

EXHIBIT "B"
INITIAL FRUITLAND COAL FORMATION PARTICIPATING AREA "C"
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
4	USA NM-29339 100.00000000X	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 15: W/2E/2, SE/4SE/4	200	62.50000000	MCHUGH COMPANIES (100.00X)
278	(FEE): 100.00000000X	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPH SECTION 15: E/2NE/4, NE/4SE/4	120	37.50000000	MCHUGH COMPANIES (100.00X)
		VIOLA H. ARMENTA FRANCES CORDOVA ET VIR REBECCA GARCIA * JOE & DENETRIO MARTINEZ * SOPHIA MARTINEZ JOSE & KATHY MARTINEZ ALBERT A. GALLEGOS EDWARD S. GALLEGOS, JR. LINDA SUE LANIER NORMA MARIA MADRID ELIZABETH ANN TROXELL LAURALEE PAYNE			
		16.66666667X 16.66666667X 16.66666666X 10.00000000X 10.00000000X 10.00000000X 5.00000000X 5.00000000X 2.50000000X 2.50000000X 2.50000000X			
			TOTAL	320	100.00000000

SUMMARY
EXHIBIT "B"
INITIAL FRUITLAND COAL FORMATION PARTICIPATING AREA "C"
CARRACAS CANYON UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	200	-0-	100.00000000
STATE	-0-	-0-	-0-
PATENTED	96	* 24	80.00000000
TOTAL	296	* 24	92.50000000

* UNLEASED AND NON-COMMITTED FEE OWNERS THAT ARE FORCED POOLED TO 320 ACRE SPACING BY THE STATE OF NEW MEXICO BY ORDER NO. R-8978, CASE NO. 9717.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-Q137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

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

b. TYPE OF COMPLETION:

NEW WELL ☒ WORK OVER ☐ REPAIR ☐ PLUG BACK ☐ DIFF. REVEN. ☐ FARMINGTON RESOURCE AREA
FARMINGTON, NEW MEXICO

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

1650' FNL - 1850' FEL

At top prod. interval reported below

At total depth

14. PERMIT NO.

DATE ISSUED

6/27/89

15. DATE STUDDED 16. DATE TD REACHED 17. DATE COMPL. (Ready to prod.)

8-13-89

8-18-89

9-19-89

18. ELEVATIONS (DV, AKB, ST, GR, ETC.)*

6543' GL.

19. ELEV. CASINGHEAD

6543' GL.

20. TOTAL DEPTH, MD & TVD

3570' KB

21. PLUG BACK TD, MD & TVD

3508' KB

22. IF MULTIPLE COMPL., HOW MANY*

NA

23. INTERVALS DRILLED BY

ROTARY TOOLS

TD

CABLE TOOLS

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

3357' KB to 3400' KB Basin Fruitland Coal

25. WAS DIRECTIONAL SURVEY MADE

NO

26. TYPE ELECTRIC AND OTHER LOGS RUN

Spectral Density DSN II, Dual Induction Guard,

27. WAS WELL CORED

Microlog, GR-CCL

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"	36.1	324' KB	12-1/4"	142 cu.ft. circ. to surf.	---
5-1/2"	15.5	3570' KB	8-3/4"	259 cu.ft. circ. to surf.	---
				See reverse	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
NA					2-7/8"	3402' KB	---

30. TUBING RECORD

31. PERFORATION RECORD (Interval, size and number)

3397' KB to 3400' KB

3357' KB to 3368' KB

0.5" diam. holes
6 spf

Total of 84 holes.

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3397'-3368' KB	1769 bbls. GWX-9 fluid
	48,000# of 40/70 sand
	165,000# of 20/40 sand
	500 gal. 15% HCL acid

33. PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)					WELL STATUS (Producing or shut-in)	
9/19/89*		Flowing					SI	
DATE OF TEST	HOURS TESTED	CHOKED SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO	
9/20/89	24 hrs.		→	---	71.8	287	---	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)		
122	425	→	---	71.8	287	ACCEPTED FOR RECO		

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

Vented during test; to be sold

TEST WITNESSED BY

Elmer PERRY 271989

35. LIST OF ATTACHMENTS

Jerome P. [Signature] List hydrocarbons to well bore during completion operations

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

SIGNED

James S. Hazen

TITLE

Field Supt.

