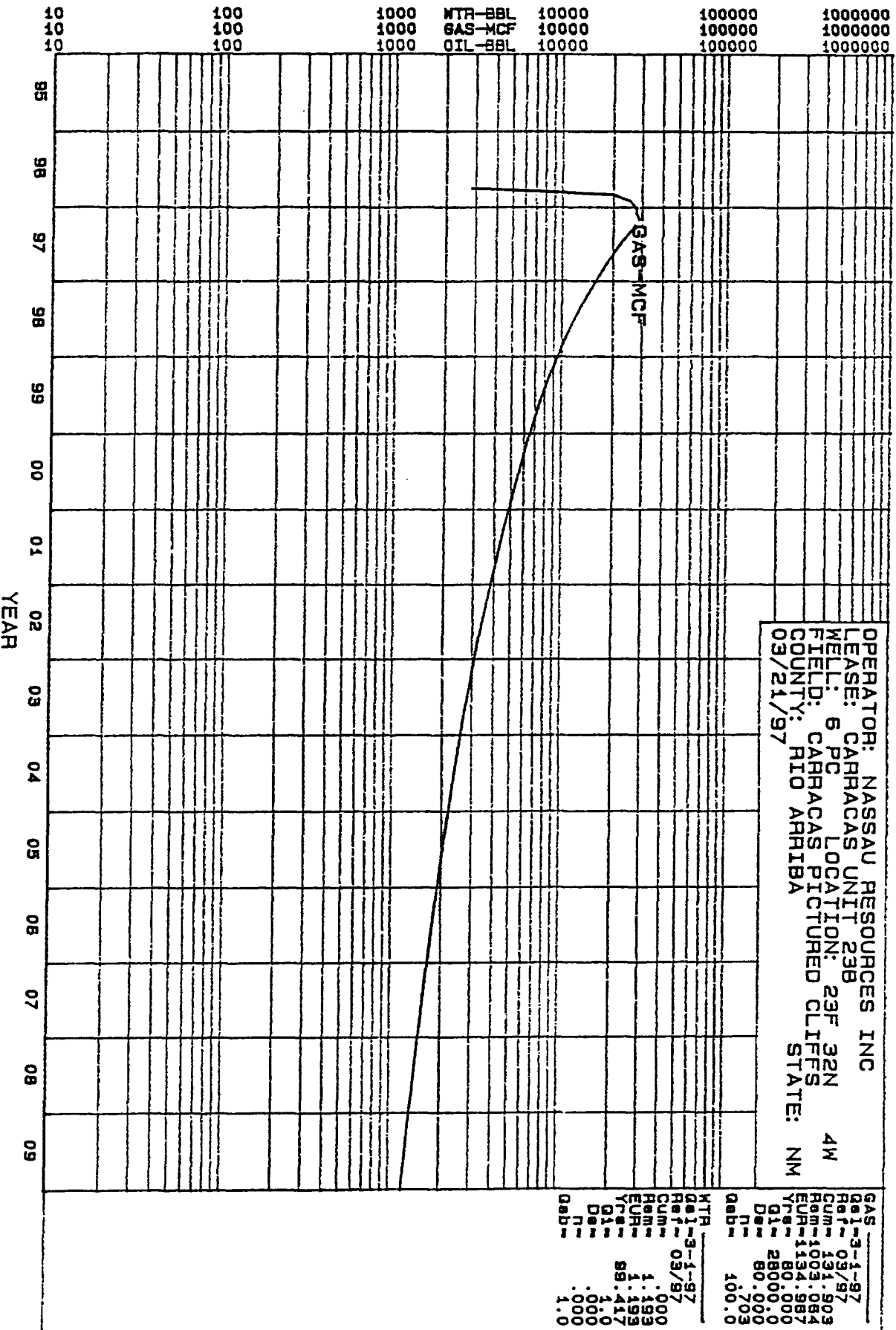
Carracas Unit PC 23B-6
SE NW (F) Section 23, T32N R04W
Rio Arriba County, New Mexico

Carracas Unit Pictured Cliffs Participating Area
Proposed revision to include NW/4 Section 23, T32N R04W

Cumulative Production through 01/31/1997	103,211 MCF gas 0 BBL water
Cost to drill, complete and connect well	\$415,375
Pipeline cost for this well	\$ 60,596
Land cost and management fees	<u>\$ 31,346</u>
Net cost to drill and complete well	\$323,439
Revenue from gas sales to 12/31/96 to owners (does not include royalties or taxes)	\$158,020
Lease operating costs to 12/31/96 to owners	<u>\$ 7,713</u>
Net to payout well as of 12/31/96	\$173,132
Wellhead gas price as of 12/31/96	\$3.565/MCF
Lease operating expense average 1996	\$2571/well mo

Page No.: 1
Print Time: Mon Mar 24 10:13:16 1997
Property ID: 75
Property Name: CARRACAS UNIT 23B | 6 PC | NASSAU RESOURCES INC
Table Name: C:\ARIES\CARRACAS\PRODUCT.DBF

--DATE--	----OIL----	----GAS----	---WATER--	-----GOR-----	-----YIELD----	---WTRCUT---
	Bbl	Mcf	Bbl	Scf/Bbl		
09/30/96	0	2826	0	0.000	0.000	0.000
10/31/96	0	20039	0	0.000	0.000	0.000
11/30/96	0	25173	0	0.000	0.000	0.000
12/31/96	0	27516	0	0.000	0.000	0.000
01/31/97	0	27657	0	0.000	0.000	0.000
02/28/97	0	28692	0	0.000	0.000	0.000



Lease: CARRACAS UNIT 23B
 Well No.: 6 PC
 Location: 23F 32N 4W
 Reservoir: PICTURED CLIFFS
 County: RIO ARRIBA State: NM

DATE : 03/24/97
 TIME : 09:03:30
 OBS FILE : CARRACAS
 SETUP FILE : SETDATA
 SEQ NUMBER : 75

ITEM	INPUT DATA						CALCULATED DATA				
	SCHEDULING RATES			SCHEDULE UNTIL		PROCEDURE	ULTIMATE	LAST	EFF. DECL	INIT. RATE	FINAL RATE
405 START	02/97										
410 GAS	28000.00	X	M/M	1003.06	IMU	H/O.703 60.00	1106.275	1/77	60.00	28000.	100.
415 START	02/97										
420 WTR	1.00	X	B/M	1.19	IMU	FLAT .00	1.193	6/96		1.	1.
505 OPC/T	2600.00	X	\$/M	TO	LIFE	PC 3.00		12/26		2600.000	6279.868
510 PRI/WTR	.2500	X	\$/B	TO	LIFE	PC 3.00		12/26		.250	.604
515 ATX	2.00	2.00	%	TO	LIFE	PC .00		1/97		.020	.020
520 STX/OIL	7.08	X	%	TO	LIFE	PC .00		12/26		.071	.071
525 STX/GAS	7.93	X	%	TO	LIFE	PC .00		12/26		.079	.079
530 PRI/GAS	3.5600	3.5600	\$/M	01/97	AD	PC .00		1/97		3.560	
531 "	3.56	X	\$/M	TO	LIFE	PC/Y .00		12/26		3.560	3.560
541 ATX	.00	D	%	TO	LIFE	FLAT .00		12/26			
546 OPC/T	.00	D	\$	TO	LIFE	FLAT .00		12/26			
551 OPC/OIL	.00	D	\$	TO	LIFE	FLAT .00		12/26			
556 OPC/GAS	.03	D	\$	TO	LIFE	FLAT .00		12/26		.030	.030
700 NET/WI	100.0000	D	%	TO	LIFE	FLAT .00		12/26		1.000	1.000
720 NET/NIC	76.7500	D	%	TO	LIFE	FLAT .00		12/26		.767	.767
740 NET/NIG	76.7500	D	%	TO	LIFE	FLAT .00		12/26		.767	.767

INVESTMENT	TANGIBLES & INTANGIBLES		TIME	PROCEDURE	TOTAL T&I	MONTH	RISK INV.	TOT. T&I&R	ESC. T&I&R
800 CAPITAL	40.00	41.00 MSG	02/97 AD		81.000	2/97	.	81.0	81.0
801 ABON	20.00	.00 MSG	TO LIFE	ESC ABANDON	20.000	1/77	.	20.0	19180.0

RESERVE PARAMETERS		ITEM	ITEM
205 CUMO, MB	.00	CUMG, MMF	103.21
210 LOSS NO		CUML, MB	
215 LIFE	30.00		

PROJECT ASSUMPTIONS

BASE DATE : 1/97 TIME FRAMES : 1*12 29*12 3000
 P.W. DATE : 1/97 PW %-AGE : 15.0 DISC. FREQUENCY : 12.
 REPORT DATE : 1/97 PROD QUAL : 2-1-97 OWNER QUAL : ALL

OTHER QUAL :

Lease: CARRACAS UNIT 23B
Well No.: 6 PC
Location: 23F 32N 4W
Reservoir: PICTURED CLIFFS
County: RIO ARRIBA State: NM

