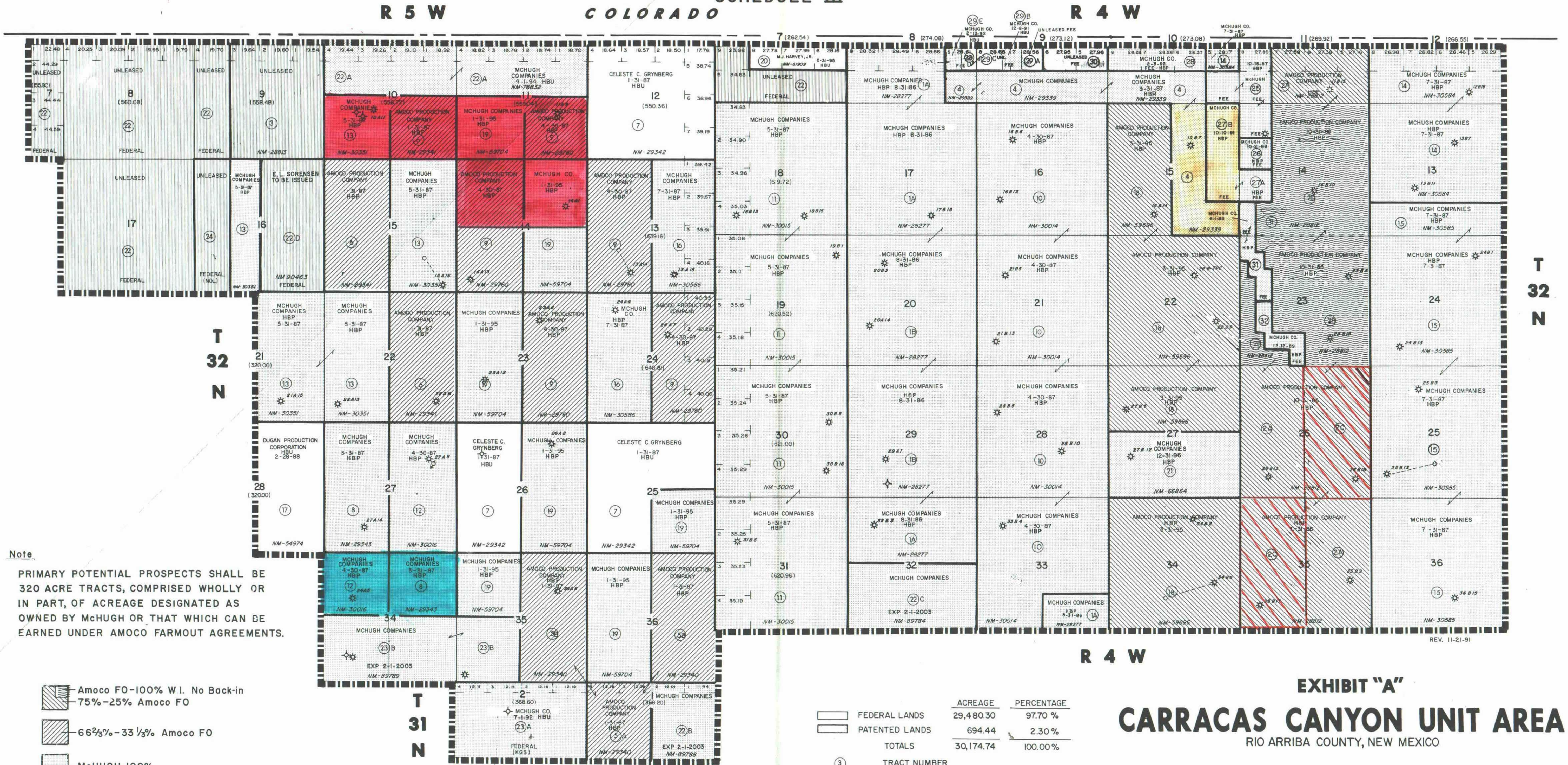
"D"

SCHEDULE III



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% W.I. No Back-in / 75%-25% Amoco FO
- 66⅔%-33⅓% Amoco FO
- McHUGH 100%
- Unleased Federal Lands
- Fruitland Coal Participating Area "A"
- Fruitland Coal Participating Area "B"
- Fruitland Coal Participating Area "C"
- Proposed Fruitland Coal Participating Area "D"

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

(3) TRACT NUMBER

UNIT OUTLINE

1 1/2 0 1

SCALE IN MILES

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

EXHIBIT "A"

CARRACAS CANYON UNIT AREA

RIO ARRIBA COUNTY, NEW MEXICO

NASSAU RESOURCES, INC.

DENVER, COLORADO

APR 93

EXHIBIT "B"
INITIAL FRUITLAND COAL FORMATION PARTICIPATING AREA "D"
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
2C	USA NM-28812 100.00000000%	TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM SECTION 26: E/2 SECTION 35: W/2	640	100.00000000	AMOCO PRODUCTION CO. (12.50%) McHUGH COMPANIES (52.72%) CNG PRODUCING COMPANY (22.28%) FRONTIER ENERGY CORP. (12.50%)
		TOTAL	640	100.00000000	

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

TYPE LAND	COMMITTED ACRES	NON-COMMITTED ACRES	PERCENT COMMITTED
FEDERAL	640	-0-	100.00000000
STATE	-0-	-0-	-0-
PATENTED	-0-	-0-	-0-
TOTAL	640	-0-	100.00000000

5 BLM, Fmn 1 DE 1 File 1 CNG 1 Amoco 1 NWP

Form 3160-4
(November 1983)
(formerly 9-330)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*
(See other instructions on reverse side)

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

5. LEASE DESIGNATION AND SERIAL NO.: NM 28812

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] DRY [ ] Other

b. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [ ] DEEP-EN [ ] PLUG BACK [ ] DIFF. RESVR. [ ] Other

7. UNIT AGREEMENT NAME: Carracas Unit

8. FARM OR LEASE NAME: Carracas Unit 26 B

2. NAME OF OPERATOR: NASSAU RESOURCES, INC.

FARMINGTON RESOURCE AREA
FARMINGTON, NEW MEXICO

9. WELL NO.: #16

3. ADDRESS OF OPERATOR: P O BOX 809, Farmington, N.M. 87499

10. FIELD AND POOL, OR WILDCAT: Basin Fruitland Coal

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

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: Sec. 26, T32N, R4W, NMPM

14. PERMIT NO. API # 30-029-24443 | DATE ISSUED 5/16/89

12. COUNTY OR PARISH: Rio Arriba | 13. STATE: NM

15. DATE SPUDDED	16. DATE T.D. REACHED	17. DATE COMPL. (Ready to prod.)	18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*	19. ELEV. CASINGHEAD
9/13/89	9/19/89	10/12/89	7035' GL; 7047' KB	7035' GL

20. TOTAL DEPTH, MD & TVD	21. PLUG, BACK T.D., MD & TVD	22. IF MULTIPLE COMPL., HOW MANY*	23. INTERVALS DRILLED BY	ROTARY TOOLS	CABLE TOOLS
4230' KB	4154' KB	NA	→	TD	

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*: 3974' - 4035' KB

25. WAS DIRECTIONAL SURVEY MADE: NO

26. TYPE ELECTRIC AND OTHER LOGS RUN: Dual Induction - SPF, Comp. Neutron- Formation Density, Microlog, Coal Log., GR-CCL .