DATE 9/22/89

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

ACCEPTED FOR RECORD

FARMINGTON RESOURCE AREA

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

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
			<u>Item #28</u> Cemented 9-5/8" casing as follows: 120 sx Class "B" w/ 1/4#/sk flow seal per sk & 2% CaCl. (142 cu.ft.) Cemented 5-1/2" casing as follows: 10 bbls. mud flush 427 sx 65/35 poz w/ 12% gel and 1/4#/sk cello flake (1120 cu.ft.) 100 sx 50/50 poz w/ 2% gel, 6-1/4#/sk coal seal & 1/4#/sk cello flake (139 cu.ft.) total of 1259 cu.ft.	Ojo Alamo Kirtland Fruitland Fruitland Coal	2733' 2872' 3175' 3356'	

38.

GEOLOGIC MARKERS

JEROME P. MCHUGH/NASSAU RESOURCES, INC.
P O BOX 809
FARMINGTON, N.M. 87499-0809
505 326-7793

DAILY REPORT

Carracas Unit 15 B #7

8-31-89 MI & RU service rig.
 Pressure tested casing to 3500 psi & held for 10 min.
 Test good.
 PBTD 3508' KB.
 Ran GR-CCL from 3508' KB to 3080' KB.
 Perforated with 4" guns, 0.5" diam. holes, 6 SPF:
 3397' KB to 3400' KB
 3357' KB to 3368' KB Total of 84 holes.

9-5-89 Ran static bottom hole pressure test.

9-15-89 MI & RU service unit.
 TIH with 108 jts. of 2-7/8" tubing with seating nipple
 at 3403' KB.
 Landed tubing in flange, unable to locate donut.
 RD and moved.
 SION.

9-18-89 Fraced with 35# DWX-9 fluid as follows:
 500 gal 15% HCL acid
 40,000 gal Pad
 4,000 gal 2#/gal 40/70 sand
 4,000 gal 4#/gal 40/70 sand
 4,000 gal 6#/gal 40/70 sand
 4,000 gal 6#/gal 20/40 sand
 4,000 gal 8#/gal 20/40 sand
 6,000 gal 10#/gal 20/40 sand
 4,500 gal 12#/gal 20/40 sand
 70 bbls. Flush
 Total load to recover 1769.
 48,000# of 40/70 sand pumped
 165,000# of 20/40 sand pumped
 Pressure max 3700 psi Average 3000 psi
 Injection rate max 54 bbl/min. Average 52 bbl/min.
 ISIP 3100 psi
 SI 5 min. 2600 psi
 10 min. 2200 psi
 15 min. 2000 psi
 Well SI at 6:30 pm on 9/18/89.
 Well opened to pit at 7:00 pm on 9/18/89.
 Choke size 3/8".

NASSAU RESOURCES, INC.
Carracas Unit 15 B #7

- 9-19-89 Opened well to pit thru 2" line.
Well flowing hard. TIH with 20 jts. hot and RU and killed well.
TIH and tagged 35' of fill.
RU and circulated hole clean.
Landed 108 jts. of 2-7/8", 6.5#, J-55, 8 Rd., EUE tubing at 3402' KB. Seating nipple at 3372' KB.
RU to run rods and pump. Well unloaded.
RU and killed well.
No pumping "T" and installed master valve.
SION.
- 9-20-89 Well SI 12 hrs.
Tubing - 1400 psig
Casing - 1400 psig
RU to test thru production equipment.
- 12-12-89 Tubing pressure 470 psi; casing pressure 640 psi.
- 8-9-91 Shut in well at 1:48 p.m. Rigged up wireline.
Ran No-go to seating nipple at wireline, 3,355'.
TOOH with No-go. TIH with pressure bomb.
Set at seating nipple at 2:26 p.m. Left well shut in.
- 4-6-92 MI & RU. Road and location muddy.
- 4-7-92 Blew well down and nipped up BOP. 550 psi on casing.
Well started to kick.
Pumped 30 bbls. water to kill well.
TOOH with tbg.
Tbg. brown at 1675', possibly drilling mud.
Hydro tested to 3000 psi back in hole. No holes.
TOOH.
- 4-8-92 Rigged up Western Co. to pressure test csg.
TIH with packer to 2000'.
Tested to 1500 psi. Pressure held.
TIH to 3216'.
Pressured up to 1500 psi. Held for 15 min.
TOOH & laid down packer.
Picked up notch collar & TIH.
Picked up 1 jt. tbg. Checked for fill. No fill.
Rigged up Western Co. & circulated bottoms up - 80 bbls.
No drilling mud. Hole clean.
Rigged up to swab. Swabbed from 12:30 PM to 4:30 PM.
Recovered approx. 55 bbls. water.
Fluid dropped to 200' above bottom.
Csg. pressure 70 psi. SI for night.