DATE : 03/24/97
TIME : 09:03:30
DBS FILE : CARRACAS
SETUP FILE : SETDATA
SEQ NUMBER : 75

RESERVES AND ECONOMICS

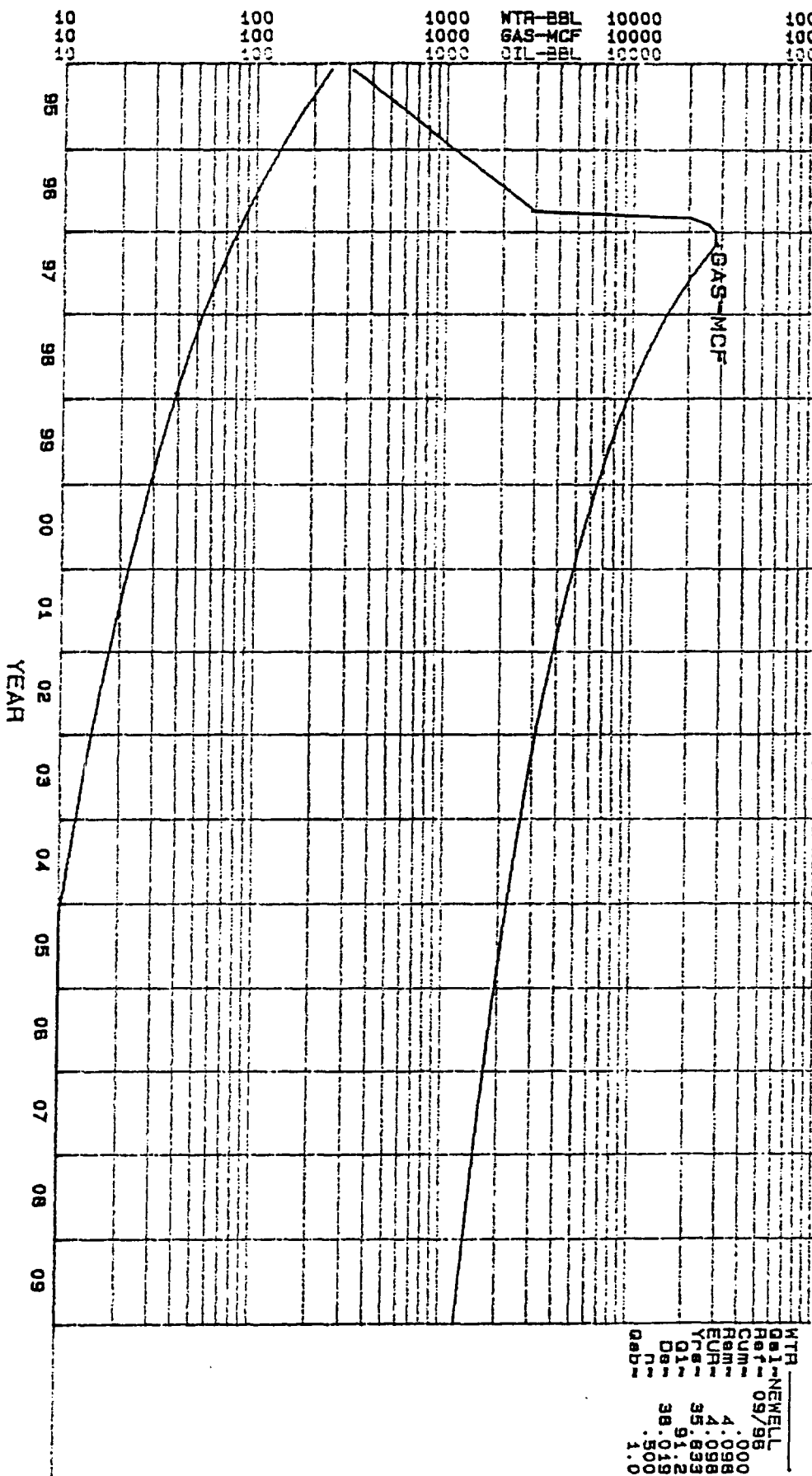
EFFECTIVE DATE: 1/97

-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\$-----
12-97	219.796	168.694	.011	.008	3.560	600.549	600.549	.000	6.594
12-98	135.801	104.227	.012	.009	3.560	371.050	371.050	.000	4.074
12-99	89.203	68.463	.012	.009	3.560	243.730	243.730	.000	2.676
12-00	64.581	49.566	.012	.009	3.560	176.455	176.455	.000	1.937
12-01	49.664	38.117	.012	.009	3.560	135.698	135.698	.000	1.490
12-02	39.800	30.546	.012	.009	3.560	108.745	108.745	.000	1.194
12-03	32.866	25.224	.012	.009	3.560	89.798	89.798	.000	.986
12-04	27.765	21.310	.012	.009	3.560	75.863	75.863	.000	.833
12-05	23.881	18.328	.012	.009	3.560	65.249	65.249	.000	.716
12-06	20.839	15.994	.012	.009	3.560	56.939	56.939	.000	.625
12-07	15.485	11.885	.010	.008	3.560	42.309	42.309	.000	.465
12-08									
12-09									
12-10									
12-11									
S TOT	719.682	552.356	.129	.099	3.560	1966.386	1966.386	.000	21.590
AFTER	.000	.000	.000	.000	.000	.000	.000	.000	.000
TOTAL	719.682	552.356	.129	.099	3.560	1966.386	1966.386	.000	21.590

-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\$-----
12-97	47.624	11.059	35.551	94.233	506.316	81.000	425.316	425.316	387.403
12-98	29.424	6.833	36.572	72.829	298.221	.000	298.221	723.537	626.091
12-99	19.328	4.488	36.149	59.965	183.765	.000	183.765	907.302	752.802
12-00	13.993	3.249	36.414	53.656	122.799	.000	122.799	1030.101	825.748
12-01	10.761	2.499	37.001	50.261	85.437	.000	85.437	1115.538	869.472
12-02	8.624	2.002	37.771	48.396	60.349	.000	60.349	1175.887	896.079
12-03	7.121	1.654	38.660	47.434	42.364	.000	42.364	1218.251	912.170
12-04	6.016	1.397	39.637	47.050	28.813	.000	28.813	1247.064	921.599
12-05	5.174	1.202	40.685	47.060	18.189	.000	18.189	1265.253	926.726
12-06	4.515	1.048	41.792	47.356	9.583	.000	9.583	1274.836	929.054
12-07	3.355	.779	35.712	39.847	2.462	24.380	-21.917	1252.919	924.665
12-08									
12-09									
12-10									
12-11									
S TOT	155.934	36.209	415.944	608.087	1358.298	105.380	1252.919	1252.919	924.665
AFTER	.000	.000	.000	.000	.000	.000	.000	1252.919	924.665
TOTAL	155.934	36.209	415.944	608.087	1358.298	105.380	1252.919	1252.919	924.665

	OIL	GAS		P.W. %	P.W., M\$
GROSS WELLS	.0	1.0	LIFE, YRS.	8.00	1056.920
GROSS ULT., MB & MMF	.000	822.893	DISCOUNT %	10.00	1015.930
GROSS CUM., MB & MMF	.000	103.211	UNDISCOUNTED PAYOUT, YRS.	12.00	977.613
GROSS RES., MB & MMF	.000	719.682	DISCOUNTED PAYOUT, YRS.	15.00	924.665
NET RES., MB & MMF	.000	552.356	UNDISCOUNTED NET/INVEST.	18.00	876.559
NET REVENUE, M\$	.000	1966.386	DISCOUNTED NET/INVEST.	20.00	846.887
INITIAL PRICE, \$	.000	3.560	RATE-OF-RETURN, PCT.	40.00	626.641
INITIAL N.I., PCT.	.000	76.750	INITIAL W.I., PCT.	60.00	490.991
				80.00	399.121
				100.00	332.655

2.



Lease: CARRACAS UNIT 238
 Well No.: 6 PC
 Location: 23F 32N 4W
 Reservoir: PICTURED CLIFFS
 County: RIO ARRIBA State: NM

DATE : 03/24/97
 TIME : 10:00:28
 DBS FILE : CARRACAS
 SETUP FILE : SETDATA
 SEQ NUMBER : 75

RESERVES AND ECONOMICS

EFFECTIVE DATE: 6/96

-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 ---MS---	TOTAL NET SALES ---MS---	FED INCOME TAX CREDIT ---MS---	MARKETING FEE ---MS---
6-96	.000	.000	.000	.000	.000	.000	.000	.000	.000
7-96	.000	.000	.000	.000	.000	.000	.000	.000	.000
8-96	.000	.000	.000	.000	.000	.000	.000	.000	.000
9-96	2.990	2.295	.089	.069	1.478	3.393	3.393	.000	.090
10-96	20.260	15.549	.086	.066	1.540	23.947	23.947	.000	.608
11-96	25.273	19.397	.083	.064	2.464	47.791	47.791	.000	.758
12-96	27.516	21.119	.080	.061	3.565	75.279	75.279	.000	.825
1-97	27.657	21.227	.077	.059	4.071	86.425	86.425	.000	.830
2-97	27.642	21.215	.074	.057	2.600	55.160	55.160	.000	.829
3-97	25.708	19.731	.072	.055	2.600	51.301	51.301	.000	.771
4-97	23.994	18.416	.069	.053	2.600	47.880	47.880	.000	.720
5-97	22.466	17.243	.067	.051	2.600	44.831	44.831	.000	.674
5-98	191.719	147.144	.654	.502	2.600	382.576	382.576	.000	5.752
5-99	115.001	88.263	.466	.357	2.600	229.484	229.484	.000	3.450
5-00	79.174	60.766	.348	.267	2.600	157.992	157.992	.000	2.375
\$ TOT	589.401	452.365	2.164	1.661	2.666	1206.058	1206.058	.000	17.682
AFTER	256.229	196.656	1.186	.910	2.600	511.304	511.304	.000	7.687
TOTAL	845.629	649.020	3.350	2.571	2.646	1717.363	1717.363	.000	25.369

-END- MO-YR	SEVERANCE TAX ---MS---	AD VALOREM TAX ---MS---	DIRECT OPER EXPENSE ---MS---	OPER EXP + TAXES ---MS---	NET PROFIT ---MS---	EQUITY INVESTMENT ---MS---	FUTURE NET CASHFLOW ---MS---	CUMULATIVE CASHFLOW ---MS---	CUM. DISC. CASHFLOW ---MS---
6-96	.000	.000	.000	.000	.000	.000	.000	.000	.000
7-96	.000	.000	.000	.000	.000	.000	.000	.000	.000
8-96	.000	.000	.000	.000	.000	.000	.000	.000	.000
9-96	.269	.062	2.707	3.038	.355	324.000	-323.645	-323.645	-311.808
10-96	1.899	.441	3.224	5.564	18.383	.000	18.383	-305.262	-294.424
11-96	3.790	.880	3.374	8.044	39.747	.000	39.747	-265.515	-257.302
12-96	5.970	1.386	3.441	10.797	64.483	.000	64.483	-201.033	-197.821
1-97	6.853	1.591	3.444	11.889	74.535	.000	74.535	-126.497	-129.916
2-97	4.374	1.016	3.443	8.833	46.326	.000	46.326	-80.171	-88.232
3-97	4.068	.945	3.385	8.398	42.903	.000	42.903	-37.268	-50.104
4-97	3.797	.882	3.333	8.012	39.869	.000	39.869	2.601	-15.111
5-97	3.555	.826	3.287	7.667	37.164	.000	37.164	39.764	17.106
5-98	30.338	7.045	37.077	74.460	308.115	.000	308.115	347.880	263.713
5-99	18.198	4.226	34.739	57.163	172.321	.000	172.321	520.200	382.532
5-00	12.529	2.909	33.642	49.080	108.912	.000	108.912	629.112	447.229
\$ TOT	95.640	22.208	135.097	252.946	953.112	324.000	629.112	629.112	447.229
AFTER	40.546	9.415	247.114	297.076	214.228	24.867	189.361	818.473	531.809
TOTAL	136.187	31.624	382.212	550.022	1167.341	348.867	818.473	818.473	531.809

	OIL	GAS		P.W. %	P.W., MS
GROSS WELLS	.0	1.0	LIFE, YRS.	11.67	8.00
GROSS ULT., MB & MMF	.000	845.629	DISCOUNT %	15.00	10.00
GROSS CUM., MB & MMF	.000	.000	UNDISCOUNTED PAYOUT, YRS.	.91	12.00
GROSS RES., MB & MMF	.000	845.629	DISCOUNTED PAYOUT, YRS.	.96	15.00
NET RES., MB & MMF	.000	649.020	UNDISCOUNTED NET/INVEST.	3.35	18.00
NET REVENUE, MS	.000	1717.363	DISCOUNTED NET/INVEST.	2.68	20.00
INITIAL PRICE, \$	.000	1.479	RATE-OF-RETURN, PCT.	100.00	40.00
INITIAL N.I., PCT.	.000	76.750	INITIAL W.I., PCT.	100.000	60.00
					80.00
					100.00

NASSAU

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

March 18, 1997

APR - 1 1997

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

CONSERVATION DIVISION

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

Re: 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 for your approval our 1997 Plan of Development (POD).

I. 1996 History

During 1996, one well was drilled within the Carracas Unit. The Carracas Unit 23-6 PC was spudded on July 27, 1996. The well was completed for production in the Pictured Cliffs formation and first delivered to the pipeline on September 25, 1996.

Carracas Unit 31B-5, SW NW Section 31, T32N R04W was fracture stimulated in September, 1997. This treatment was an experiment to determine if the Fruitland Coal could be successfully "refraced". The well has responded favorably to the stimulation.

Carracas Canyon Unit 1996 production was 3,472,341 MCF gas, 18 BBL condensate and 76,757 BBL water. Production from the Fruitland Coal was 2,583,391 MCF gas, 18 BBL condensate and 76,731 BBL water while 888,950 MCF gas, 0 BBL condensate and 26 BBL water were produced from the Pictured Cliffs formation. Cumulative production from the Carracas Unit is 32,627,223 MCF gas, 523 BBL condensate and 1,014,097 BBL water.