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#	338' KB	12-1/4"	178 cu.ft. circ. to surf.	---
5-1/2"	15.5#	4232' KB	8-3/4"	1653 cu.ft. circ. to surf.	---
				See reverse	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
NA				

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8"	4002' KB	---

31. PERFORATION RECORD (Interval, size and number)

4033' - 4035' KB .45" diam. holes
4008' - 4012' KB
3991' - 4002' KB 4 spf
3974' - 3976' KB Total of 84 perfs.

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3974-4025' KB	500 gal. 15% HCL
	1713 bbls. 35# GWX-9 fluid
	48,000# 40/70 sand
	170,000# 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)
10/12/89*	Flowing	SHUT-IN

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
10/13/89	24 hrs.	1.500"	→	--	205	--	--

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
1325 psi	1350 psi	→	--	205	---	---

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.): Vented during test; to be sold

TEST WITNESSED BY: Elmer Perry

ACCEPTED FOR RECORD
OCT 18 1989
FARMINGTON RESOURCE AREA
BY [illegible]

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 Fran Perrin
Fran Perrin
TITLE Admin. Asst.
DATE 10/13/89

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

OPERATOR

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 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" casing as follows: 30 sx of 65/35 light w/ 2% CaCl, 6% 6% gel, and 1/4#/sk flowseal (118 cu.ft.) Total of 178 cu.ft. Cemented 5-1/2" casing as follows: 10 bbls. mud flush 578 sx of 65/35 poz w/ 12% gel, & 1/4#/sk celoflake (1514 cu.ft.) 100 sx of 50/50 poz w/ 2% gel, 6-1/4#/sk gilsonite and 1/4#/sk celoflake (139 cu.ft.) Total of 1653 cu.ft.

38. **GEOLOGIC MARKERS**

NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPTH
Ojo Alamo	3435'	
Kirtland	3550'	
Fruitland	3785'	
Fruitland Coal	3974'	

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

DAILY REPORT

CARRACAS UNIT 26 B #16

10-2-89 Pressure tested casing to 3500 psi and held for 10 minutes.
Test good.
PBTD 4154' KB.
Ran GR-CCL from 4154' KB to 3700' KB.
Perforated with 4" guns. Shot .45" diam. holes.
Shot 4033' KB to 4035' KB with 4 spf.
Shot 4008' KB to 4012' KB with 4 spf.
Shot 3991' KB to 4002' KB with 4 spf.
Shot 3974' KB to 3976' KB with 4 spf.
Total perfs 84.

10-3-89 Fraced with GWX-9 #35 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
17,220 gal	8.5#/gal	20/40 sand
90 bbls	Flush	

Total load to recover 1713 bbls.
48,000# of 40/70 sand pumped
170,000# of 20/40 sand pumped
Pressure max 2300 psi Average 2200 psi
Injection rate max 53 psi Average 46 bbl/min.
ISIP 350 psi
SI 5 min. 250 psi
10 min. 190 psi
15 min. 150 psi
Well SI at 5:10 pm on 10/3/89
Well open to pit at 6:00 pm on 10/3/89
Choke size 3/8"
Remarks: Lost 1 sand screw on blender on 8#/gal. Slowed rate to 31.5 bbl/min. and 8.5#/gal and finished frac.

TIH with 132 jts. of 2-7/8" tubing and set at 4002' with seating nipple at 3971' KB.

NASSAU RESOURCES, INC.
Carracas Unit 26 B #16

10-4-89	Casing 400 psi; tubing 0 psi. RU and made 1 swab run and well KO. Flowing to pit thru 3/8" choke. After 6 hrs. flowing casing 800 psi. SI for 10 minutes to nipple up wellhead. Casing 1000 psi, opened to pit thru 3/8" choke. Stabilized flow of 800 psi on tubing. SION.
10-5-89	Well SI. Casing 1500 psi; tubing 1500 psi. Opened well to pit. Stabilized at 800# tubing pressure.
12-12-89	Tubing pressure at 1260 psi; casing pressure at 1260 psi.
5-1-91	Rigged up B & R Service Wireline. Shut in well at 1,025 psi. Ran bomb down tubing to seating nipple. Landed bomb at 3,992' (by wireline). Released in 5 minutes. TOOH with wireline. Rigged up wellhead. Flowed well through separator for 30 minutes. Shut in well at 1,025 psi. Rigged down.
8-9-91	Shut in well at 12:07 p.m. Rigged up wireline. Ran No-go to seating nipple at wireline, 3,979'. TOOH with No-go. TIH with pressure bomb. Set at seating nipple at 12:46 p.m. Left well shut in.
8-12-91	Rigged up B & R Wireline. TIH, picked up pressure bomb, TOOH with bomb at 9:15 a.m. Chart looked OK. Turned on well.

ENGINEERING REPORT

<u>Carracas Unit 26B #16</u>
Section 26, T32N, R04W
Rio Arriba County, New Mexico

Carracas Unit 26B #13, located 790' FSL and 790' FEL of Section 26, Township 32 North, Range 4 West, was spudded on September 13, 1989. Total depth of 4230' was reached on September 19, 1989 and 5-1/2", 15.5 lb/ft casing was set. The Fruitland Coal was perforated at 4033' to 4035, 4008' to 4012', 3991' to 4002' and 3974' to 3976' with 4 shots per foot. The formation was fractured with 48,000 lbs 40/70 sand and 170,000 lbs 20/40 sand in 1713 barrels gelled water at 46 barrels per minute.

The well was first delivered at a rate of 1400 MCFD on October 21, 1989.

The well has produced a cumulative of 3,137,999 MCF through October 31, 1992. The October, 1992 production was 91647 MCF and 0 BW for an average producing rate of 2950.5 MCFD and 0 BWPD. October, 1992 gas sales were 91629 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 91629 MCF, a wellhead price for gas of $2.055 per MCF and operating expenses for this well of $4218.47, 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.

ECONOMICS EXHIBIT
December, 1992
Application for Approval of Participating Area
Carracas Unit 26B #16
SE SE Section 26, T32N R04W
Rio Arriba County, New Mexico

Well Costs: (based on actual costs) $423,930

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

Monthly Operating Cost:
1989 average = $4290 per month *
1990 average = $5700 per month *
1991 average = $7070 per month *
1992 average = $6082 per month *
1993 est = $6020 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 21, 1989