NASSAU RESOURCES, INC.
Carracas Unit 15 B #7

4-9-92 Csg. pressure at 8 AM 450 psi; tbg. 475 psi.
Well blew down in two min. and died.
Csg. pressure 420 psi.
Swabbed well:
 1st run - fluid level 2800', csg. pressure
 dropped to 400 psi.
 2nd run - FL 3000' & csg. 380 psi.
 3rd run - FL 3000' & csg. 350 psi.
 4th run - FL 3200' & csg. 300 psi.
Well started to unload & csg. press. dropped to 250 psi.
Blew down & died in 18 min. with csg. press. 120 psi.
SI 9:37 to 11:37 AM. Csg. press. 310 psi & tbg. 180 psi.
Blew down in 30 sec.
Checked fluid level - 3000'.
Swabbed well:
 1st run - FL 3000' & csg. 310 psi.
 2nd run - FL 3200' & csg. dropped to 280 psi.
 3rd run - FL 3000' (scattered) & csg. dropped to 250.
Trying to flow with csg. at 250 psi.
Flowed 17 min. & died with csg. at 120 psi.
Checked fluid level. Tbg. dry.
Dropped 3 packs of acid sticks & SI well at 12:30 PM.
Rigged down & released rig.

ENGINEERING REPORT

Carracas Unit 15B #7

Section 15, T32N, R04W

Rio Arriba County, New Mexico

Carracas Unit 15B #7, located 1650' FNL and 1850' FEL of Section 15, Township 32 North, Range 4 West, was spudded on August 13, 1989. Total depth of 3570' was reached on August 18, 1989 and 5-1/2", 15.5 lb/ft casing was set. The Fruitland Coal was perforated at 3357' to 3368' and 3397' to 3400' with 4 shots per foot. The formation was fractured with 48,000 lbs 40/70 sand and 165,000 lbs 20/40 sand in 1770 barrels gelled water at 52.0 barrels per minute.

The well was first delivered at a rate of 586 MCFD on October 26, 1989.

The well has produced a cumulative of 273,977 MCF through October 31, 1992. The October, 1992 production was 206 MCF and 0 BW for an average producing rate of 41.2 MCFD and 0 BWPD. October, 1992 gas sales were 99 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 99 MCF, a wellhead price for gas of \$2.055 per MCF and operating expenses for this well of \$3734.85, the well is currently not operating at a profit. This well has a mechanical problem and is being evaluated for a workover when the winter operating restrictions are lifted by the surface management agency.

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.

ECONOMICS EXHIBIT

December, 1992

Application for Approval of Participating Area

Carracas Unit 15B #7

SW NE Section 15, T32N R04W

Rio Arriba County, New Mexico

Well Costs: (based on actual costs) \$478,051

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

Monthly Operating Cost:

1989 average = \$3112 per month *

1990 average = \$3357 per month *

1991 average = \$4239 per month *

1992 average = \$5035 per month *

1993 est = \$2830 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, a gas marketing fee of \$.03/MCF, and a water disposal fee of \$.25/BBL

Working Interest: 100%

Net Revenue Interest: 80%

Discount Rate: 10%

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

Ad Valorem Tax: 1.0% of adjusted revenue

Gas Price:

1989 average = \$1.216 per MCF *

1990 average = \$1.076 per MCF *

1991 average = \$0.878 per MCF *

1992 average = \$1.339 per MCF *

1993 est = \$1.500 per MCF escalated at 4% per year.

Date of First Production: October 26, 1989

Initial Production Rate: 585 MCFD

Calculated Economic Reserves: 273,977 MCF Cumulative + 726,436 MCF remaining

NASSAU RESOURCES, INC.

Multiphase Curve Analysis

Rate vs Time

(c) 1991, 1989 Dwrights, A SoftSearch Co.