On January 1, 1997, there were 48 wells producing in the Carracas Unit. There was one well being used as a produced water disposal well.

During 1996, Well 35B-8 was added to the Pictured Cliffs Participating Area. This well's drilling block is the NE/4 of Section 35, T32N R04W.

March 18, 1997
Carracas Canyon Unit
1997 Plan of Development
Page 2

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.

During 1997 it is planned to workover the following wells to increase production or return them to production:

1. CCU FR 104 SW NE Section 15, T32N R04W Rio Arriba, NM
2. CCU FR 115 SW SW Section 35, T32N R04W Rio Arriba, NM
3. CCU 22A-16 SE SE Section 22, T32N R05W Rio Arriba, NM
4. CCU 22A-13 SW SW Section 22, T32N R05W Rio Arriba, NM
5. CCU 21A-15 SW SE Section 21, T32N R05W Rio Arriba, NM
6. CCU 25B-13 SW SW Section 25, T32N R04W Rio Arriba, NM
7. CCU 24A-7 SE NE Section 24, 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.

March 18, 1997
Carracas Canyon Unit
1997 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: 4-1-97

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

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

June 11, 1996

18 1996

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

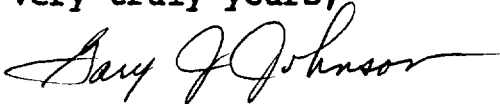
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Re: 1996 Plan of Development
Carracas Canyon Unit Area
Rio Arriba County, New Mexico

Gentlemen:

The attached Plan of Development was prepared for submission and for some reason was not previously submitted. Please accept this Plan of Development for the Carracas Canyon Unit for 1996 in behalf of the 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

March 10, 1996

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: 1996 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 1996 Plan of Development (POD).

I. 1995 History

During 1995, no wells were drilled within the Carracas Unit.

Carracas Canyon Unit 1995 production was 3,933,179 MCF gas, 31 BBL condensate and 161,161 BBL water. Production from the Fruitland Coal was 2,928,684 MCF gas, 31 BBL condensate and 161,023 BBL water while 1,004,495 MCF gas, 0 BBL condensate and 138 BBL water were produced from the Pictured Cliffs formation. Cumulative production from the Carracas Unit is 29,131,662 MCF gas, 503 BBL condensate and 935,984 BBL water. (The water cumulative number is a corrected number)

On January 1, 1995, there were 47 wells producing in the Carracas Unit.

Nassau was unable to drill the wells listed in its 1995 Plan of Development due to seasonal restrictions and an injunction on activities in the Carson National Forest due to lawsuits filed by Spotted Owl protection interests. Continued low gas prices also impeded development.

June 11, 1996
1994 Plan of Development
Page 2

March 10, 1996
Carracas Canyon Unit
1996 Plan of Development
Page 2

II. Plans for 1996

During 1996 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 23B-6 SE NW Section 23, T32N R04W Rio Arriba, NM

Gallup formation test

1. GL 26B-7 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 1995 it is planned to workover the following wells to increase production or return them to production:

1. CCU 31B-5 SW NW Section 31, T32N R04W Rio Arriba, NM
2. CCU 18B-13 SW SW Section 18, 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.

March 10, 1996
Carracas Canyon Unit
1996 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,

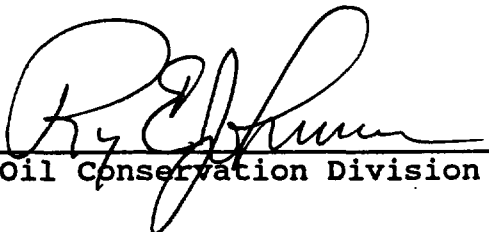


Gary J. Johnson
Engineering Manager

attachment

APPROVED: _____
Bureau of Land Management

DATE: _____

APPROVED:  _____
Oil Conservation Division

DATE: 6-19-96

The foregoing approvals are for the 1996 Plan of Development filed by Nassau Resources, Inc. for the Carracas Canyon Unit, #14-08-0001-19596, Rio Arriba County, New Mexico.

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

June 8, 1994

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

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

6/13/94
D Unit letter
Thx
Ry

RE: Application for Approval to Establish the First Revision of
the Initial Pictured Cliffs Participating Area and the Second
Revision of the Initial Pictured Cliffs Participating Area

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 First Revision of the Initial Pictured Cliffs Participating Area and Exhibit "A1" to constitute the Second Revision of the Initial Pictured Cliffs Participating Area.

The schedule of lands attached hereto as Exhibit "B" and Exhibit "B1" describes the lands within the first revision and the second revision, respectfully, of the Initial Pictured Cliffs Participating Area and indicates the percentages of participation of the leases and tracts with said areas.

The First Revision of the Initial Pictured Cliffs Participating Area is appropriate by virtue of the information obtained from the completion of the Carracas #23B-13 PC located in the SW/4SW/4 of Section 23-T32N-R4W, NMPM. The Carracas #23B-13 PC was spudded on June 9, 1993, drilled to a total depth of 3807' (Plugged back at 3775') and completed in the Pictured Cliffs Formation through perforations at 3613' - 3660'. Following sand fracturing, the Pictured Cliffs formation was completed for an initial potential of 366 MCFD on June 28, 1993.

The Second Revision of the Initial Pictured Cliffs Participating Area is appropriate by virtue of the information obtained from the completion of the Carracas #26B-3 PC located in the NE/4NW/4 of Section 26-T32N-R4W, NMPM. The Carracas #26B-3 PC was spudded on August 24, 1993, drilled to a total depth of 3835' (Plugged back at 3835') and completed in the Pictured Cliffs Formation through perforations at 3629' - 3742'. Following sand fracturing, the Pictured Cliffs formation was completed for an initial potential of 552 MCFD on September 24, 1993.

Pursuant to Section 11 of the Unit Agreement, the effective date of the First Revision of the Initial Pictured Cliffs Participating Area should be June 28, 1993 and the effective date for the Second revision of the Initial Pictured Cliffs Participating Area should be September 24, 1993. Therefore, we request your approval as to the lands/leases indicated on Exhibits "A" and "B" for the First Revision of the Initial Pictured Cliffs Participating Area effective June 28, 1993 and on Exhibits "A1" and "B1" for the Second Revision of the Initial Pictured Cliffs Participating Area effective September 24, 1993.

Sincerely,

James C. Joda
James C. Joda

enc

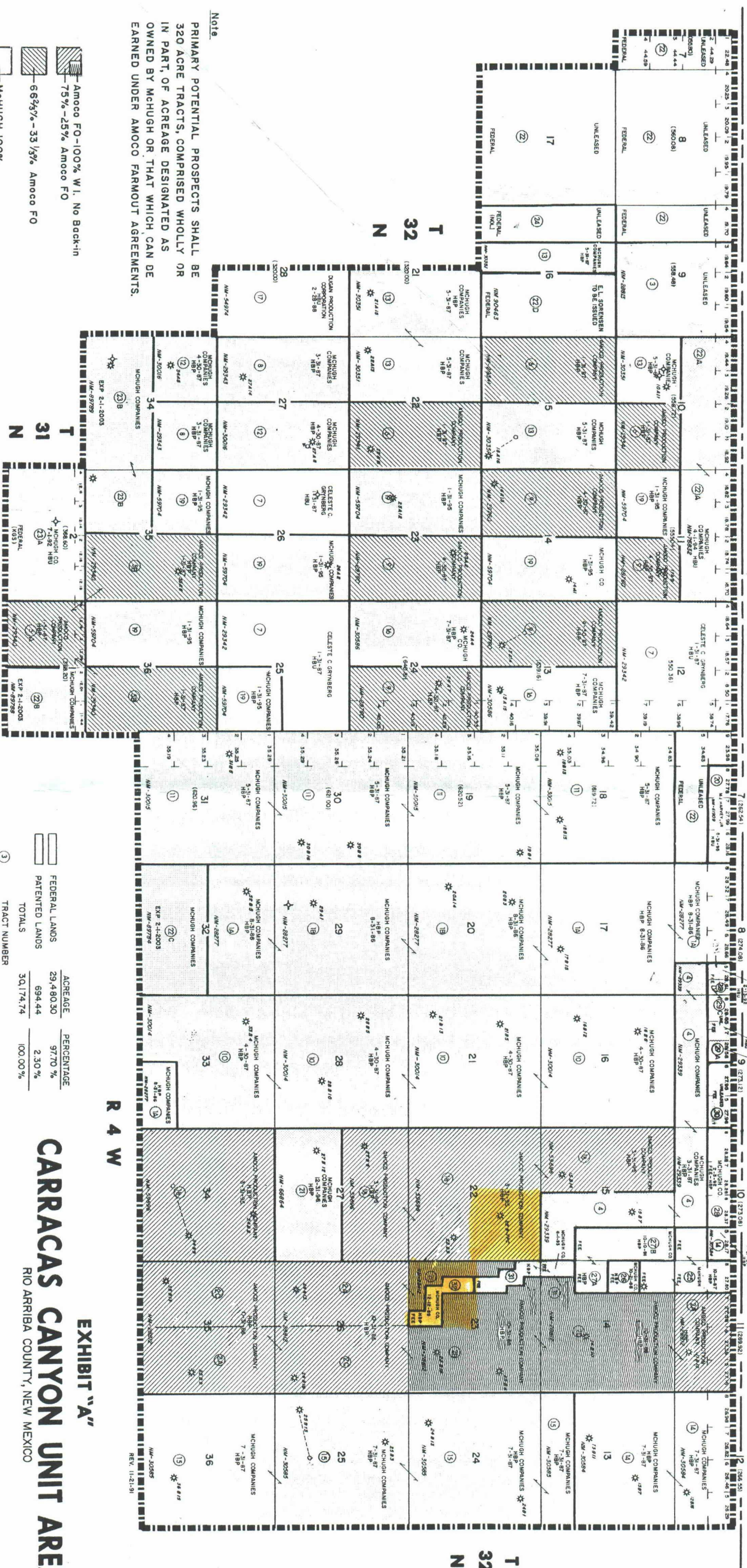
R 5 W

COLORADO

SCHEDULE III

R 4 W

T 32 N



- Amoco FO-100% W.I. No Back-in
- 75%-25% Amoco FO
- 66 2/3%-33 1/3% Amoco FO
- McHUGH 100%
- Unleased Federal Lands