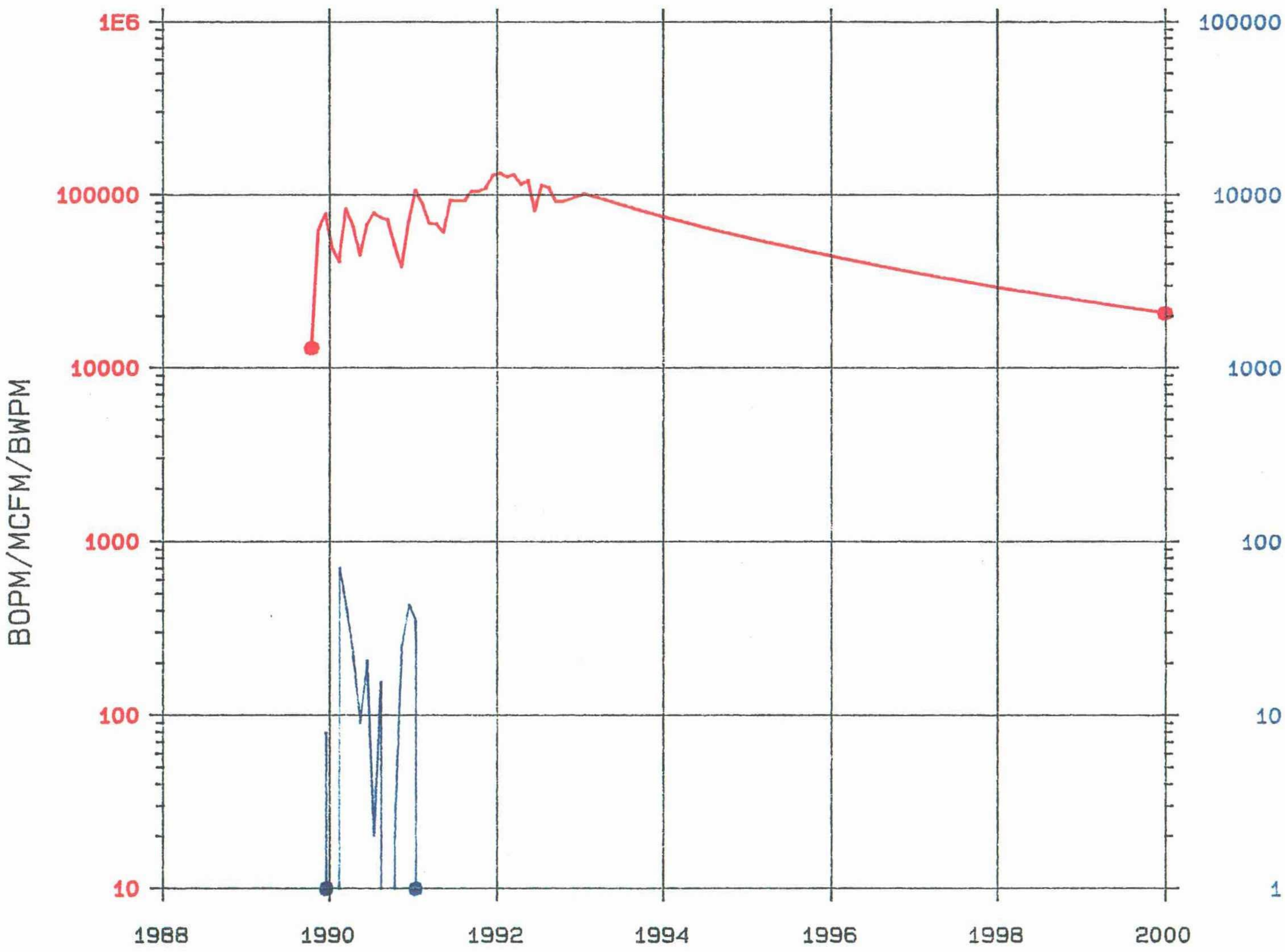
Initial Production Rate: 1400 MCFD

Calculated Economic Reserves: 3,137,999 MCF Cumulative + 5,900,589 MCF remaining

NASSAU RESOURCES, INC.
Multiphase Curve Analysis
Rate vs Time

CARRACAS UNIT 26B-16
P 26 T32N R04W FRUITLAND COAL
RIO ARRIBA COUNTY, NM

12/08/1992
Project:
CCU 26B-16



Production Curves

GAS: • GAS DATA
0 History 10/89 - 10/92
1 Hyperbolic 1/93 - 2/45
Qi : 104034.743 MCF/M
Di : 27.739 %
n : 0.500
Qe : 999.753 MCF/M
De : 3.370 %
Np : 6384.043 MMCF

OTH: • OTHER DATA
0 History 10/89 - 10/92

OPERATOR: NASSAU RESOURCES, INC. CCU 26B-16 LOCATION: P 26 32N 04W
LSE WELLNO: CARRACAS UNIT 26B-16 FORMATION: FRUITLAND COAL
FIELD: BASIN FRUITLAND COAL RSVR CLASS: PROVED PRODUCING
COUNTY: RIO ARRIBA PROGRAM: AMOCO
STATE: NM 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	28 years 5 months
PAYOUT TERM	N/A
ROI - DISCOUNTED	N/A
ROI - UNDISCOUNTED	N/A
INTERP. IRR	> 400 %

END OF PERIOD (MO/YR)	GROSS PRODUCTION OIL & CND --(MBBL)--	GROSS PRODUCTION GAS & CGS --(MMCF)--	NET PRODUCTION OIL & CND --(MBBL)--	NET PRODUCTION GAS & CGS --(MMCF)--	EFFECTIVE PRICES OIL & CND --($/BBL)--	EFFECTIVE PRICES GAS & CGS --($/MCF)--	NET REVENUE OIL & CND ----(M$)----	NET REVENUE GAS & CGS ----(M$)----	NET REVENUE OTHER ----(M$)----	NET REVENUE TOTAL ----(M$)----
PRIOR		3137.999								
12/93	0.000	1061.186	0.000	848.949	N/A	1.53	0.000	1297.523	0.000	1297.523
12/94	0.000	784.468	0.000	627.575	N/A	1.59	0.000	996.974	0.000	996.974
12/95	0.000	603.503	0.000	482.802	N/A	1.65	0.000	796.036	0.000	796.036
12/96	0.000	478.680	0.000	382.944	N/A	1.71	0.000	654.420	0.000	654.420
12/97	0.000	388.954	0.000	311.163	N/A	1.77	0.000	550.455	0.000	550.455
12/98	0.000	322.294	0.000	257.835	N/A	1.83	0.000	471.609	0.000	471.609
12/99	0.000	271.418	0.000	217.134	N/A	1.89	0.000	410.206	0.000	410.206
12/00	0.000	231.707	0.000	185.366	N/A	1.95	0.000	361.323	0.000	361.323
12/01	0.000	200.117	0.000	160.094	N/A	2.01	0.000	321.677	0.000	321.677
12/02	0.000	174.576	0.000	139.661	N/A	2.07	0.000	289.006	0.000	289.006
SUB TOTAL	0.000	4516.903	0.000	3613.523			0.000	6149.229	0.000	6149.229
REMAINDER	0.000	1383.686	0.000	1106.949			0.000	2780.872	0.000	2780.872
TOTAL	0.000	5900.589	0.000	4720.472			0.000	8930.101	0.000	8930.101
ULTIMATE		9038.588								