CARRACAS UNIT 15B-7

G 15 T32N R04W FRUITLAND COAL

RIO ARRIBA COUNTY, NM

12/08/1992

Project:

CCU 15B-7

Production Curves

GAS: • GAS DATA
0 History 11/89 - 10/92
1 Hyperbolic 1/93 - 7/18

Gi : 10000.000 MCF/M
D1 : 15.000 %
n : 0.500

Ge : 997.860 MCF/M
De : 5.141 %

Np : 969.771 MMCF

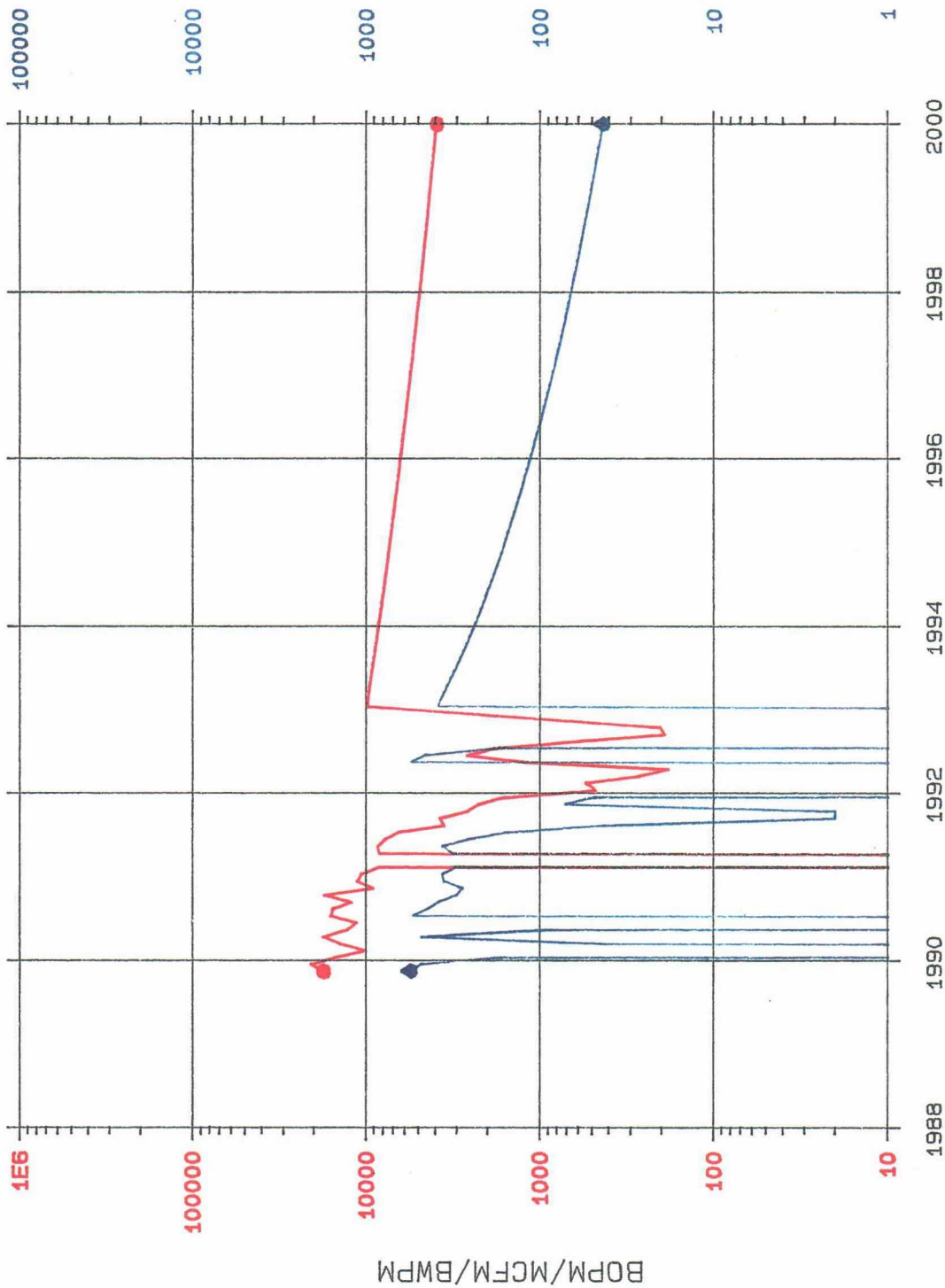
WTR: • WATER DATA

0 History 11/89 - 10/92
1 Hyperbolic 1/93 - 4/11

Gi : 400.000 UNT/M
D1 : 40.000 %
n : 0.500

Ge : 9.968 UNT/M
De : 8.591 %

Np : 13.891 MUNT



OPERATOR: NASSAU RESOURCES, INC.
 LSE WELLNO: CARRACAS UNIT 15B-7
 FIELD: BASIN FRUITLAND COAL
 COUNTY: RIO ARRIBA
 STATE: NM