EXHIBIT "A"
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

NASSAU RESOURCES, INC.
DENVER, COLORADO

SCHEDULE III
COLORADO

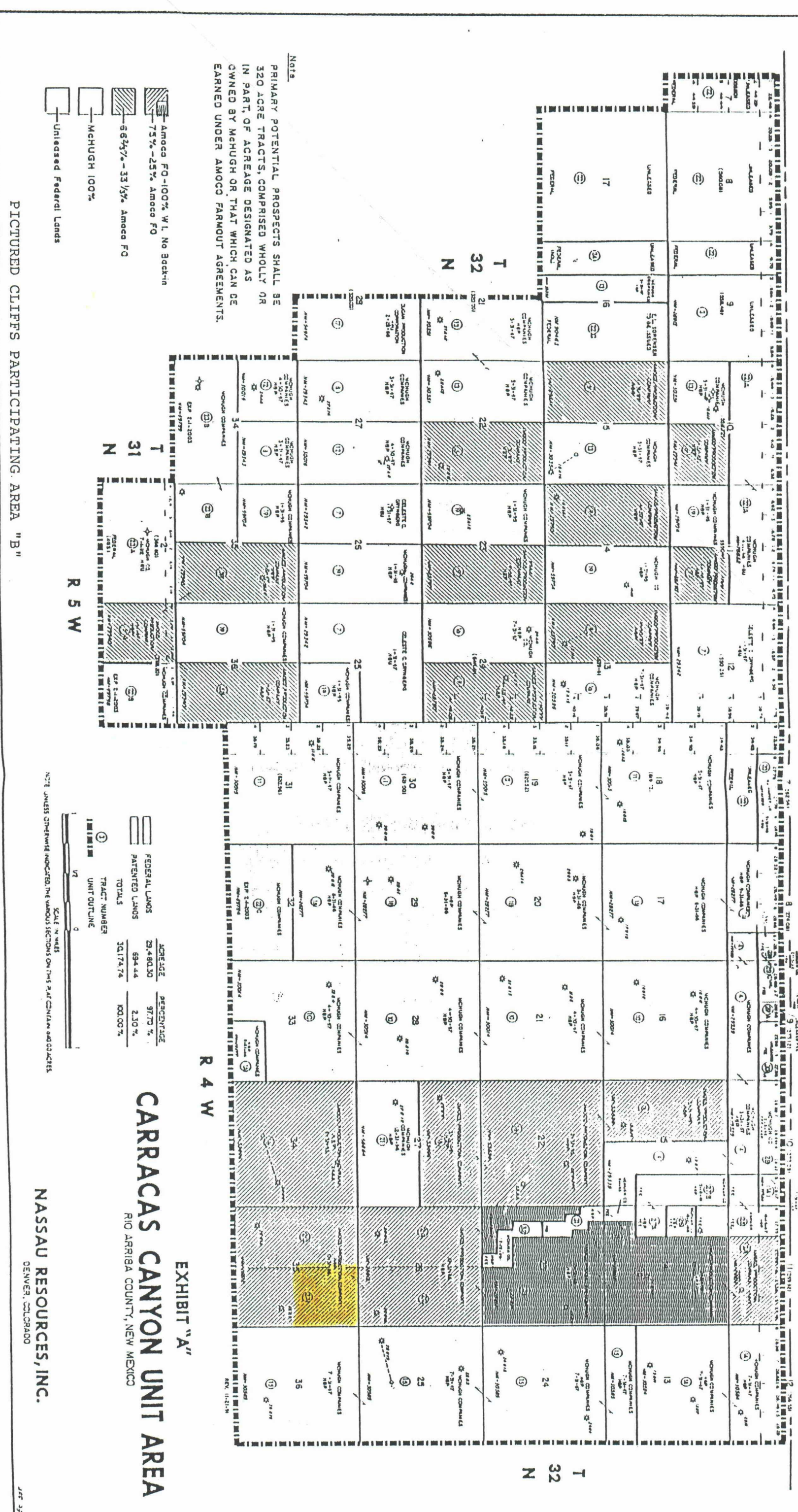


EXHIBIT "A"

CARRACAS CANYON UNIT AREA

RIO ARriba COUNTY, NEW MEXICO

NASSAU RESOURCES, INC.

DENVER, COLORADO

EXHIBIT "B"
FIRST REVISION OF INITIAL PICTURED CLIFFS 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	USA NM-28812 100.00000000X	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SEC. 23: NE/4SW/4, W/2W/2SW/4, W/2NE/4SW/4SW/4, SE/4SW/4SW/4, SW/4SE/4SW/4	105	32.81250000	McHUGH COMPANIES (100.00X)
32	(FEE) JOHN W. WEST, CONS. 50.00000000X KENNETH J. WEST, EX. 50.00000000X	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SEC. 23: E/2NW/4SW/4, N/2SE/4SW/4, E/2NE/4SW/4SW/4, SE/4SE/4SW/4	55	17.18750000	McHUGH COMPANIES (100.00X)
PREVIOUSLY ESTABLISHED INITIAL PICTURED CLIFFS PARTICIPATING AREA:					
18	USA NM-59696 100.00000000X	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SEC. 22: NE/4	160	50.00000000	McHUGH COMPANIES (100.00X)
		TOTALS	320	100.00000000	
SUMMARY EXHIBIT "B" FIRST REVISION OF INITIAL PICTURED CLIFFS PARTICIPATING AREA CARRACAS CANYON UNIT AREA RIO ARRIBA COUNTY, NEW MEXICO					
TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED		
FEDERAL	265	-0-	81.81250000		
STATE	-0-	-0-	-0-		
PATENTED	55	-0-	17.18750000		
TOTAL	320	-0-	100.00000000		

EXHIBIT "B1"
SECOND REVISION OF INITIAL PICTURED CLIFFS 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
2A	USA NM-28812 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SEC. 26: NW/2	160	33.33333333	AMOCO PRODUCTION CO. (12.50%) FRONTIER OIL & GAS COMPANY (12.50%) MCHUGH COMPANIES (75.00%)
PREVIOUSLY ESTABLISHED INITIAL PICTURED CLIFFS PARTICIPATING AREA:					
18	USA NM-59696 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SEC. 22: NE/4	160	33.33333333	MCHUGH COMPANIES (100.00%)
28	USA NM-28812 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SEC. 23: NE/4SW/4, N/2W/2SW/4, W/2NE/4SW/4SW/4, SE/4SW/4SW/4, SW/4SE/4SW/4	105	21.87500000	MCHUGH COMPANIES (100.00%)
32	(FEE) JOHN W. WEST, CONS. 50.00000000% KENNETH J. WEST, EX. 50.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SEC. 23: E/2NW/4SW/4, N/2SE/4SW/4, E/2NE/4SW/4SW/4, SE/4SE/4SW/4	55	11.45833340	MCHUGH COMPANIES (100.00%)
TOTALS			480	100.00000000	

SUMMARY
EXHIBIT "B1"
FIRST REVISION OF INITIAL PICTURED CLIFFS PARTICIPATING AREA
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	425	-0-	88.54166660
STATE	-0-	-0-	-0-
PATENTED	55	-0-	11.45833340
TOTAL	480	-0-	100.00000000

ENGINEERING REPORT

Carracas Unit PC 23B #13

Section 23, T32N, R04W

Rio Arriba County, New Mexico

Carracas Unit PC 23B #13, located 790 FSL and 790' FWL of Section 23, Township 32 North, Range 4 West, was spudded on June 9, 1993. Total depth of 3807' was reached on June 16, 1993 and 5-1/2", 17 lb/ft casing was set. The Pictured Cliffs was perforated at 3613' to 3619', 3621' to 3627', 3628' to 3633' and 3655' to 3660' with 2 shots per foot. The formation was fractured with 154,000 lbs 20/40 sand in 1289 barrels gelled water at 20 barrels per minute.

The Pictured Cliffs Formation was completed June 28, 1993. Following cleanup of the frac, the well was produced for an initial potential of 366 MCFD from the Pictured Cliffs formation on July 1, 1993.

Cumulative production from the Pictured Cliffs formation is 293,613 MCF through March 31, 1994. March, 1994 production was 56,565 MCF for a daily average of 1825 MCF. March, 1994 sales were 56,547 MCF. Average daily production for 1993 was 987 MCF, while production for 1994 has averaged 1551 MCFD. The well has been opened for a higher production rate since after frac sand recovery has stopped.

This well was submitted for a preliminary economic review and a "Paying Well Determination" and was found to be capable of producing unitized substances in paying quantities. A copy of the determination letter is attached.

ECONOMICS

Based on March, 1994 sales of 56,547 MCF, a wellhead price for gas of \$1.600 per MCF and operating expenses for this well of \$2000, the well is currently operating at a profit.

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

ECONOMICS EXHIBIT

May, 1994

Application for Approval of Participating Area

Carracas Unit PC 23B #13

SW SW Section 23, T32N R04W

Rio Arriba County, New Mexico

Well Costs: (based on actual costs) \$303,500

Production: Historical data attached. Projection made from historical data and current production rate and prices. Decline curve attached.

Monthly Operating Cost:

1993 average = \$2456 per month *

1994 est = \$2000 per month escalated at 4% per year.

General and Administrative Costs: \$400 per month are included in above monthly operating costs.

* Monthly Operating Costs include General and Administrative cost and a water disposal cost of \$.25/BBL.

Working Interest: 100%

Net Revenue Interest: 87.50%

Discount Rate: 10%

Severance Tax: \$0.163 per MCF + 3.3% of net value

Ad Valorem Tax: 2.0% of adjusted revenue

Gas Price:

1993 average = \$1.589 per MCF

1993 est = \$1.600 per MCF escalated at 4% per year.

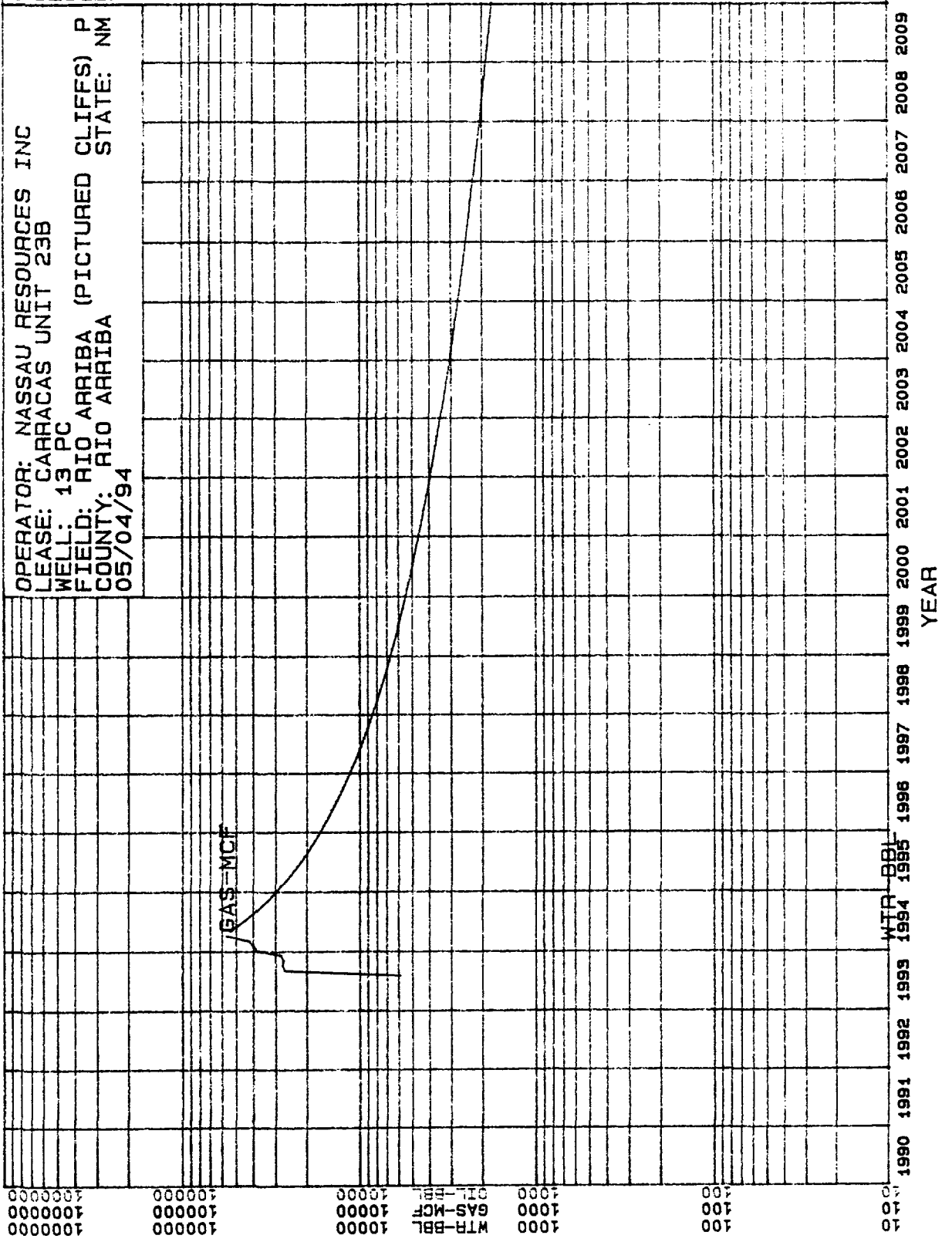
Date of First Production: July 1, 1993

Initial Production Rate: 366 MCFD

Calculated Economic Reserves: 293,613 MCF Cumulative + 1,440,975 MCF remaining

GAS
 Ga1-REVISED
 Ref- 04/94
 Cum- 293.613
 Rem-1892.322
 EUR-2125.935
 Yrs- 71.916
 Q1- 55500.0
 De- 70.000
 n- .800
 Gab- 215.8