END OF PERIOD (MO/YR)	NET EXPENSES ---(M$)---	NET PROD. TAXES ---(M$)---	NET W.P.T. ---(M$)---	TOTAL EXP+TAXES ---(M$)---	NET CASH OPER. INC. ---(M$)---	NET INVESTMENT ---(M$)---	NET RESALE ---(M$)---	NET OPERATING INCOME BFIT UNDISC ----(M$)----	DISC @ 10.00% ----(M$)----	CUM DISC ----(M$)----
12/93	72.228	192.746	0.000	264.973	1032.550	0.000	0.000	1032.550	981.084	981.084
12/94	65.510	144.109	0.000	209.619	787.355	0.000	0.000	787.355	676.968	1658.052
12/95	61.665	112.113	0.000	173.778	622.258	0.000	0.000	622.258	484.184	2142.236
12/96	59.504	89.914	0.000	149.419	505.001	0.000	0.000	505.001	355.632	2497.868
12/97	58.397	73.864	0.000	132.260	418.194	0.000	0.000	418.194	266.548	2764.416
12/98	57.981	61.870	0.000	119.851	351.758	0.000	0.000	351.758	202.928	2967.344
12/99	58.039	52.664	0.000	110.703	299.504	0.000	0.000	299.504	156.391	3123.735
12/00	58.431	45.437	0.000	103.869	257.455	0.000	0.000	257.455	121.684	3245.419
12/01	59.068	39.656	0.000	98.723	222.953	0.000	0.000	222.953	95.383	3340.802
12/02	59.885	34.955	0.000	94.840	194.166	0.000	0.000	194.166	75.191	3415.993
SUB TOTAL	610.708	847.328	0.000	1458.035	4691.194	0.000	0.000	4691.194	3415.993	
REMAINDER	1331.156	298.114	0.000	1629.270	1151.602	0.000	0.000	1151.602	275.604	
TOTAL	1941.864	1145.442	0.000	3087.305	5842.796	0.000	0.000	5842.796	3691.597	

--- PRESENT WORTH PROFILE ---

1 - 5.00 % 4522.526 M$	3 - 15.00 % 3126.765 M$	5 - 30.00 % 2166.998 M$	7 - 70.00 % 1220.0
2 - 10.00 % 3691.600 M$	4 - 20.00 % 2718.718 M$	6 - 50.00 % 1555.913 M$	

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 26B-16
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 26B-16

INPUT DATA SUMMARY
INDIVIDUAL WELL ANALYSIS

LOCATION: P 26 32N 04W
FORMATION: FRUITLAND COAL
RSVR CLASS: PROVED PRODUCING
PROGRAM: AMOCO
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), 3137.999 MMCF, 1/93 STANDARD
1, HYP (4), 104034.743 MCF/M (2), 1000.000 MCF/M (2), EXP 0.50, DEC 27.739, CUM PROD (2), 9522.019, MMCF (2)
OTH-P (3), 0, HST (2), 0.298 MUNT, 1/93 STANDARD

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), 3300.00 $/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 26B-16

GAS

TIME SEG	DEC TYPE						STANDARD END CONDITION	
0	HST	3137.999 MMCF					1/93	

HISTORIC DATA: MCF — PRIOR PRODUCTION: 0.000 MMCF

10/ 1/89 - 10/31/89	13061.000	7/ 1/90 - 7/31/90	79631.000
11/ 1/89 - 11/30/89	63490.000	8/ 1/90 - 8/31/90	74028.000
12/ 1/89 - 12/31/89	78627.000	9/ 1/90 - 9/30/90	72170.000
1/ 1/90 - 1/31/90	49473.000	10/ 1/90 - 10/31/90	51351.000
2/ 1/90 - 2/28/90	41233.000	11/ 1/90 - 11/30/90	38511.000
3/ 1/90 - 3/31/90	84037.000	12/ 1/90 - 12/31/90	69474.000
4/ 1/90 - 4/30/90	66197.000	1/ 1/91 - 1/31/91	107532.000
5/ 1/90 - 5/31/90	44999.000	2/ 1/91 - 2/28/91	88603.000
6/ 1/90 - 6/30/90	67491.000	3/ 1/91 - 3/31/91	68781.000

HISTORIC DATA: MCF

4/ 1/91 - 4/30/91	68022.000	1/ 1/92 - 1/31/92	135044.000
5/ 1/91 - 5/31/91	61116.000	2/ 1/92 - 2/29/92	126603.000
6/ 1/91 - 6/30/91	93919.000	3/ 1/92 - 3/31/92	131953.000
7/ 1/91 - 7/31/91	92508.000	4/ 1/92 - 4/30/92	114777.000
8/ 1/91 - 8/31/91	92562.000	5/ 1/92 - 5/31/92	122143.000
9/ 1/91 - 9/30/91	105223.000	6/ 1/92 - 6/30/92	81250.000
10/ 1/91 - 10/31/91	104644.000	7/ 1/92 - 7/31/92	115079.000
11/ 1/91 - 11/30/91	110891.000	8/ 1/92 - 8/31/92	110162.000
12/ 1/91 - 12/31/91	129902.000	9/ 1/92 - 9/30/92	91865.000

HISTORIC DATA: MCF

10/ 1/92 - 10/31/92	91647.000

1	HYP	104034.743 MCF/M	1000.000 MCF/M	0.50	27.739	2	9522.019 MMCF	CUM

OTHER - PRIMARY

TIME SEG	DEC TYPE			STANDARD END CONDITION
0	HST	0.298 MUNT		1/93

HISTORIC DATA LISTING
CCU 26B-16

OTHER - PRIMARY

STANDARD

TIME SEG	DEC TYPE		END CONDITION

HISTORIC DATA: UNT

PRIOR PRODUCTION: 0.000 MUNT

10/ 1/89 - 10/31/89	0.000	7/ 1/90 - 7/31/90	2.000
11/ 1/89 - 11/30/89	0.000	8/ 1/90 - 8/31/90	16.000
12/ 1/89 - 12/31/89	8.000	9/ 1/90 - 9/30/90	0.000
1/ 1/90 - 1/31/90	0.000	10/ 1/90 - 10/31/90	2.000
2/ 1/90 - 2/28/90	72.000	11/ 1/90 - 11/30/90	26.000
3/ 1/90 - 3/31/90	41.000	12/ 1/90 - 12/31/90	44.000
4/ 1/90 - 4/30/90	22.000	1/ 1/91 - 1/31/91	35.000
5/ 1/90 - 5/31/90	9.000	2/ 1/91 - 2/28/91	0.000
6/ 1/90 - 6/30/90	21.000	3/ 1/91 - 3/31/91	0.000

HISTORIC DATA: UNT

4/ 1/91 - 4/30/91	0.000	1/ 1/92 - 1/31/92	0.000
5/ 1/91 - 5/31/91	0.000	2/ 1/92 - 2/29/92	0.000
6/ 1/91 - 6/30/91	0.000	3/ 1/92 - 3/31/92	0.000
7/ 1/91 - 7/31/91	0.000	4/ 1/92 - 4/30/92	0.000
8/ 1/91 - 8/31/91	0.000	5/ 1/92 - 5/31/92	0.000
9/ 1/91 - 9/30/91	0.000	6/ 1/92 - 6/30/92	0.000
10/ 1/91 - 10/31/91	0.000	7/ 1/92 - 7/31/92	0.000
11/ 1/91 - 11/30/91	0.000	8/ 1/92 - 8/31/92	0.000
12/ 1/91 - 12/31/91	0.000	9/ 1/92 - 9/30/92	0.000

HISTORIC DATA: UNT

10/ 1/92 - 10/31/92	0.000

Form 3160-4
(November 1983)
(formerly 9-330)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE* (See other instructions on reverse side)

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] DRY [ ] Other

b. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [ ] DEEP-EN [ ] PLUG BACK [ ] DIFF. RESVR. [ ] Other

2. NAME OF OPERATOR
NASSAU RESOURCES, INC.

3. ADDRESS OF OPERATOR

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

5. 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 35 B

9. WELL NO.
#13

10. FIELD AND POOL, OR WILDCAT
Basin Fruitland Coal

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Sec. 35, T32N, R4W, NMPM

14. PERMIT NO.	DATE ISSUED	12. COUNTY OR PARISH	13. STATE
API # 30-039-24160	8/21/87	Rio Arriba	NM

15. DATE SPUDDED	16. DATE T.D. REACHED	17. DATE COMPL. (Ready to prod.)	18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*	19. ELEV. CASINGHEAD
5/24/89	6/1/89	10/10/89	7201' GL; 7214' KB	7201' GL