CCU 15B-7

DW LOC: G 15 32N 04W
 FORMATION: FRUITLAND COAL
 RSVR CLASS: PROVED PRODUCING
 JNT VNTURE: PA

BFIT 20 COLUMN REPORT
 INDIVIDUAL WELL ANALYSIS
 Report Date: JAN 1993
 Discount Date: JAN 1993
 Evaluation Date: JAN 1993

----- REPORT COMMENTARY -----

CARRACAS CANYON UNIT PARTICIPATING AREA
 COMMERCIAL WELL DETERMINATION

----- DIVISION OF INTEREST -----

1st NONZERO WI 1/93 100.000000%
 1st NONZERO NRI 1/93 80.000000%
 FINAL W.I. 100.000000%
 FINAL N.R.I. 80.000000%

----- PROFIT AND PRODUCTION INDICATORS -----

LIFE OF THE PROJECT 13 years 9 months
 PAYOUT TERM N/A
 ROI - DISCOUNTED N/A
 ROI - UNDISCOUNTED N/A
 INTERP. IRR > 400 %

END OF PERIOD (MO/YR)	GROSS PRODUCTION		NET PRODUCTION		EFFECTIVE PRICES		NET REVENUE			
	OIL & CND	GAS & CGS	OIL & CND	GAS & CGS	OIL & CND	GAS & CGS	OIL & CND	GAS & CGS	OTHER	TOTAL
	--(MBBL)-----	(MMCF)--	--(MBBL)-----	(MMCF)--	---(\$/BBL)----	(\$/MCF)---	----(M\$)-----	(M\$)-----	(M\$)-----	(M\$)-----
PRIOR		273.977								
12/93	0.000	110.633	0.000	88.507	N/A	1.53	0.000	135.344	0.000	135.344
12/94	0.000	94.615	0.000	75.692	N/A	1.59	0.000	120.293	0.000	120.293
12/95	0.000	81.840	0.000	65.472	N/A	1.65	0.000	107.984	0.000	107.984
12/96	0.000	71.489	0.000	57.192	N/A	1.71	0.000	97.760	0.000	97.760
12/97	0.000	62.985	0.000	50.388	N/A	1.77	0.000	89.157	0.000	89.157
12/98	0.000	55.914	0.000	44.731	N/A	1.83	0.000	81.832	0.000	81.832
12/99	0.000	49.970	0.000	39.976	N/A	1.89	0.000	75.532	0.000	75.532
12/00	0.000	44.926	0.000	35.940	N/A	1.95	0.000	70.065	0.000	70.065
12/01	0.000	40.609	0.000	32.487	N/A	2.01	0.000	65.283	0.000	65.283
12/02	0.000	36.885	0.000	29.508	N/A	2.07	0.000	61.068	0.000	61.068
SUB TOTAL	0.000	649.866	0.000	519.893			0.000	904.318	0.000	904.318
REMAINDER	0.000	112.618	0.000	90.094			0.000	198.799	0.000	198.799
TOTAL	0.000	762.484	0.000	609.987			0.000	1103.117	0.000	1103.117
ULTIMATE		1036.461								