OPERATOR: NASSAU RESOURCES INC
 LEASE: CARRACAS UNIT 23B
 WELL: 13 PC
 FIELD: RIO ARRIBA (PICTURED CLIFFS) P
 COUNTY: RIO ARRIBA STATE: NM
 05/04/94



Lease: CARRACAS UNIT 238
 Well No.: 13 PC
 Location: 23M 32N 4W
 Reservoir: PICTURED CLIFFS
 County: RIO ARriba State: NM

DATE : 05/04/94
 TIME : 14:37:17
 DBS FILE : MASSOPER
 SETUP FILE : SETDATA
 SEQ NUMBER : 136

INPUT DATA								CALCULATED DATA				
ITEM	SCHEDULING RATES			SCHEDULE UNTIL		PROCEDURE		ULTIMATE	LAST	EFF. DECL	INIT. RATE	FINAL RATE
406 START	04/94											
411 GAS	56500.00	X	M/M	05/2034	AD	H/O.800	70.00	1986.914	4/34	70.00	56500.	569.
416 "	568.65	X	M/M	139.02	IMU	EXP	3.00	2125.935	2/66	3.00	569.	216.
506 PRI/GAS	-.0300	-.0300	\$/M	TO	LIFE	PC	.00		3/94		-.030	-.030
511 PRI/GAS	1.6300	X	\$/M	TO	LIFE	PC	4.00				1.630	
516 OPC/T	2000.00	X	\$/M	TO	LIFE	PC	4.00		2/66		2000.000	33465.020
521 PRI/WTR	.2500	X	\$/U	TO	LIFE	PC	4.00		2/66		.250	4.183
526 ATX	2.00	2.00	%	TO	LIFE	PC	.00		3/94		.020	.020
531 STX/OIL	7.08	X	%	TO	LIFE	PC	.00		2/66		.071	.071
533 STX/GAS	7.93	X	%	TO	LIFE	PC	.00		2/66		.079	.079
706 NET/WI	100.0000	D	%	TO	LIFE	FLAT	.00		2/66		1.000	1.000
711 NET/NIC	87.5000	D	%	TO	LIFE	FLAT	.00		2/66		.875	.875
716 NET/NIG	87.5000	D	%	TO	LIFE	FLAT	.00		2/66		.875	.875

RESERVE PARAMETERS

206 CUMO, MB .00
 211 LOSS NO
 216 MONTH 720.00

ITEM

CUMG, MMF 293.61

ITEM

CUML, MB

PROJECT ASSUMPTIONS

BASE DATE : 1/94 P.W. DATE : 1/94 REPORT DATE : 1/94
 QUALIFIERS - PROD : REVISED OWNER : OTHER :

Lease: CARRACAS UNIT 23B
 Well No.: 13 PC
 Location: 23M 32N 4W
 Reservoir: PICTURED CLIFFS
 County: RIO ARRIBA State: NM

DATE : 05/04/94
 TIME : 14:37:17
 DBS FILE : MASSOPER
 SETUP FILE : SETDATA
 SEQ NUMBER : 136

RESERVES AND ECONOMICS

AS OF DATE: 1/94

-END- MO-YR	GROSS GAS PRODUCTION -----MMCF-----	NET GAS PRODUCTION -----MMCF-----	GROSS WTR PRODUCTION -----MMBLS-----	NET WTR PRODUCTION -----MMBLS-----	NET GAS PRICE -----\$/MCF-----	NET GAS SALES -----M\$-----	TOTAL NET SALES -----M\$-----	FED INCOME TAX CREDIT -----M\$-----	MARKETING FEE -----M\$-----
12-94	357.848	313.117	.000	.000	1.619	506.877	506.877	.000	.000
12-95	258.291	226.004	.000	.000	1.676	378.817	378.817	.000	.000
12-96	162.204	141.928	.000	.000	1.745	247.719	247.719	.000	.000
12-97	115.856	101.374	.000	.000	1.817	184.190	184.190	.000	.000
12-98	88.952	77.833	.000	.000	1.891	147.194	147.194	.000	.000
12-99	71.546	62.603	.000	.000	1.968	123.218	123.218	.000	.000
12-00	59.447	52.016	.000	.000	2.048	106.548	106.548	.000	.000
12-01	50.595	44.270	.000	.000	2.132	94.368	94.368	.000	.000
12-02	43.864	38.381	.000	.000	2.218	85.138	85.138	.000	.000
12-03	38.591	33.767	.000	.000	2.308	77.943	77.943	.000	.000
12-04	34.359	30.064	.000	.000	2.402	72.211	72.211	.000	.000
12-05	30.896	27.034	.000	.000	2.499	67.563	67.563	.000	.000
12-06	28.014	24.512	.000	.000	2.600	63.743	63.743	.000	.000
12-07	25.583	22.385	.000	.000	2.706	60.567	60.567	.000	.000
12-08	23.506	20.568	.000	.000	2.815	57.904	57.904	.000	.000
S TOT	1389.550	1215.856	.000	.000	1.870	2273.999	2273.999	.000	.000
AFTER	51.425	44.996	.000	.000	3.015	135.647	135.647	.000	.000
TOTAL	1440.975	1260.853	.000	.000	1.911	2409.646	2409.646	.000	.000

-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\$-----
12-94	40.195	9.334	18.238	67.766	439.110	.000	439.110	439.110	415.447
12-95	30.040	6.976	25.166	62.182	316.635	.000	316.635	755.745	691.214
12-96	19.644	4.561	26.173	50.379	197.340	.000	197.340	953.085	847.256
12-97	14.606	3.392	27.220	45.218	138.972	.000	138.972	1092.057	947.090
12-98	11.673	2.710	28.309	42.692	104.503	.000	104.503	1196.560	1015.311
12-99	9.771	2.269	29.441	41.481	81.736	.000	81.736	1278.296	1063.808
12-00	8.449	1.962	30.619	41.030	65.518	.000	65.518	1343.814	1099.142
12-01	7.483	1.738	31.844	41.065	53.304	.000	53.304	1397.118	1125.273
12-02	6.751	1.568	33.117	41.436	43.701	.000	43.701	1440.819	1144.749
12-03	6.181	1.435	34.442	42.058	35.885	.000	35.885	1476.704	1159.288
12-04	5.726	1.330	35.820	42.876	29.335	.000	29.335	1506.039	1170.093
12-05	5.358	1.244	37.252	43.854	23.709	.000	23.709	1529.748	1178.033
12-06	5.055	1.174	38.742	44.971	18.772	.000	18.772	1548.520	1183.749
12-07	4.803	1.115	40.292	46.210	14.357	.000	14.357	1562.876	1187.725
12-08	4.592	1.066	41.904	47.562	10.342	.000	10.342	1573.218	1190.330
S TOT	180.328	41.873	478.579	700.780	1573.218	.000	1573.218	1573.218	1190.330
AFTER	10.757	2.498	112.240	125.495	10.153	.000	10.153	1583.371	1192.583
TOTAL	191.085	44.371	590.819	826.275	1583.371	.000	1583.371	1583.371	1192.583

	OIL -----	GAS -----		P.W. % -----	P.W., M\$ -----
GROSS WELLS	.0	1.0	LIFE, YRS.	5.00	1355.477
GROSS ULT., MB & MMF	.000	1734.588	DISCOUNT %	10.00	1192.583
GROSS CUM., MB & MMF	.000	293.613	UNDISCOUNTED PAYOUT, YRS.	15.00	1070.618
GROSS RES., MB & MMF	.000	1440.975	DISCOUNTED PAYOUT, YRS.	20.00	975.806
NET RES., MB & MMF	.000	1260.853	UNDISCOUNTED NET/INVEST.	25.00	899.831
NET REVENUE, M\$	.000	2409.646	DISCOUNTED NET/INVEST.	30.00	837.430
INITIAL PRICE, \$	.000	1.600	RATE-OF-RETURN, PCT.	40.00	740.571
INITIAL N.I., PCT.	.000	87.500	INITIAL W.I., PCT.	60.00	612.164
				80.00	529.538
				100.00	471.151

Form 5100-1
(November 1983)
(formerly 9-330)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*
(See instructions
on reverse side)

Form approved.
Budget Bureau No. 1001-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1. TYPE OF WELL: ☐ OIL WELL ☒ GAS WELL ☐ DRY ☐ Other _____

2. TYPE OF COMPLETION:
NEW WELL ☒ WORK OVER ☐ REPER- ☐ PIPE ☐ DIFF. ☐ Other _____
REN ☐ BACK ☐ RENOV. ☐

3. NAME OF OPERATOR
NASSAU RESOURCES, INC.

4. ADDRESS OF OPERATOR
P. O. Box 809, Farmington, N.H. 87499

5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface
At top prod. interval reported below 790' FSL & 790' FWL
At total depth

6. WELL DESIGNATION AND SERIAL NO.
NH 28812

7. IF INDIAN, ALLOTTEE OR TRIBE NAME _____

8. UNIT AGREEMENT NAME
Carracas Unit

9. FARM OR LEASE NAME
Carracas Unit-PC 23B

10. WELL NO.
113

11. FIELD AND POOL, OR WILDCAT
Undesignated Pictured Cliffs

12. SEC. T. R. M. OR BLOCK AND SURVEY OR AREA
Sec. 23, T32N, R4W, NHPM

13. COUNTY OR PARISH
Rio Arriba

14. STATE
NM

15. ELEV. CASINGHEAD
6610' GR; 6623' KB 6610' GL

16. IF MULTIPLE COMPLET. HOW MANY*
23. INTERVALS DRILLED BY
ROTARY TOOLS
CABLE TOOLS

24. FAR DIRECTIONAL SURVEY MADE
NO

25. FAR WELL CORED
NO

16. DATE REACHED 6/9/93 17. DATE T.D. REACHED 6/16/93 18. DATE COMPL. (Ready to prod.) 6/28/93 19. PERMITS (OF, RRR, RT, OR, ETC)* 10/26/92

20. TOTAL DEPTH, MD & TVD 3800' KB 21. PLUG BACK T.D., MD & TVD 3775' KB 22. IF MULTIPLE COMPLET. HOW MANY* 23. INTERVALS DRILLED BY X

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
3613' - 3660', Pictured Cliffs

25. TYPE ELECTRIC AND OTHER LOGS RUN Gamma Ray/Cement, Bond, GR-CGL, Dual Induction. Spec. Density Dual Spaced Neutron

CASING RECORD (Report all strings set in well)				CEMENTING RECORD		AMOUNT FULLED
CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE			
9-5/8"	36#	355' KB	12-1/4"	224 cu.ft. circ. to surf.		---
5-1/2"	17#	3800' KB	8-3/4"	1821 cu.ft. circ. to surf.		---
				See reverse		---

LINER RECORD				TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SIZE	DEPTH SET (MD)	PACKER (MD)
				2-7/8"	3582'	---

PERFORATION RECORD (Interval, size and number)				ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
3613 - 3619'				DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3621 - 3627'				3613-3660'	1000 gal. 15% HCL acid
3628 - 3633'					1,289 bbls. Viking I-30 fluid
3655 - 3660'	2 spf	Total of 48	0.5" holes		154,000# of 20/40 sand

12. FIRST PRODUCTION
6/28/93 * Flowing

13. DATE OF TEST 7/1/93 14. HOURS TESTED 24 15. CHOKER SIZE 1.50" 16. PROD. FOR TEST PERIOD 366

17. TUBING PRESS. 690 psi 18. CASING PRESSURE 690 psi 19. CALCULATED 24-HOUR RATE 366

20. PROPOSITION OF GAS (Solid, used for fuel, vented, etc.)
Vented during test; to be sold.

21. TEST WITNESSED BY
Murphy Brasuel

22. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

SIGNED Alan Perrin TITLE Regulatory Liaison DATE 7/2/93

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

15 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 as to any matter within its jurisdiction.