20. TOTAL DEPTH, MD & TVD	21. PLUG, BACK T.D., MD & TVD	22. IF MULTIPLE COMPL., HOW MANY*	23. INTERVALS DRILLED BY	ROTARY TOOLS	CABLE TOOLS
4230' KB	4175' KB	NA	→	TD	

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
4093 - 4162' KB

25. WAS DIRECTIONAL SURVEY MADE
NO

26. TYPE ELECTRIC AND OTHER LOGS RUN Dual Induction Guard, Spectral Density DSNII, Microlog, GR-CBL

27. WAS WELL CORED
YES

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#	333' KB	12-1/4"	234 cu.ft. circ. to surf.	---
5-1/2"	15.5#	4230' KB	8-3/4"	1439 cu.ft. circ. to surf.	---
				See Reverse	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
NA				

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8"	4162' KB	---

31. PERFORATION RECORD (Interval, size and number)
4093' - 4103' KB 0.50" diam.. 12 spf
(120 perfs)
4134' - 4136' KB & 4154' - 4162' KB
0.45" diam., 4 spf (40 perfs)
Total of 160 perfs.

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
4093' - 4162' KB	500 gal. 15% HCL
	1830 bbls. 35# GWX-9 fluid
	48,000# 40/70 sand
	170,000# 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)
10/10/89*	Flowing	Shut-in

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
10/11/89	24	1.125"	→	---	218	---	---

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
1025 psi	1350 psi	→	---	218	---	---

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
Vented during test; to be sold

TEST WITNESSED BY
Elmer Perry

ACCEPTED FOR RECORD
OCT 18 1989
FARMINGTON RESOURCE AREA
BY [signature]

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 Fran Perrin TITLE Admin. Asst. DATE 10/13/89
Fran Perrin

*(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

OPERATOR

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.
			<u>Item #28</u> Cemented 9-5/8" casing as follows: 55 sx of 65/35 poz w/ 2% CaCl & 1/4#/sk cello seal (110 cu.ft.) 105 sx of Class "B" w/ 2% CaCl & 1/4#/sk cello seal (124 cu.ft.) Total of 234 cu.ft. Cemented 5-1/2" casing as follows: 10 bbls. mud flush 496 sx of 65/35 poz w/ 12% gel & 1/4#/sk celloflake (1300 cu.ft.) 100 sx of 50/50 poz w/ 2% gel, 6-1/4#/sk kolseal & 1/4#/sk celloflake (139 cu.ft.) Total of 1439 cu.ft.

38. **GEOLOGIC MARKERS**

NAME	TOP MEAS. DEPTH	TOP TRUE VERT. DEPTH
Ojo Alamo	3540'	
Kirtland	3646'	
Fruitland	3952'	
Fruitland Coal	4093'	

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

DAILY REPORT

CARRACAS UNIT 35 B #13

7-13-89 Pressure tested casing to 3500 psi. for 10 min.
Held Okay.
PBTD 4175'
Ran GR-CCL & Cement Bond log. Cement top spotty from 1800'; top of cement at 1350'.

Perforated w. 12 spf gun, 0.500" diameter holes:
4093' KB to 4103' KB, 12 SPF.

7-18-89 Picked up tally in the hole - 135 jts. of 2-7/8" tbg. to PBTD at 4172'.
Laid down 3 jts.
Landed tubing at 4097' w/ seating nipple at 4067'.
Nippled down BOP. Nippled up well head.
Rigged down and moved.
Rig up B & R Service and ran 2-GRC Electronic gauges & 1-Amarada gauge.
Landed in SN & released.
TOOH & SI well.

7-19-89 Rig up pump truck; started pumping in produced water at .30 BPM at 11:05 AM.
Pressured to approx. 1000 psi. at .2 BPM.
Maintained rate at .30 BPM throughout test.
Max pressure reached 1110 psi.
Final pressure 1090 psi. at 7:00 AM

ISIP	1090 psi.
5 min.	680 psi.
10 min.	640 psi.
15 min.	610 psi.

SI well for 48 hr. fall off at 7:15 AM.
Pumped total of 353.6 BW.

7-20-89 Rigged down pump truck.

7-22-89 RU & TOOH with pressure bombs. SI well.

NASSAU RESOURCES, INC.
Carracas Unit 35 B #13

9-26-89 MI & Rigged up service rig.
Pulled tubing out of hole.
Shut down.

9-27-89 Perforated with 4" guns. Shot .45" diam. holes.
Shot 4134' KB to 4136' KB with 4 spf
Shot 4154' KB to 4162' KB with 4 spf
Total perfs 40
Started in hole with 2-7/8" tubing.
Ran 40 stands and broke down.

9-29-89 Fraced with 35# GWX-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
90 bbl.	Flush	

Total load to recover 1830 bbls.
48,000# of 40/70 sand pumped
170,000# of 20/40 sand pumped
Pressure max 3250 psi Average 2200 psi
Injection rate max 54 bbl/min. Average 52 bbl/min.

ISIP	600 psi
SI 5 min.	400 psi
10 min.	200 psi
15 min.	160 psi

Well SI at 1:45 pm on 9/29/89.
Well opened to pit at 2:15 pm on 9/29/89.
Choke size 3/8".

10-2-89 1300 psi on backside.
Tried to flow down.
Pressure built to 1800 psi in 30 minutes. SD.
Called out kill truck and killed well with KCL water.
Ran tubing: 134 jts. of 2-7/8" Set at 4162' KB.
Seating nipple at 4131.56'.
Rigged down. Moved to 26 B #16.

NASSAU RESOURCES, INC.
Carracas Unit 35 B #13

8-9-91	Shut in well at 11:00 a.m. Rigged up wireline. TIH with No-go to seating nipple at wireline, 4,115'. TOOH with No-go. TIH with pressure bomb. Set at seating nipple at 11:41 a.m. Left well shut in.
8-12-91	Rigged up B & R Wireline. TIH with wireline, picked up pressure bomb, TOOH with bomb at 10:05 a.m. Chart looked OK. Turned on well.

ENGINEERING REPORT

Carracas Unit 35B #13
Section 35, T32N, R04W
Rio Arriba County, New Mexico

Carracas Unit 35B #13, located 990' FSL and 790' FWL of Section 35, Township 32 North, Range 4 West, was spudded on May 24, 1989. Total depth of 4230' was reached on June 1, 1989 and 5-1/2", 15.5 lb/ft casing was set. The Fruitland Coal was perforated at 4093' to 4103', 4134' to 4136'and 4154' to 4162' with 4 shots per foot. The formation was fractured with 48,000 lbs 40/70 sand and 170,000 lbs 20/40 sand in 1830 barrels gelled water at 52 barrels per minute.

The well was first delivered at a rate of 1600 MCFD on October 21, 1989.

The well has produced a cumulative of 2,104,623 MCF through October 31, 1992. The October, 1992 production was 56787 MCF and 81 BW for an average producing rate of 1832 MCFD and 2.6 BWPD. October, 1992 gas sales were 56765 MCF. A listing of monthly production is attached.