END OF PERIOD (MO/YR)	NET	NET PROD.	NET	TOTAL	NET CASH	NET	NET	NET OPERATING INCOME BFIT		
	EXPENSES	TAXES	W.P.T.	EXP+TAXES	OPER. INC.	INVESTMENT	RESALE	UNDISC	DISC @ 10.00%	CUM DISC
	---(M\$)---	---(M\$)---	---(M\$)---	---(M\$)---	---(M\$)---	---(M\$)---	---(M\$)---	---(M\$)---	---(M\$)---	---(M\$)---
12/93	33.947	20.098	0.000	54.045	81.299	0.000	0.000	81.299	77.169	77.169
12/94	34.306	17.383	0.000	51.689	68.604	0.000	0.000	68.604	58.946	136.115
12/95	34.910	15.205	0.000	50.115	57.869	0.000	0.000	57.869	45.010	181.125
12/96	35.656	13.429	0.000	49.085	48.675	0.000	0.000	48.675	34.272	215.397
12/97	36.494	11.962	0.000	48.456	40.701	0.000	0.000	40.701	25.942	241.339
12/98	37.396	10.734	0.000	48.131	33.701	0.000	0.000	33.701	19.447	260.786
12/99	38.346	9.696	0.000	48.043	27.490	0.000	0.000	27.490	14.361	275.147
12/00	39.332	8.810	0.000	48.142	21.923	0.000	0.000	21.923	10.370	285.517
12/01	40.346	8.047	0.000	48.393	16.890	0.000	0.000	16.890	7.234	292.751
12/02	41.382	7.386	0.000	48.767	12.301	0.000	0.000	12.301	4.772	297.523
SUB TOTAL	372.115	122.750	0.000	494.866	409.453	0.000	0.000	409.453	297.523	
REMAINDER	164.676	23.080	0.000	187.756	11.042	0.000	0.000	11.042	3.882	
TOTAL	536.791	145.830	0.000	682.622	420.495	0.000	0.000	420.495	301.405	

----- PRESENT WORTH PROFILE -----									
1 -	5.00 %	352.830 M\$	3 -	15.00 %	261.574 M\$	5 -	30.00 %	184.415 M\$	7 - 70.00 % 100.9
2 -	10.00 %	301.405 M\$	4 -	20.00 %	230.160 M\$	6 -	50.00 %	130.748 M\$	

OPERATOR: KASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 15B-7
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARriba
STATE: NM

CCU 15B-7
INPUT DATA SUMMARY
INDIVIDUAL WELL ANALYSIS

DW LOC: G 15 32N 04W
FORMATION: FRUITLAND COAL
RSVR CLASS: PROVED PRODUCING
JNT VNTURE: PA

----- REPORT COMMENTARY -----
CARRACAS CANYON UNIT PARTICIPATING AREA
COMMERCIAL WELL DETERMINATION

----- CALCULATION PARAMETERS -----
PROJECT START DATE: 1/93
PRODUCTION REVENUE START DATE: 1/93
EVALUATION START DATE: 1/93
METHOD OF PAYOUT: STREAM VALUE
PAYOUT ON STREAM: COI UNDISCOUNTED
CUM VALUE TO PAYOUT: \$

----- CALCULATION PARAMETERS -----
TYPE OF INTEREST: OUTSIDE EVAL INTEREST
OUTSIDE WORKING INTEREST: 100.000000 %
NET REVENUE INTEREST: 80.000000 %
BASE CASE DISCOUNT RATE: 10.00 %
PROJ BASE CASE DSC RATE: 10.00 %

4. WELL SCHEDULING

GAS (2), 0, 1/93
1, SCHED (1), 1, NO ESCAL, NO LIMIT, PROJECT LIFE (9)

5. DIVISION OF INTEREST SCHEDULING

EWI (1), 0, 1/93
1, SCHED (1), 100.000000 %, PROJECT LIFE (10)
NRI-O/A(4), 0, 1/93
1, SCHED (1), 80.000000 %, PROJECT LIFE (10)

6. PRODUCTION SCHEDULING

GAS (2), 0, HST (2), 273.977 MMCF, 01/93 STANDARD
1, HYP (4), 10000.000 MCF/M (2), 997.860 MCF/M (2), EXP 0.50, DEC 15.000, CUM PROD (2), 1243.268, MMCF (2)
Oth-A (6), 0, HST (2), 7.314 MUNT, 01/93 STANDARD
1, HYP (4), 400.000 UNT/M (2), 9.968 UNT/M (2), EXP 0.50, DEC 40.000, ADD TIME (5), 18-Y 4-M

7. PRICE SCHEDULING

GAS (2), 0, 1/93
1, SCHED (1), 1.50 \$/MCF (2), AS04 , 3.50, PROJECT LIFE (9)

8. EXPENSE SCHEDULING

DIR OPER (1), 0, 1/93
1, SCHED (1), 2425.00 \$/W/M (3), AS04 , NO LIMIT, PROJECT LIFE (9)
VAR-GAS (8), 0, 1/93
1, SCHED (1), 0.03 \$/MCF (4), NO ESCAL, NO LIMIT, PROJECT LIFE (9)
VAR-OTH-P(9), 0, 1/93
1, SCHED (1), 0.25 \$/UNT (4), AS04 , 2.00, PROJECT LIFE (9)
VAR-Ot-A(12), 0, 1/93
1, SCHED (1), 0.25 \$/UNT (4), AS04 , 2.00, PROJECT LIFE (9)