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
			Item #28 Cemented 9-5/8" as follows: 190 sx of Class "B" cement with 2% CaCl (224 cu.ft.) Cemented 5-1/2" as follows: 1st stage - 25 bbls. of mud flush followed by: 145 sx of 50/50 poz with 12% gel, 6-1/4#/sk gilsonite and 1/4#/sk cello- seal (201 cu.ft.) 2nd stage - 10 bbls. mud flush followed by 695 sx of 65/35 with 2% gel & 1/4#/sk celloseal (1786) cu.ft.), followed by 25 sx 50/50 poz with 12% gel and 6-1/4#/sk gilsonite and 1/4#/sk celloseal (35 cu.ft.) Total of 1821 cu.ft.

38. GEOLOGIC MARKERS

NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPTH
Ojo Alamo	2928'	
Kirtland	3090'	
Fruitland	3274'	
Main Coal	3538'	
Pictured Cliffs	3606'	

NASSAU RESOURCES, INC.
P O BOX 809
FARMINGTON, N.M. 87499-0809
505 326-7793
FAX NUMBER 505 327-0859

DAILY REPORT

CARRACAS UNIT-PC 23B #13

6-23-93 Moved in and rigged up Flint rig.
 Pressure tested casing to 3000 psi and held for 10 minutes. Test good.
 PBSD 3775' KB. Rigged up Petro Wireline and ran GR-CCL and Bond log from 3775' KB to 3000' KB. 60% bond.

6-24-93 Nippled up. Picked up 2-7/8" tubing.
 TIH with 4-3/4" bit and 4-3/4" casing scrapper.
 Tagged cement at 3230'. Drilled 4' cement.
 Found DV tool at 3234'.
 Cleaned out to 3775'. TOOH.
 Perforated the following intervals at 2 spf:
 3613 - 3619'
 3621 - 3627'
 3828 - 3633'
 3655 - 3660' with 4" guns. Shot 48 - 0.5" holes.
 Shut in over night.

6-25-93 TIH to 3350'. Rigged up Western. Attempted to ball off.
 Failed but some ball action.
 TOOH and fraced with Viking I-30 fluid w/the following:

1000 gal	15% HCL acid	
17,000 gal	Pad	
4,000 gal	2#/gal	20/40 sand
4,000 gal	3#/gal	20/40 sand
10,000 gal	4#/gal	20/40 sand
10,000 gal	5#/gal	20/40 sand
9,114 gal	6#/gal	20/40 sand
2,520 gal	Flush	

Total load to recover 1,289 bbls.
 159,200# of 20/40 sand pumped 154,000 on formation
 Pressure Max 1050 psi Avg 700 psi
 Injection Rate Max 22 bbl/min. Avg 22 bbl./min.

ISIP 820 psi
 ST 5 min. 520 psi
 10 min. 250 psi
 15 min. 70 psi
 Well shut at 1:38 on 6-25-93.

NASSAU RESOURCES, INC.
Carracas Unit-PC 23B #13

6-26-93 Casing on vacuum. TIH with tubing.
Tagged sand at 3247'. Cleaned out to 3611'.
Lost circulation and lost 15 bbls. of water.
Ran 110 jts. of 2-7/8", 6.5#, J-55, EUE, R-2 tubing.
Set at 3583' with seating nipple at 3551' and notch
collar on bottom.

6-28-93 Rigged up Cudd Coil Tubing unit and cleaned sand from
over perfs with nitrogen.
Cleaned out from 3580 - 3670'.
Well started coming around when first perfs were cleaned
at 3613 - 3619'.
Rigged down Cudd. Nippled up 1/8" choke.
Well open to pit at 2:00 pm.

2:45 pm	tubing 400 psi;	casing 450 psi
3:00 pm	tubing 500 psi;	casing 470 psi
3:30 pm	tubing 560 psi;	casing 520 psi

Shut in over night.

ENGINEERING REPORT

Carracas Unit PC 26B #3

Section 26, T32N, R04W

Rio Arriba County, New Mexico

Carracas Unit PC 26B #3, located 790 FNL and 1800' FWL of Section 26, Township 32 North, Range 4 West, was spudded on August 24, 1993. Total depth of 3835' was reached on Sept 2, 1993 and 5-1/2", 17 lb/ft casing was set. The Pictured Cliffs was perforated at 3629', 3636', 3650', 3669', 3676', 3683' to 3686', 3688' to 3708', 3727', 3730' to 3733' and 3742' with a total of 40 shots. The formation was fractured with 155,000 lbs 20/40 sand in 400 barrels gelled water at 20 barrels per minute.

The Pictured Cliffs Formation was completed Sept. 24, 1993. Following cleanup of the frac, the well was produced for an initial potential of 552 MCFD from the Pictured Cliffs formation on Sept 25, 1993.

Cumulative production from the Pictured Cliffs formation is 72,340 MCF through March 31, 1994. March, 1994 production was 16,929 MCF for a daily average of 546 MCF. March, 1994 sales were 16,911 MCF. Average daily production for 1993 was 362 MCF, while production for 1994 has averaged 438 MCFD. The well has been opened for a higher production rate since after frac sand recovery has stopped.

This well was submitted for a preliminary economic review and a "Paying Well Determination" and was found to be capable of producing unitized substances in paying quantities. A copy of the determination letter is attached.

ECONOMICS

Based on March, 1994 sales of 16,911 MCF, a wellhead price for gas of \$1.600 per MCF and operating expenses for this well of \$2000, the well is currently operating at a profit.

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

ECONOMICS EXHIBIT

May, 1994

Application for Approval of Participating Area

Carracas Unit PC 26B #3

NE NW Section 26, T32N R04W

Rio Arriba County, New Mexico

Well Costs: (based on actual costs) \$282,300

Production: Historical data attached. Projection made from historical data and current production rate and prices. Decline curve attached.

Monthly Operating Cost:

1993 average = \$2400 per month *

1994 cost YTD= \$2000 per month

1994 est = \$2000 per month escalated at 4% per year.

General and Administrative Costs: \$400 per month are included in above monthly operating costs.

* Monthly Operating Costs include General and Administrative cost and a water disposal cost of \$.25/BBL.

Working Interest: 100%

Net Revenue Interest: 87.50%

Discount Rate: 10%

Severance Tax: \$0.163 per MCF + 3.3% of net value

Ad Valorem Tax: 2.0% of adjusted revenue

Gas Price:

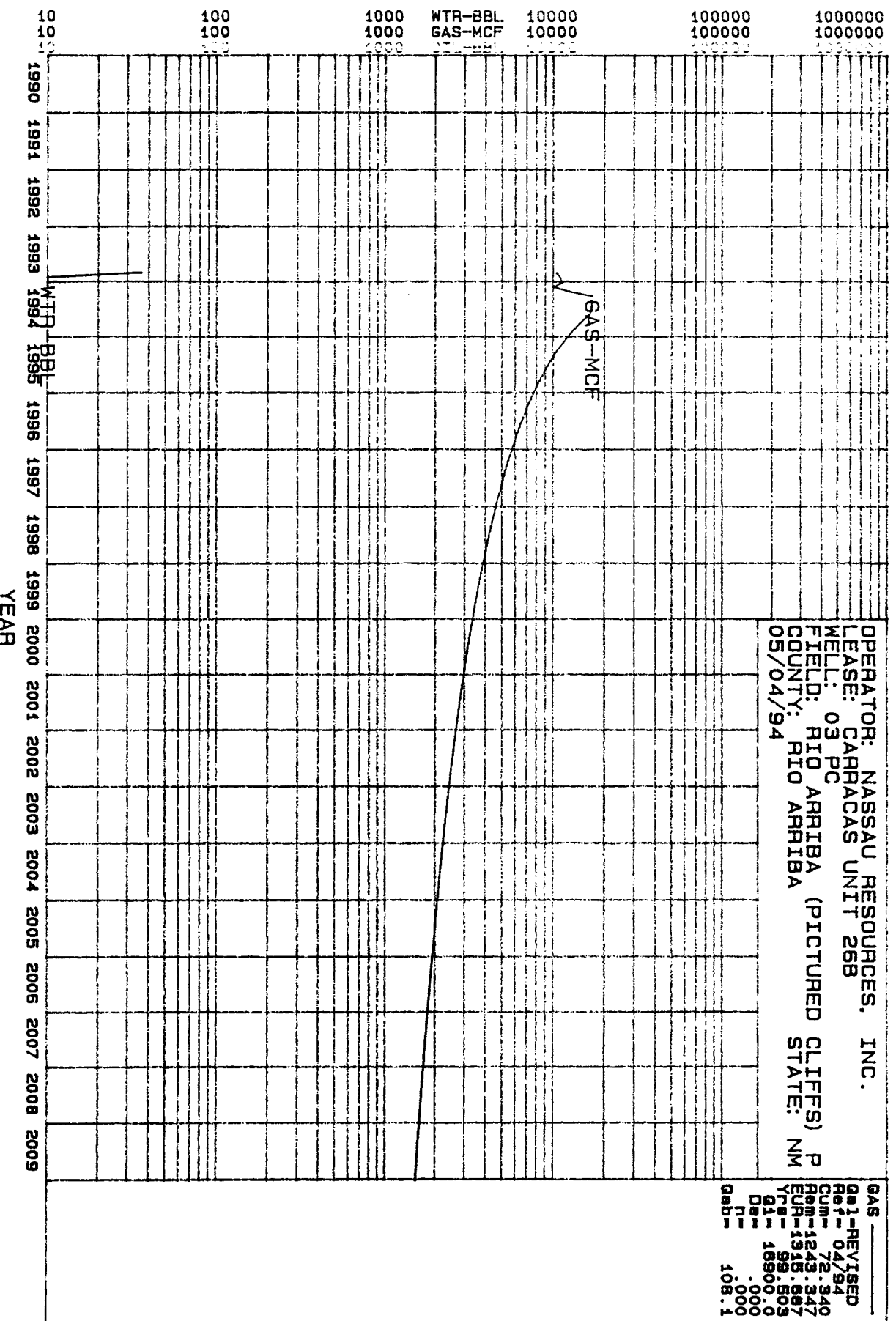
1993 average = \$1.589 per MCF

1993 est = \$1.600 per MCF escalated at 4% per year.