ECONOMICS

Based on October, 1992 sales of 56765 MCF, a wellhead price for gas of $2.055 per MCF and operating expenses for this well of $3576.55, 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.

ECONOMICS EXHIBIT
December, 1992
Application for Approval of Participating Area
Carracas Unit 35B #13
SW SW Section 35, T32N R04W
Rio Arriba County, New Mexico

Well Costs: (based on actual costs) $464,551

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

Monthly Operating Cost:
1989 average = $3548 per month *
1990 average = $6765 per month *
1991 average = $5198 per month *
1992 average = $4223 per month *
1993 est = $4070 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 21, 1989

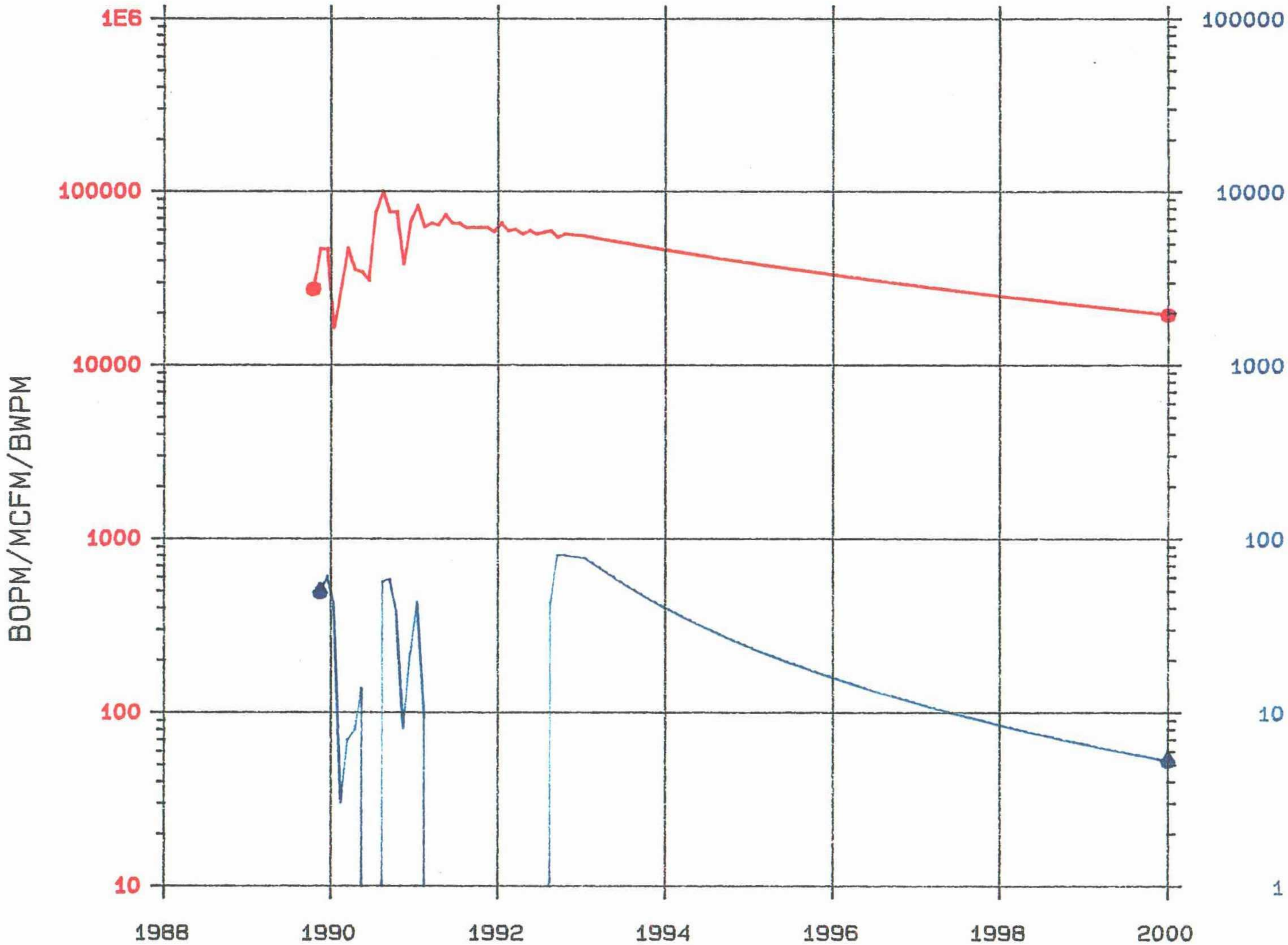
Initial Production Rate: 1600 MCFD

Calculated Economic Reserves: 2,104,623 MCF Cumulative + 5,351,118 MCF remaining

NASSAU RESOURCES, INC.
Multiphase Curve Analysis
Rate vs Time

CARRACAS UNIT 35B-13
M 35 T32N R04W FRUITLAND COAL
RIO ARRIBA COUNTY, NM

12/08/1992
Project:
CCU 35B-13



Production Curves

GAS: ● GAS DATA
0 History 10/89 - 10/92
1 Hyperbolic 1/93 - 9/58
Qi : 55000.000 MCF/M
Di : 17.000 %
n : 0.500
Qe : 999.009 MCF/M
De : 2.581 %
Np : 5848.387 MMCF

WTR: ◆ WATER DATA
0 History 11/89 - 10/92
1 Hyperbolic 1/93 - 3/12
Qi : 80.000 UNT/M
Di : 50.000 %
n : 0.500
Qe : 0.993 UNT/M
De : 8.630 %
Np : 2.059 MUNT

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 35B-13
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 35B-13

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

LOCATION: M 35 32N 04W
FORMATION: FRUITLAND COAL
RSVR CLASS: PROVED PRODUCING
ENGINEER: GARY J JOHNSON
PROGRAM: AMOCO

----------- 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	38 years 11 months
PAYOUT TERM	N/A
ROI - DISCOUNTED	N/A
ROI - UNDISCOUNTED	N/A
INTERP. IRR	> 400 %

END OF PERIOD (MO/YR)	GROSS PRODUCTION OIL & CND --(MBBL)--	GROSS PRODUCTION GAS & CGS --(MMCF)--	NET PRODUCTION OIL & CND --(MBBL)--	NET PRODUCTION GAS & CGS --(MMCF)--	EFFECTIVE PRICES OIL & CND --($/BBL)--	EFFECTIVE PRICES GAS & CGS --($/MCF)--	NET REVENUE OIL & CND --(M$)--	NET REVENUE GAS & CGS --(M$)--	NET REVENUE OTHER --(M$)--	NET REVENUE TOTAL --(M$)--
PRIOR		2104.623								
12/93	0.000	601.280	0.000	481.024	N/A	1.53	0.000	735.521	0.000	735.521
12/94	0.000	503.044	0.000	402.435	N/A	1.59	0.000	639.532	0.000	639.532
12/95	0.000	427.065	0.000	341.652	N/A	1.65	0.000	563.459	0.000	563.459
12/96	0.000	367.090	0.000	293.672	N/A	1.71	0.000	501.967	0.000	501.967
12/97	0.000	318.921	0.000	255.137	N/A	1.77	0.000	451.420	0.000	451.420
12/98	0.000	279.649	0.000	223.719	N/A	1.83	0.000	409.265	0.000	409.265
12/99	0.000	247.210	0.000	197.768	N/A	1.89	0.000	373.664	0.000	373.664
12/00	0.000	220.106	0.000	176.085	N/A	1.95	0.000	343.267	0.000	343.267
12/01	0.000	197.228	0.000	157.782	N/A	2.01	0.000	317.059	0.000	317.059
12/02	0.000	177.741	0.000	142.193	N/A	2.07	0.000	294.267	0.000	294.267
SUB TOTAL	0.000	3339.334	0.000	2671.467			0.000	4629.421	0.000	4629.421
REMAINDER	0.000	2011.784	0.000	1609.427			0.000	4350.368	0.000	4350.368
TOTAL	0.000	5351.118	0.000	4280.894			0.000	8979.789	0.000	8979.789
ULTIMATE		7455.741								