9. TAX SCHEDULING

SEV (1), NEW MEXICO, OIL, 7.080 %, 0.000000 \$/BBL, GAS, 3.330 %, 0.163000 \$/MCF
AD VAL (2), % OF ADJUSTED REVENUE - 1.00 %, FIXED AMOUNT - 0.000,
GAS SEV-LIST (8), FOR 0-Y 0-M

ADVAL -LIST (9), FOR 0-Y 0-M
NET WPT-LIST(10), FOR 0-Y 0-M
GRS WTP-LIST(11), FOR 0-Y 0-M
T3 ABP -LIST(12), FOR 0-Y 0-M

10. INVESTMENT SCHEDULING

*** INVESTMENTS NOT SCHEDULED ***

11. LOANS SCHEDULING

*** LOANS NOT SCHEDULED ***

12. STREAM ADJUSTMENT SCHEDULING

*** STREAM ADJUSTMENTS NOT SCHEDULED ***

HISTORIC DATA LISTING
CCU 15B-7

GAS

STANDARD

TIME DEC
SEG TYPE

END
CONDITION

0 HST 273.977 MMCF

01/93

HISTORIC DATA: MCF

PRIOR PRODUCTION:

0.000 MMCF

11/ 1/89 - 11/30/89 17569.000
12/ 1/89 - 12/31/89 20800.000
1/ 1/90 - 1/31/90 15192.000
2/ 1/90 - 2/28/90 10066.000
3/ 1/90 - 3/31/90 14141.000
4/ 1/90 - 4/30/90 17695.000
5/ 1/90 - 5/31/90 12884.000
6/ 1/90 - 6/30/90 11391.000
7/ 1/90 - 7/31/90 16019.000

8/ 1/90 - 8/31/90 15541.000
9/ 1/90 - 9/30/90 12164.000
10/ 1/90 - 10/31/90 17421.000
11/ 1/90 - 11/30/90 9093.000
12/ 1/90 - 12/31/90 11345.000
1/ 1/91 - 1/31/91 10638.000
2/ 1/91 - 2/28/91 8453.000
3/ 1/91 - 3/31/91 0.000
4/ 1/91 - 4/30/91 8492.000

HISTORIC DATA: MCF

5/ 1/91 - 5/31/91 8657.000
6/ 1/91 - 6/30/91 7824.000
7/ 1/91 - 7/31/91 6593.000
8/ 1/91 - 8/31/91 3546.000
9/ 1/91 - 9/30/91 3790.000
10/ 1/91 - 10/31/91 2636.000
11/ 1/91 - 11/30/91 2261.000
12/ 1/91 - 12/31/91 1638.000
1/ 1/92 - 1/31/92 476.000

2/ 1/92 - 2/28/92 545.000
3/ 1/92 - 3/31/92 271.000
4/ 1/92 - 4/30/92 183.000
5/ 1/92 - 5/31/92 1182.000
6/ 1/92 - 6/30/92 2641.000
7/ 1/92 - 7/31/92 1823.000
8/ 1/92 - 8/31/92 610.000
9/ 1/92 - 9/30/92 191.000
10/ 1/92 - 10/31/92 206.000