Date of First Production: Sept 25, 1993

Initial Production Rate: 552 MCFD

Calculated Economic Reserves: 72,340 MCF Cumulative + 723,745 MCF remaining



OPERATOR: NASSAU RESOURCES, INC.
LEASE: CARRACAS UNIT 268
WELL: 03 PC
FIELD: RIO ARRIBA (PICTURED CLIFFS) P
COUNTY: RIO ARRIBA STATE: NM
05/04/94

GAS
001-REVISED
Ref- 04/94
Cum- 72.340
Rem-1243.347
EUR-1315.697
YR- 99.503
Q1- 16500.0
De- .000
n- .000
Gab- 108.1

Lease: CARRACAS UNIT 26B
 Well No.: 03 PC
 Location: 26C 32N 04W
 Reservoir: PICTURED CLIFFS
 County: RIO ARRIBA State: NEW

DATE : 05/04/94
 TIME : 14:49:25
 DBS FILE : MASSOPER
 SETUP FILE : SETDATA
 SEQ NUMBER : 198

INPUT DATA

CALCULATED DATA

ITEM	SCHEDULING RATES				SCHEDULE UNTIL		PROCEDURE	ULTIMATE	LAST	EFF. DECL	INIT. RATE	FINAL RATE
406 START	04/94											
411 GAS	16900.00	X	M/M		07/94	AD	FLAT	.00	123.040	6/94	16900.	16900.
416 "	16900.00	X	M/M		01/2021	AD	H/1.200	60.00	968.602	12/20	16900.	989.
421 "	989.09	X	M/M		347.08	IMU	EXP	3.00	1315.687	9/93	989.	108.
506 PRI/GAS	-.0300	-	.0300 \$/M		TO	LIFE	PC	.00		3/94	-.030	-.030
511 PRI/GAS	1.6300	X	\$/M		TO	LIFE	PC	4.00			1.630	
516 PRI/WTR	.2500	X	\$/U		TO	LIFE	PC	4.00		9/93	.250	12.341
521 OPC/T	2000.00	X	\$/M		TO	LIFE	PC	4.00		9/93	2000.000	98725.000
526 ATX	2.00		2.00 %		TO	LIFE	PC	.00		3/94	.020	.020
531 STX/OIL	7.08	X	%		TO	LIFE	PC	.00		9/93	.071	.071
533 STX/GAS	7.93	X	%		TO	LIFE	PC	.00		9/93	.079	.079
706 NET/WI	100.0000	D	%		TO	LIFE	FLAT	.00		9/93	1.000	1.000
711 NET/NIC	87.5000	D	%		TO	LIFE	FLAT	.00		9/93	.875	.875
716 NET/NIG	87.5000	D	%		TO	LIFE	FLAT	.00		9/93	.875	.875

RESERVE PARAMETERS

ITEM

ITEM

206 CUMO, MB .00
 211 LOSS NO

CUMG, MMF 72.34

CUML, MB

PROJECT ASSUMPTIONS

BASE DATE : 1/94 P.W. DATE : 1/94 REPORT DATE : 1/94
 QUALIFIERS - PROD : REVISED OWNER : OTHER :

Lease: CARRACAS UNIT 268
 Well No.: 03 PC
 Location: 26C 32N 04W
 Reservoir: PICTURED CLIFFS
 County: RIO ARRIBA State: NEW

DATE : 05/04/94
 TIME : 14:49:25
 DBS FILE : MASSOPER
 SETUP FILE : SETDATA
 SEQ NUMBER : 198

RESERVES AND ECONOMICS

AS OF DATE: 1/94

-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\$-----
12-94	134.527	117.711	.000	.000	1.620	190.675	190.675	.000	.000
12-95	111.273	97.364	.000	.000	1.677	163.255	163.255	.000	.000
12-96	77.521	67.831	.000	.000	1.746	118.428	118.428	.000	.000
12-97	60.393	52.844	.000	.000	1.817	96.039	96.039	.000	.000
12-98	49.873	43.639	.000	.000	1.892	82.547	82.547	.000	.000
12-99	42.697	37.360	.000	.000	1.969	73.548	73.548	.000	.000
12-00	37.463	32.780	.000	.000	2.049	67.156	67.156	.000	.000
12-01	33.461	29.278	.000	.000	2.132	62.420	62.420	.000	.000
12-02	30.293	26.507	.000	.000	2.219	58.806	58.806	.000	.000
12-03	27.719	24.254	.000	.000	2.309	55.992	55.992	.000	.000
12-04	25.582	22.384	.000	.000	2.402	53.770	53.770	.000	.000
12-05	23.777	20.805	.000	.000	2.499	52.001	52.001	.000	.000
12-06	22.230	19.451	.000	.000	2.601	50.587	50.587	.000	.000
12-07	20.889	18.278	.000	.000	2.706	49.459	49.459	.000	.000
12-08	19.713	17.249	.000	.000	2.815	48.565	48.565	.000	.000
S TOT	717.411	627.735	.000	.000	1.949	1223.246	1223.246	.000	.000
AFTER	6.334	5.543	.000	.000	2.891	16.024	16.024	.000	.000
TOTAL	723.745	633.277	.000	.000	1.957	1239.270	1239.270	.000	.000

-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\$-----
12-94	15.120	3.511	18.238	36.869	153.806	.000	153.806	153.806	145.310
12-95	12.946	3.006	25.166	41.119	122.136	.000	122.136	275.941	251.631
12-96	9.391	2.181	26.173	37.745	80.683	.000	80.683	356.624	315.403
12-97	7.616	1.768	27.220	36.604	59.434	.000	59.434	416.059	358.087
12-98	6.546	1.520	28.309	36.375	46.172	.000	46.172	462.231	388.222
12-99	5.832	1.354	29.441	36.628	36.921	.000	36.921	499.151	410.125
12-00	5.326	1.237	30.619	37.181	29.976	.000	29.976	529.127	426.290
12-01	4.950	1.149	31.844	37.943	24.477	.000	24.477	553.604	438.290
12-02	4.663	1.083	33.117	38.863	19.943	.000	19.943	573.546	447.178
12-03	4.440	1.031	34.442	39.913	16.079	.000	16.079	589.625	453.694
12-04	4.264	.990	35.820	41.074	12.696	.000	12.696	602.321	458.372
12-05	4.124	.958	37.252	42.334	9.667	.000	9.667	611.988	461.611
12-06	4.012	.932	38.742	43.686	6.901	.000	6.901	618.890	463.715
12-07	3.922	.911	40.292	45.125	4.334	.000	4.334	623.223	464.918
12-08	3.851	.894	41.904	46.649	1.915	.000	1.915	625.139	465.403
S TOT	97.003	22.525	478.579	598.107	625.139	.000	625.139	625.139	465.403
AFTER	1.271	.295	14.337	15.903	.121	.000	.121	625.260	465.432
TOTAL	98.274	22.820	492.916	614.010	625.260	.000	625.260	625.260	465.432

	OIL -----	GAS -----		P.W. % -----	P.W., M\$ -----
GROSS WELLS	.0	1.0	LIFE, YRS.	5.00	532.500
GROSS ULT., MB & MMF	.000	796.085	DISCOUNT %	10.00	465.432
GROSS CUM., MB & MMF	.000	72.340	UNDISCOUNTED PAYOUT, YRS.	15.00	414.972
GROSS RES., MB & MMF	.000	723.745	DISCOUNTED PAYOUT, YRS.	20.00	375.727
NET RES., MB & MMF	.000	633.277	UNDISCOUNTED NET/INVEST.	25.00	344.347
NET REVENUE, M\$	.000	1239.270	DISCOUNTED NET/INVEST.	30.00	318.671
INITIAL PRICE, \$	.000	1.600	RATE-OF-RETURN, PCT.	40.00	279.086
INITIAL N.I., PCT.	.000	87.500	INITIAL W.I., PCT.	60.00	227.340
				80.00	194.608
				100.00	171.785

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other in-
structions on
reverse side)

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

3. LEASE DESIGNATION AND SERIAL NO.

NM 28812

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

Carracas Unit

8. FARM OR LEASE NAME

Carracas Unit-PC 26B

9. WELL NO.

#3

10. FIELD AND POOL, OR WILDCAT

Undesignated Pictured Cliff

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec. 26, T32N, R4W, NMPM

12. COUNTY OR PARISH

Rio Arriba

13. STATE

NM

1. TYPE OF WELL:

OIL WELL ☐

GAS WELL ☒

DRY ☐

Other

b. TYPE OF COMPLETION:

NEW WELL ☒

WORK OVER ☐

DEEP-EN ☐

PLUG BACK ☐

DIFF. REVR. ☐

Other

2. NAME OF OPERATOR

NASSAU RESOURCES, INC.

3. ADDRESS OF OPERATOR

P O BOX 809, Farmington, N.M. 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface

790' FNL & 1800' FWL

At top prod. interval reported below

At total depth

14. TXNNO. API #

DATE ISSUED

30-039-25254

8-27-93

15. DATE SPUDDED

8-24-93

16. DATE T.D. REACHED

9-2-93

17. DATE COMPL. (Ready to prod.)

9-24-93

18. ELEVATIONS (OF RKB, RT, CE, ETC.)*

6620' GR

19. ELEV. CASINGHEAD

6620' GL

20. TOTAL DEPTH, MD & TVD

3835'

21. PLUG BACK T.D., MD & TVD

3835'

22. IF MULTIPLE COMPL. HOW MANY*

NA

23. INTERVALS DRILLED BY

ROTARY TOOLS

X TD

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

3629 - 3742' Pictured Cliffs

25. WAS DIRECTIONAL SURVEY MADE

NO

26. TYPE ELECTRIC AND OTHER LOGS RUN

Spectral Density Dual Spaced, GR/CCL, Dual Induction, Microlog

27. WAS WELL CORED

NO

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8"	36#	330' KB	12-1/4"	201 cu.ft. circ. to surf.	---
5-1/2"	15.5# & 17#	3833' KB	8-3/4"	1766 cu.ft. circ. to surf.	---
				See Reverse	---

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
N/A				

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8"	3644'	

31. PERFORATION RECORD (Interval, size and number)

3629 3683-3686
3636 3688-3708
3650 3727
3669 3730-3733
3676 3742

Total of 40 perfs.

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3629-3742'	1000 gal. 15% HCL Acid
	400 bbls. of Viking I-30 fluid
	155,000# of 20/40 sand

33. PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
9-23-93*		Flowing				SI	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO
5-25-93	24	.250"	→	---	552	30	---
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-API (CORR.)	
375 psi	570 psi	→	---	552	30	--	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Vented during test; to be sold

TEST WITNESSED BY

Elmer Perry

35. LIST OF ATTACHMENTS

*1st hydrocarbons to well bore during completion operations.

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

Elmer Perry
Elmer Perry

TITLE Field Supt.