END OF PERIOD (MO/YR)	NET EXPENSES ---(M$)---	NET PROD. TAXES ---(M$)---	NET W.P.T. ---(M$)---	TOTAL EXP+TAXES ---(M$)---	NET CASH OPER. INC. ---(M$)---	NET INVESTMENT ---(M$)---	NET RESALE ---(M$)---	NET OPERATING INCOME BFIT UNDISC ----(M$)----	DISC @ 10.00% ----(M$)----	CUM DISC ---(M$)---
12/93	48.811	109.226	0.000	158.037	577.484	0.000	0.000	577.484	548.061	548.061
12/94	46.990	92.420	0.000	139.409	500.122	0.000	0.000	500.122	429.605	977.666
12/95	45.876	79.342	0.000	125.219	438.240	0.000	0.000	438.240	340.736	1318.402
12/96	45.259	68.958	0.000	114.217	387.751	0.000	0.000	387.751	272.884	1591.286
12/97	45.002	60.568	0.000	105.570	345.850	0.000	0.000	345.850	220.312	1811.598
12/98	45.017	53.686	0.000	98.703	310.561	0.000	0.000	310.561	179.071	1990.669
12/99	45.239	47.969	0.000	93.208	280.457	0.000	0.000	280.457	146.378	2137.047
12/00	45.622	43.164	0.000	88.786	254.481	0.000	0.000	254.481	120.227	2257.274
12/01	46.133	39.084	0.000	85.217	231.842	0.000	0.000	231.842	99.146	2356.420
12/02	46.746	35.589	0.000	82.335	211.932	0.000	0.000	211.932	82.039	2438.459
SUB TOTAL	460.695	630.006	0.000	1090.701	3538.720	0.000	0.000	3538.720	2438.459	
REMAINDER	1776.632	446.636	0.000	2223.268	2127.100	0.000	0.000	2127.100	404.856	
TOTAL	2237.327	1076.642	0.000	3313.969	5665.820	0.000	0.000	5665.820	2843.315	

-- PRESENT WORTH PROFILE --

1 -	5.00 %	3800.162 M$	3 -	15.00 %	2275.411 M$	5 -	30.00 %	1436.387 M$	7 -	70.00 %	735.8
2 -	10.00 %	2843.316 M$	4 -	20.00 %	1901.011 M$	6 -	50.00 %	971.112 M$			

OPERATOR: NASSAU RESOURCES, INC.
LSE WELLNO: CARRACAS UNIT 35B-13
FIELD: BASIN FRUITLAND COAL
COUNTY: RIO ARRIBA
STATE: NM

CCU 35B-13

INPUT DATA SUMMARY
INDIVIDUAL WELL ANALYSIS

LOCATION: M 35 32N 04W
FORMATION: FRUITLAND COAL
RSVR CLASS: PROVED PRODUCING
ENGINEER: GARY J JOHNSON
PROGRAM: AMOCO

----------- 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), 2104.623 MMCF, 01/93 STANDARD
1, HYP (4), 55000.000 MCF/M (2), 999.009 MCF/M (2), EXP 0.50, DEC 17.000, CUM PROD (2), 7952.538, MMCF (2)
Oth-A (6), 0, HST (2), 0.627 MUNT, 01/93 STANDARD
1, HYP (4), 80.000 UNT/M (2), 0.993 UNT/M (2), EXP 0.50, DEC 50.000, ADD TIME (5), 19-Y 3-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), 2500.00 $/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

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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 35B-13

GAS

TIME SEG	DEC TYPE			STANDARD END CONDITION
0	HST	2104.623 MMCF		01/93

HISTORIC DATA: MCF — PRIOR PRODUCTION: 0.000 MMCF

10/ 1/89 - 10/31/89	27248.000	7/ 1/90 - 7/31/90	75379.000
11/ 1/89 - 11/30/89	46614.000	8/ 1/90 - 8/31/90	100506.000
12/ 1/89 - 12/31/89	46232.000	9/ 1/90 - 9/30/90	75236.000
1/ 1/90 - 1/31/90	16153.000	10/ 1/90 - 10/31/90	75915.000
2/ 1/90 - 2/28/90	27505.000	11/ 1/90 - 11/30/90	37867.000
3/ 1/90 - 3/31/90	46975.000	12/ 1/90 - 12/31/90	66177.000
4/ 1/90 - 4/30/90	35019.000	1/ 1/91 - 1/31/91	82751.000
5/ 1/90 - 5/31/90	33982.000	2/ 1/91 - 2/28/91	61760.000
6/ 1/90 - 6/30/90	30505.000	3/ 1/91 - 3/31/91	65563.000

HISTORIC DATA: MCF

4/ 1/91 - 4/30/91	63416.000	1/ 1/92 - 1/31/92	65514.000
5/ 1/91 - 5/31/91	72776.000	2/ 1/92 - 2/28/92	58489.000
6/ 1/91 - 6/30/91	65040.000	3/ 1/92 - 3/31/92	60544.000
7/ 1/91 - 7/31/91	64955.000	4/ 1/92 - 4/30/92	56029.000
8/ 1/91 - 8/31/91	60965.000	5/ 1/92 - 5/31/92	59455.000
9/ 1/91 - 9/30/91	61673.000	6/ 1/92 - 6/30/92	56056.000
10/ 1/91 - 10/31/91	61391.000	7/ 1/92 - 7/31/92	57844.000
11/ 1/91 - 11/30/91	61598.000	8/ 1/92 - 8/31/92	59186.000
12/ 1/91 - 12/31/91	57799.000	9/ 1/92 - 9/30/92	53719.000

HISTORIC DATA: MCF

10/ 1/92 - 10/31/92	56787.000

1	HYP	55000.000 MCF/M	999.009 MCF/M	0.50	17.000	2	7952.538 MMCF	CUM

Other - Associate

TIME SEG	DEC TYPE			STANDARD END CONDITION
0	HST	0.627 MUNT		01/93

HISTORIC DATA LISTING
CCU 35B-13

Other - Associate

STANDARD

TIME SEG	DEC TYPE					END CONDITION	

HISTORIC DATA: UNT — PRIOR PRODUCTION: 0.000 MUNT

11/ 1/89 - 11/30/89	49.000	8/ 1/90 - 8/31/90	57.000
12/ 1/89 - 12/31/89	61.000	9/ 1/90 - 9/30/90	59.000
1/ 1/90 - 1/31/90	42.000	10/ 1/90 - 10/31/90	38.000
2/ 1/90 - 2/28/90	3.000	11/ 1/90 - 11/30/90	8.000
3/ 1/90 - 3/31/90	7.000	12/ 1/90 - 12/31/90	22.000
4/ 1/90 - 4/30/90	8.000	1/ 1/91 - 1/31/91	44.000
5/ 1/90 - 5/31/90	14.000	2/ 1/91 - 2/28/91	10.000
6/ 1/90 - 6/30/90	0.000	3/ 1/91 - 3/31/91	0.000
7/ 1/90 - 7/31/90	0.000	4/ 1/91 - 4/30/91	0.000