1 HYP 10000.000 MCF/M 997.860 MCF/M 0.50 15.000 2 1243.268 MMCF CUM

Other - Associate

STANDARD

TIME DEC
SEG TYPE

END
CONDITION

0 HST 7.314 MUNT

01/93

HISTORIC DATA LISTING
CCU 15B-7

Other - Associate

				STANDARD			
TIME DEC				END			
SEG TYPE				CONDITION			
-----				-----			
HISTORIC DATA: UNT				PRIOR PRODUCTION:		0.000 MUNT	
11/ 1/89 - 11/30/89	557.000			8/ 1/90 - 8/31/90	447.000		
12/ 1/89 - 12/31/89	484.000			9/ 1/90 - 9/30/90	384.000		
1/ 1/90 - 1/31/90	184.000			10/ 1/90 - 10/31/90	304.000		
2/ 1/90 - 2/28/90	0.000			11/ 1/90 - 11/30/90	279.000		
3/ 1/90 - 3/31/90	42.000			12/ 1/90 - 12/31/90	359.000		
4/ 1/90 - 4/30/90	492.000			1/ 1/91 - 1/31/91	368.000		
5/ 1/90 - 5/31/90	94.000			2/ 1/91 - 2/28/91	306.000		
6/ 1/90 - 6/30/90	0.000			3/ 1/91 - 3/31/91	0.000		
7/ 1/90 - 7/31/90	549.000			4/ 1/91 - 4/30/91	321.000		
HISTORIC DATA: UNT							
5/ 1/91 - 5/31/91	367.000			6/ 1/92 - 6/30/92	459.000		
6/ 1/91 - 6/30/91	259.000			7/ 1/92 - 7/31/92	175.000		
7/ 1/91 - 7/31/91	156.000			8/ 1/92 - 8/31/92	0.000		
8/ 1/91 - 8/31/91	43.000			9/ 1/92 - 9/30/92	0.000		
9/ 1/91 - 10/31/91	4.000			10/ 1/92 - 10/31/92	0.000		
11/ 1/91 - 11/30/91	73.000						
12/ 1/91 - 12/31/91	49.000						
1/ 1/92 - 4/30/92	0.000						
5/ 1/92 - 5/31/92	559.000						
1 HYP	400.000 UNT/M	9.968 UNT/M	0.50	40.000	5	[18]-YRS [4]-MOS ADD	

McHUGH

April 19, 1993

Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222-1894
(303) 321-2111 FAX (303) 321-1563

United States Department of the Interior
Bureau of Land Management
Farmington District Office
Attn: Mr. Duane Spencer
1235 La Plata Highway
Farmington, New Mexico 87401

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

RE: Carracas Canyon Unit Area
Rio Arriba County, New Mexico

**APPLICATION FOR APPROVAL OF THE INITIAL PARTICIPATING AREA "D"
FOR THE FRUITLAND COAL FORMATION**

Gentlemen:

Nassau Resources, Inc., as Unit Operator for the Carracas Canyon Unit Area, which unit agreement was approved by the Bureau of Land Management effective January 30, 1987 and pursuant to the terms of Section 10 thereof, respectfully submits for your approval the selection of the following described lands to constitute the Initial Fruitland Coal Participating Area "D", to wit;

Township 32 North, Range 4 West, NMPM
Section 26: E/2
Section 35: W/2

ACRES INCLUDED IN INITIAL PARTICIPATING AREA: 640.00

In support of this application, the following numbered items are attached hereto and made a part hereof:

- (1) An ownership map showing thereon the boundary of the unit area and the participating area as proposed herein.
- (2) A schedule showing the lands entitled to participation in the unitized substances produced from the Fruitland Coal formation in the proposed participating area with the percentage of each lease or tract indicated thereon.

Enclosed herein, in triplicate, a geological and engineering report with accompanying maps supporting and justifying the proposed selection of lands for inclusion in the Initial Fruitland Coal Participating Area "D".

April 19, 1993
Bureau of Land Management
Page 2

This proposed Initial Fruitland Coal Participating Area "D" is predicated upon the knowledge first obtained upon completion in paying quantities under the terms of the unit agreement of the following well(s):

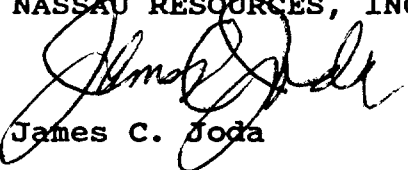
Well Name: Carracas Unit 26B-#16
Location: 790' FSL - 790' FEL, (SE/4SE/4 26-32N-04W)
Completion Date: 10/12/89
First Sales: 10/21/89
Formation: Basin Fruitland Coal
Producing Interval: 3974' - 4035' KB, Basin Fruitland Coal
Initial Production: 205' MCF, (24 hrs.)

Well Name: Carracas Unit 35B-#13
Location: 990' FSL - 790' FWL, (SW/4SW/4 35-32N-04W)
Completion Date: 10/10/89
First Sales: 10/29/89
Formation: Basin Fruitland Coal
Producing Interval: 4093' - 4162' KB, Basin Fruitland Coal
Initial Production: 218 MCF, (24 hrs.)

Applicant respectfully requests your approval of the hereinabove selection of lands to constitute the Initial Fruitland Coal Participating Area "D" to be effective October 10, 1989.

Sincerely,

NASSAU RESOURCES, INC.



James C. Joda

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