DATE 9-21-93

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

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, flowing and shut-in pressures, and recoveries):				38. GEOLOGIC MARKERS		
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
			<u>Item #28</u> Set 9-5/8" casing as follows: Ran 8 jts. , cemented as follows: 170 sx of Class "B" cement with 2% CACL, (201 cu.ft.) Cemented 5-1/2" casing as follows: 1st stage - 20 bbls. mud flush and 138 sx of 50/50 poz w/ 12% gel and 6-1/4#/sk gilsonite & 1/4#/sk celloseal. (196 cu.ft.) 2nd stage - 20 bbls. mud flush and 938 sx of 65/35 poz w/ 2% gel, and 1/4#/sk celloseal (1500 cu.ft.) followed by 50 sx of 50/50 poz w/ 12% gel, 6-1/4#/sk gilsonite and 1/4#/sk of celloseal (70 cu.ft.) Total of 1766 cu.ft.	Ojo Alamo Kirtland Fruitland T/Basal Coal Pictured Cliffs	2940' 3110' 3368' 3580' 3608'	

JEROME P. MCHUGH/NASSAU RESOURCES, INC.

P O BOX 809

FARMINGTON, N.M. 87499-0809

505 326-7793

FAX NUMBER 505 327-0859

DAILY REPORT

CARRACAS UNIT - PC 26 B #3

9-10-93 Moved in and rigged up.
Nippled up and picked up 104 jts. of 2-7/8" tubing.
Tagged cement at 3269'. Shut in over night.

9-20-93 Drilled DV tool. Cleaned out to 3815'.
Pressure tested to 2000 psi. Test good.
Shut in over night.

9-21-93 Finished TOOH with tubing.
Rigged up Petro Wireline. Ran GR with collar locator to
TOOH and ran perforating guns and perforated as follows:

3629	2 spf- 2 perfs
3636	2 spf- 2 perfs
3650	2 spf- 2 perfs
3669	2 spf- 2 perfs
3676	2 spf- 2 perfs
3683 - 3686	1 spf- 3 perfs
3688 - 3708	1 spf- 20 perfs
3727	2 spf- 2 perfs
3730 - 3733	1 spf- 3 perfs
3742	2 spf- 2 perfs

Total of 40 perfs

Tripped in hole with 4-1/2" mill, 3460' tubing.

Circulated down tubing out casing valve. Shut pipe rams.

Balled off with 80 frac (1.3 sp66) balls.

1000 gal. of 15% HCL. Rate 3.8-6 bpm.

Good ball action. Almost complete ball off.

Picked up 300' of tubing. Knocked balls off perfs.

TOOH and prepared to frac.

Frac'd Well as follows with Viking I-30 fluid;

17,000 gal	Pad	
4,000 gal	2#/gal	20/40 sand per gal
4,000 gal	3#/gal	20/40 sand per gal
10,000 gal	4#/gal	20/40 sand per gal
10,000 gal	5#/gal	20/40 sand per gal
6,300+ gal	6#/gal	(Ran until low on H ₂ O)
3,444 gal	Flush	

Total sand pumped 157,500#

Total sand on formation 155,000#

Treating pressure

Pressure Min 680 psi Max 1200 psi Avg 910 psi

Injection Rate 20 bbl/min.

NASSAU RESOURCES, INC.
Carracas Unit-PC 26B #3

9-21-93

ISIP		950 psi
SI	5 min.	780 psi
	10 min	710 psi
	15 min	600

Well shut in at 3:30 pm.

9-22-93

Well on vacuum. TIH and tagged sand at 3370'.
Cleaned out to 3675'. Lost returns.
Landed ~~124~~ jts. of 2-7/8" tubing at 3644'.
Seating nipple at 3612'. Notch collar on bottom.
Nippled down BOP. Nippled up wellhead.
Shut in over night.

*118 lbs.
per mile
per Atchison*

9-23-93

Casing pressure 60 psi; tubing 0 psi.

9-24-93

Rigged up Cudd Pressure Control coiled tubing and nitrogen truck.
Circulated tubing clean with nitrogen.
Circulated casing below tubing clean with nitrogen.
Well started flowing after casing was cleaned to 3650'.
Cleaned to bottom with nitrogen, 3815'.
Circulated with nitrogen for 1 hour. TOOH with Cudd.
Rigged down Cudd. Put well on test thru a .250" choke.
Approximate flow 550-600 mcf. Left well on test.
Shut down for the day.

9-25-93

Released rig.

OIL CONSERVATION DIVISION
RECEIVED

'94 SEP 5 AM 8 50

Carracas Canyon Unit
Fruitland Coal
3183.5

SEP 2 1994

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

Dear Mr. Johnson:

We have reviewed your application, dated July 21, 1994, for non-paying well determinations for the following Fruitland Coal wells in the Carracas Canyon Unit:

1. CCU 15A-16 SE SE Section 15, T-32N, R-5W, Rio Arriba County, NM
2. CCU 11B-15 SW SE Section 11, T-32N, R-4W, Rio Arriba County, NM
3. CCU 12B-16 SE SE Section 12, T-32N, R-4W, Rio Arriba County, NM
4. CCU 13B-7 SW NE Section 13, T-32N, R-4W, Rio Arriba County, NM
5. CCU 13B-11 NE SW Section 13, T-32N, R-4W, Rio Arriba County, NM
6. CCU 14B-10 NW SE Section 14, T-32N, R-4W, Rio Arriba County, NM
7. CCU 15B-14 SE SW Section 15, T-32N, R-4W, Rio Arriba County, NM
8. CCU 22B-7 SW NE Section 22, T-32N, R-4W, Rio Arriba County, NM
9. CCU 24B-1 NE NE Section 24, T-32N, R-4W, Rio Arriba County, NM
10. CCU 25B-13 SW SW Section 25, T-32N, R-4w, Rio Arriba County, NM
11. CCU 27B-12 NW SW Section 27, T-32N, R-4W, Rio Arriba County, NM
12. CCU 28B-10 NW SE Section 28, T-32N, R-4W, Rio Arriba County, NM
13. CCU 30B-16 SE SE Section 30, T-32N, R-4W, Rio Arriba County, NM
14. CCU 31B-5 SW NW Section 31, T-32N, R-4W, Rio Arriba County, NM
15. CCU 34B-9 NE SE Section 43, T-32N, R-4W, Rio Arriba County, NM

It was noted on your application that the legal description for CCU 14B-10 was erroneously written as Section 10, when actually the well is located in Section 14. We concur with your determination that none of the listed wells are capable of producing unitized substances in paying quantities. With the exception of the change in legal description for Unit Well CCU 14B-10, your application for non-paying well determinations is hereby approved as

submitted. Please continue to report production from these wells under the lease number.

If you have any questions, please contact Ray Hager at (505) 599-6366.

Sincerely,

/s/ Duane Spencer

Duane W. Spencer
Chief, Branch of Reservoir Management

bcc:

MMS, RMP, MS-3240, Denver, CO

Commissioner of Public Lands, Santa Fe, NM

New Mexico Oil Conservation Division, Santa Fe, NM ✓

NASSAU

July 29, 1994

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

OIL CONSERVATION DIVISION
RECEIVED

1994 JUL 29 8 50

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 Pictured Cliffs
Participating Area "B"

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 Pictured Cliffs Participating Area "B".

The schedule of lands attached hereto as Exhibit "B" describes the lands within the Pictured Cliffs Participating Area "B" and indicates the percentages of participation of the leases and tracts with said areas.

The Pictured Cliffs Participating Area "B" is appropriate by virtue of the information obtained from the completion of the Carracas #35B-8 PC located in the SE/4NE/4 of Section 35-T32N-R4W, NMPM. The Carracas #35B-8 PC was spudded on October 12, 1993, drilled to a total depth of 4227' (Plugged back at 4167') and completed in the Pictured Cliffs Formation through perforations at 4012' - 4111'. Following sand fracturing, the Pictured Cliffs formation was completed for an initial potential of 750 MCFD on October 26, 1993.

Pursuant to Section 11 of the Unit Agreement, the effective date of the Pictured Cliffs Participating Area "B" should be October 26, 1993. Therefore, we request your approval as to the lands/leases indicated on Exhibits "A" and "B" for the Pictured Cliffs Participating Area "B" effective October 26, 1993.

Sincerely,

James C. Joda
by RE Callen

James C. Joda

enc

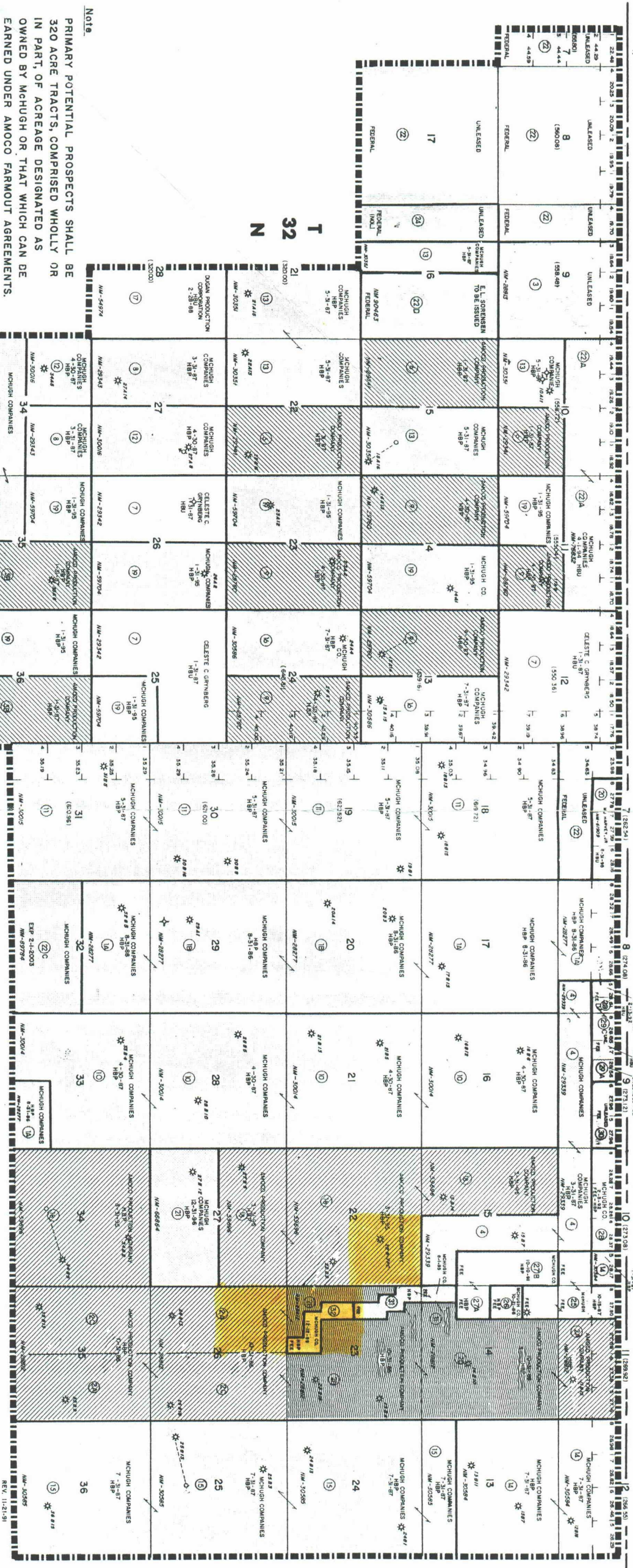
R 5 W

COLORADO

SCHEDULE III

R 4 W

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.

- Amoco FO-100% WI, No Back-in
- 75%-25% Amoco FO
- 66 2/3%-33 1/3% Amoco FO
- McHugh 100%
- Unleased Federal Lands

T 31 N

R 5 W

NOTE: UNLESS OTHERWISE INDICATED, THE VARIOUS SECTIONS ON THIS PLAT CONTAIN 640.00 ACRES.

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

EXHIBIT "A"
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

NASSAU RESOURCES, INC.
DENVER, COLORADO