HISTORIC DATA: UNT

5/ 1/91 - 5/31/91	0.000	2/ 1/92 - 2/28/92	0.000
6/ 1/91 - 6/30/91	0.000	3/ 1/92 - 3/31/92	0.000
7/ 1/91 - 7/31/91	0.000	4/ 1/92 - 4/30/92	0.000
8/ 1/91 - 8/31/91	0.000	5/ 1/92 - 5/31/92	0.000
9/ 1/91 - 9/30/91	0.000	6/ 1/92 - 6/30/92	0.000
10/ 1/91 - 10/31/91	0.000	7/ 1/92 - 7/31/92	0.000
11/ 1/91 - 11/30/91	0.000	8/ 1/92 - 8/31/92	43.000
12/ 1/91 - 12/31/91	0.000	9/ 1/92 - 9/30/92	81.000
1/ 1/92 - 1/31/92	0.000	10/ 1/92 - 10/31/92	81.000

1	HYP	80.000 UNT/M	0.993 UNT/M	0.50	50.000	5	[19]-YRS [3]-MOS ADD

McHUGH

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

April 19, 1993

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 FIRST REVISION OF THE 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 **First Revision of the Fruitland Coal Participating Area "D"**, to wit;

<u>Township 32 North, Range 4 West, NMPM</u>
Section 34: N/2

ACRES INCLUDED IN THIS FIRST REVISION:	320.00
CUMULATIVE ACRES WITHIN PARTICIPATING AREA, AS REVISED:	960.00

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, the participating area as heretofore established or revised, and the boundary of the proposed revision herein.

(2) A schedule showing the lands entitled to participation in the unitized substances produced from the Fruitland Coal formation, 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 First Revision of the Fruitland Coal Participating Area "D".

This proposed First Revision of the 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 34B-#2
Location: 790' FNL - 1850' FEL (NW/4NE/4 34-32N-04W)
Completion Date: 11/2/89
First Sales: November 14, 1989
Formation: Basin Fruitland Coal
Producing Interval: 4150' - 4230' KB, Basin Fruitland Coal
Initial Production: 256 MCF, (24 hrs.)

Applicant respectfully requests your approval of the hereinabove selection of lands to constitute the **First Revision of the Fruitland Coal Participating Area "D"** to be effective **November 1, 1989.**

Sincerely,

NASSAU RESOURCES, INC.

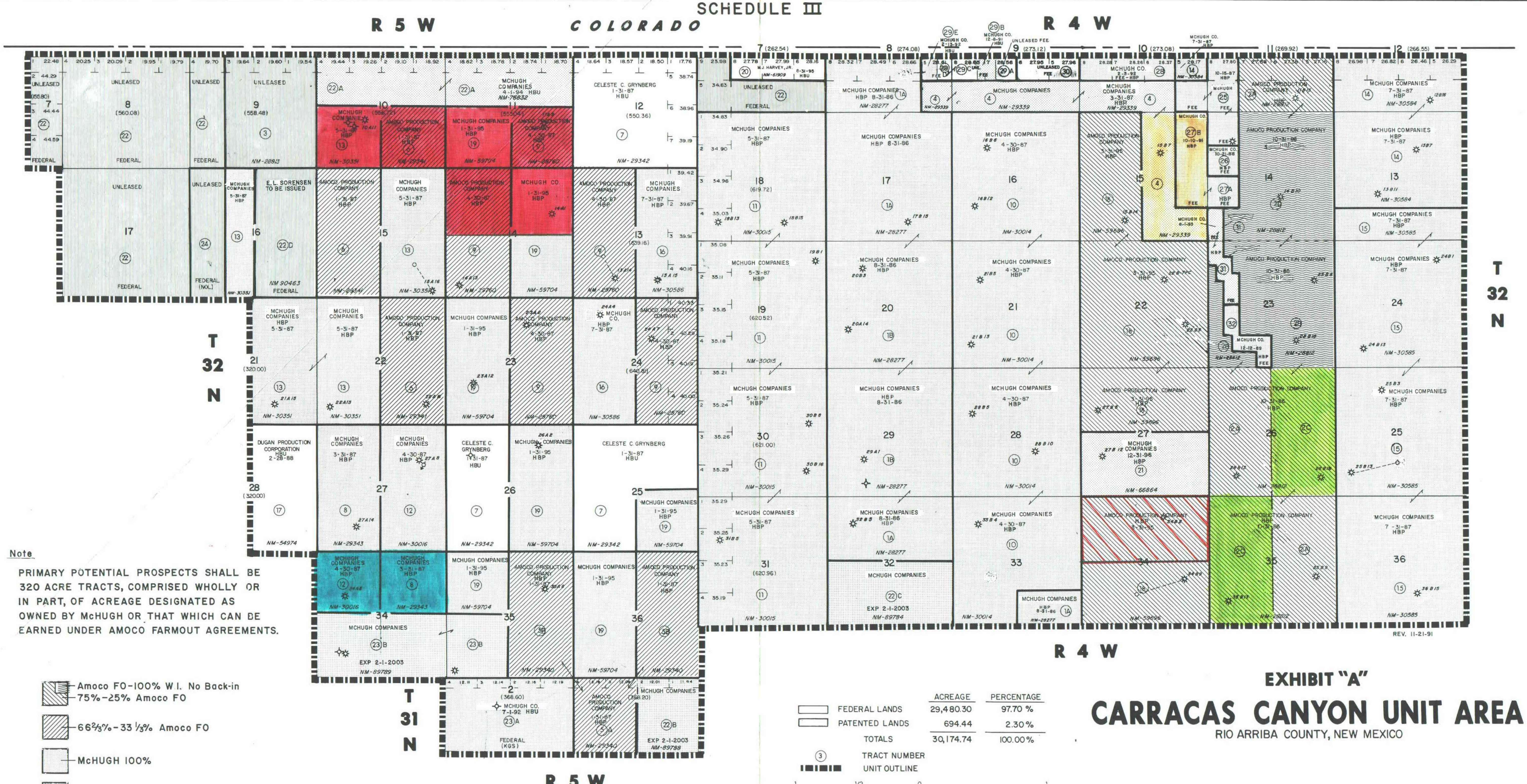
James C. Joda

James C. Joda

enc

'D1"

SCHEDULE III



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% W.I. No Back-in / 75%-25% Amoco FO
- 66⅔%-33⅓% Amoco FO
- McHUGH 100%
- Unleased Federal Lands
- Fruitland Coal Participating Area "A"
- Fruitland Coal Participating Area "B"
- Fruitland Coal Participating Area "C"
- Fruitland Coal Participating Area "D"
- Proposed 1st Revision Fruitland Coal Participating Area D, "D1"

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

(3) TRACT NUMBER

UNIT OUTLINE

SCALE IN MILES: 1 — 1/2 — 0 — 1

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

EXHIBIT "A"

CARRACAS CANYON UNIT AREA

RIO ARRIBA COUNTY, NEW MEXICO

NASSAU RESOURCES, INC.

DENVER, COLORADO

APR 93